

DARLINGTON SCHOOLS FORUM

4th October 2016

ITEM NO 5

BUDGET UPDATE 2016/17

Purpose of Report

1. To update Forum regarding the 2016/17 Dedicated School Grant (DSG) position.

Background

2. School Forum was presented with an expenditure budget of £77,977,362 at their March 2016 meeting. The current budget is £25,923,392.

Updates

3. The budget has decreased by £52,053,970 since the March meeting, the changes are noted as follows,
 - a. The 3 & 4 year old budget has increased by £105,000, this is the final allocation for 2015/16. Forum members will recall that the early years block (in the DSG) is updated for the January census. As this census is late in the year, the DSG adjustments are made in the following financial year's allocations,
 - b. As reported to Forum in May the final underspend in the 3 & 4 year old budget in 2015/16 was £29,927 more than was estimated in the 2016/17 budget setting. This additional underspend has been added to the budget in line with Forum's previous decision.
 - c. Forum members will be aware that no allocation had been provided by the EFA for 2 year old funding at the start of the financial year. Therefore in budget setting an estimate of funding was made, based on an estimate of the number of children that would be placed in 2016/17. The EFA provided actual allocations in July, based on the previous census which increased the budget by £175,000.
 - d. As reported to Forum in May the final underspend in the 2 year old budget in 2015/16 was £53,679 more than was estimated in the 2016/17 budget setting. This additional underspend has been added to the budget in line with Forum's previous decision.
 - e. As Forum will recall each year the EFA reduced the DSG allocation for any budget that is paid direct by the EFA to academy schools (known as recoupment). Recoupment of £52,608,967 was actioned in July. This reduction has no effect on the resources available to Forum.

- f. In line with EFA financial rules the budget for admissions cannot be increased year on year. The budget for admissions reported to Forum in March increased by £19,397 therefore the budget was incorrectly set at the start of the year. This budget has therefore been reduced, with the resource being added to the unallocated budget line.
 - g. As reported to Forum in May the final underspend in the 2015/16 budget (after early years) was £190,476 more than was estimated in the 2016/17 budget setting. This additional underspend has been added to the contingency budget in line with Forum's previous decision.
4. Appendix 1 shows the current projected year end position regarding the 2016/17 budget. **As only one term has been completed within the 2016/17 financial year there are a number of projections included within the estimated year-end figures, which are subject to change dependent on the activity in the remaining terms.** The following paragraphs highlight the key budget issues currently identified.
 5. School budget shares are expected to underspend by £124,062. This results from the EFA reducing the amount of funding that they recoup from the local authority DSG allocation for the amounts paid through the growth fund and for rates adjustments.
 6. Individual Learning Support, Pupil Referral Unit, Beaumont Hill Academy, Marchbank School, Resource Bases, LAPP, Out of Area and Post 16 budgets. All of these budgets are projected to be on budget at the year end. As these budgets are demand led and only one terms payments have been made (and therefore the new academic years intake is unknown), it is difficult to project the year end position with accuracy, hence the reported nil variance. However Forum members should note that these budgets are subject to change dependent on the actual number of children placed during the autumn and spring terms.
 7. School Transport is projected to be on target. At this stage of the year, no charges have as yet been made on the Forum funding (we are awaiting the summer terms charge) therefore again this projection is subject to change. The current projection is based