

DARLINGTON SCHOOLS FORUM

12th January 2017

ITEM NO 6

BUDGET SETTING 2017/18

Purpose of Report

1. To agree the use of the Dedicated Schools Grant (DSG) in 2017/18.

Background

2. School Forum agreed the factors to be used in the 2017/18 school funding formula at their October 2016 meeting. Agenda item 4 details the funding formula and the resources required to fund the formula in 2017/18.
3. Darlington received a DSG allocation on the 20th December as follows,

Block	Amount £'000's	Note
School	£64,225	This is the final allocation based on pupil numbers at the October 16 census
ESG Retained Duties Transfer	£240	This is the final allocation
Early Years – 3 & 4 Year olds	£5,396	This allocation is provisionally at the 16/17 level, and will be updated following the January 17 & January 2018 censuses. This includes DAF and Maintained Nursery supplementary funding.
Early Years Pupil Premium	£106	This allocation is provisionally at the 16/17 level.
Early Years - 2 year olds	£1,246	This allocation is provisionally at the 16/17 level, an update will be provided in July
High Needs	£11,981	This is the final allocation for 2017/18
TOTAL	£83,194	

4. As in previous years there is still the ability to move funding between the blocks, with the agreement of School Forum.
5. It is brought to Forum's attention that the allocation for high needs includes place funding for the specialist academy, resource bases (within academies) and (newly) for post 16 colleges. It is the case however that the EFA will make these place payments direct to those schools, therefore the EFA will deduct £3.536 million from the above DSG figures and hence the actual DSG allocation for 2017/18 is £79.658 million (pre mainstream academy school recoupment).
6. The allocations received for 2017/18 have changed from 2016/17 as follows.

7. The schools block has increased by £722,000 which includes the transfer of £240,000 previously paid to the Local Authority as Education Services (Retained Duties) Grant (ESG).
8. The provisional early years block has increased in line with the illustrative new allocation for the introduction of the early years funding formula. (Please see agenda item 7).
9. The high needs block has increased by £666,000. This is made up of two elements. The EFA has transferred the place funding for post 16 colleges to the DSG allocation of £486,000. In line with this funding transfer the EFA has also transferred the responsibility to fund place funding at post 16 colleges to the Local Authority and hence this funding does not represent an increase in funding. As noted at paragraph 5 as these colleges are not maintained the EFA take back this funding to pay the colleges direct and hence the additional funding is not received as part of the actual DSG.
10. The remaining high needs block has increased by £180,000. This represents Darlington's share of funding that has been made available nationally to cover increases in high needs costs.

Budgets for 2017/18

11. Attached at appendix 1 are the proposed draft budgets for 2017/18. As reported to Forum in October 2016 the majority of the budgets for 2017/18 are set at the same level as in 2016/17. The following paragraphs highlight the main changes to the budgets from those agreed in 2016/17.

Schools Block

12. School Budget shares, the overall figure for schools budgets has increased by approximately £482,000. This increase is mainly due to the increase in pupil numbers within Darlington's formula. Full details of how the formula has been calculated are included in agenda item 5.
13. The allocation for school transport has decreased by £90,000 to leave a budget of £50,000. This reduction occurs as the School Forum commitment towards funding the shortfall in discretionary transport for mainstream secondary schools ends at the end of the 2016/17 academic year and hence funding is only required for one term.
14. The budget for the growth fund has increased by £42,908 to £193,036 to reflect the resources required to fund school expansions. Details of the growth fund can be found in agenda items 3.
15. The budget for copyright licenses has increased by £4,047 on the 2016/17 level. As Forum members will recall this budget is set by the EFA who recover the funding by a top slice from the DSG allocation.
16. The funding required for the PFI affordability gap from the schools block in 2017/18 (mainstream schools) has reduced by approximately £91,000 as a result of the profile of the unitary charge.

17. As Forum will recall from their October meeting, the EFA have transferred £240,000 of funding that was previously received as a separate grant to the Local Authority (through the Education Services Grant) into the DSG. Forum agreed at their October meeting that this funding would be passed through to the Local Authority to enable the authority to continue with its retained duties.
18. In line with EFA guidance, Forum is provided with additional information appendix 2 concerning the historic central commitment budgets.
19. In summary the schools block of the DSG has increased by £722,000 however £240,000 of this refers to the transfer of ESG, with the remaining £482,000 being used within the school budget share.
20. The changes in current year budgets funded within the schools block (see paragraph 13 to 16) show a decrease in funding of approximately £132,000.

Early Years Block

21. Early Years, all budgets for 2 year old and 3&4 year old nursery funding are budgeted in line with the allocations provided by the Department for Education (DFE), with all funding in the early years block being used for early year's purposes. Details of the setting of early years budgets are found in agenda item 7.

High Needs Block

22. As can be seen in appendix 1 the high needs element of the budget is in excess of the high needs block allocation by £229,672. **Although the high needs budget is not balanced at this stage it is proposed that the high needs budget will remain at the same level as the funding provided in the high needs block. In order to achieve this, the various services will be reviewed in line with a proposed new strategy for high needs, with possible changes to delivery methods made that will bring the budget back in line.**
23. Further details of this proposed strategy will be presented to Forum before the commencement of the new financial year. It is proposed that for the 2017/18 financial year that most high needs services will operate in the same manner as they do in 2016/17, therefore 2017/18 will be a transitional year giving time to review, consult and implement high needs changes.
24. It is proposed that the £131,679 of unallocated funding in the schools block be retained to be used as a contingency for delivering changes in high needs and to cover any funding shortfall in high needs during 2017/18.
25. The following paragraphs provide Forum with details on changes in the high needs budgets.
26. Specialist Placements at Beaumont Hill, the number of places commissioned across pre and post 16 in 2016/17 was 248. In 2016/17 the numbers have exceeded this with 266 places being commissioned from the beginning of the 2016/17 academic year. In addition it is expected that additional places (up to 280) will be required from the start of the

2017/18 academic year, therefore the budget has been set to reflect the potential increased places. This potential increase in places (and top up) requires an additional £600,000 to be added to the budget. Places will only be funded if required/agreed by the EFA (at the time of writing numbers have not been confirmed) and therefore the full budget (as set) may not be required in 2017/18.

27. As previously reported to Forum mainstream schools receive top up funding in 2016/17 as follows. In all schools the first £6,000 of funding is provided through the schools budget. Above £6,000 but up to £13,508 in primary, schools receive an additional lump sum payment to cover the costs of children needing this level of support. Above £13,508 primary schools receive additional top up payments based on a banding system dependent on an assessment. In secondary schools all costs over £6,000 are met by the schools based on an additional lump sum payment. As secondary schools have SEN funding fully delegated no top up payments are made.
28. Forum will recall at their October meeting that options were presented to Forum if to continue with the lump sum arrangement or to make individual top up payments on an individual basis. Secondary schools voted to keep the lump system for 2017/18.
29. In primary, it was requested what the difference would be to individual schools if top ups replaced the lump sum. This cannot be quantified with certainty as is unknown what the additional needs of children will be in primary schools in 2017/18, however assuming bandings remain the same for bands 7 and above (that currently are funded by top up), bands 3 to 6 would be set at a value of £213 in incremental amounts (i.e. band 3 £213, band 4 £426, band 5 £639 & band 6 £852) in order to keep within the current funding envelope.
30. It is proposed that the current system be maintained for 2017/18 whilst further reviews and consultation take place on introducing a new top up system from April 2018. In order to simplify the budget, the various budgets that make up the current system have been merged to create a mainstream top up budget of £1.3million (this can be seen in appendix 1).
31. In the current year there are reported variances in the PRU and the out of area budget. These pressures are occurring due to demand differences in year. Although at this stage it is expected that some of the variances will continue, at the time of writing it is proposed to leave these budgets at the 2016/17 level as the actual number of places requiring funding in the 2017/18 academic year are as yet not known.
32. The budget for Marchbank is underspending in the current year as there are currently less pupils funded than was budgeted for. As Forum members will recall for 2016/17 the budget was increased (from the budget in 2015/16) as it was expected that additional places would be required. A present it is unknown how many children will take up a place at Marchbank from September 2017, however the numbers of current continuing children is significantly less than budgeted. It is therefore proposed at this stage to reset the budget back to the 2015/16 level which reduces the budget requirement by £112,000.
33. The post 16 budget has been increased in line with the transfer of funding from the EFA (see paragraph 5 & 9). It is the case that there is also the potential for variances in this budget in 2017/18 as again pupil numbers are as yet not confirmed for the 2016/17 and

2017/18 academic years. Therefore again it is proposed to leave this budget at the 2016/17 level.

34. As noted at paragraph 22, all high needs budgets will be as far as possible be managed within the high needs block allocation. However as this is a transitional year the contingency of £132,000 (paragraph 24) will provide some additional funding if required.

Place Plus Funded High Needs Places

35. In line with the proposals for high needs for 2017/18 it is proposed that all top rates will remain at the same level in 2017/18 as in the current year.
36. The rates for place funding are set by the EFA and remain at the 2016/17 value of £10,000 per place. The following table shows the proposed top up values for 2017/18.

Establishment	Top Up	Full Cost (Inc. place funding)
Rise Carr College	£10,513.93	£20,513.93
Beaumont Hill Academy – Band A	£3,209.91	£13,209.91
Beaumont Hill Academy – Band B	£7,967.89	£17,967.89
Beaumont Hill Academy – Band C	£12,128.92	£22,128.92
Beaumont Hill Academy – Band D	£15,453.68	£25,453.68
Marchbank Free School	£12,000.00	£22,000.00
Speech & Language – Northwood Resource Base	£1,905.49	£11,905.49
Complex Learning Disability – Heathfield Resource Base	£1,401.49	£11,401.49
Social & Communications Difficulties – Mount Pleasant Resource Base	£4,767.93	£14,767.93
Social & Communications Difficulties – Hurworth School Resource Base	£6,992.10	£16,992.10

37. The budgets for top ups are based on the rates in the table above multiplied by the number of places taken up. The budgets assume that the places will be occupied for the full financial year. Again if there are movements in places, changes in bandings, or places are unoccupied, or places filled by non Darlington children become occupied by Darlington children, there will be fluctuation within the budget.
38. There are no proposed changes to the payment system for 2017/18. All top ups will be paid termly in advance based on an estimate of places, with any adjustments for actual placements being made in the next terms payment.

Resources for 2017/18

39. As in previous years it is possible to move funding between the DSG blocks. As described with this report (and detailed in appendix 1) it is proposed that all of the early years block will be used for early years purposes, with no funding moving in or out of the early years block.

40. The high needs block is showing a pressure of £229,672 based on current activity. It is proposed that £131,679 be moved from the schools block to use as a contingency for high needs in 2017/18.

Recommendations

41. That Forum note the content of the report
42. That Forum note the position with regard to high needs budget shortfall and receive further papers at a future meeting
43. That Forum agrees to budget allocation for DSG for the schools and early years blocks in 2017/18.
44. The Forum approve the transfer of £131,679 from the schools block into the high needs block to be kept as a contingency to cover transitional arrangements during 2017/18.

**Brett Nielsen
Finance Manager,
Resources Department**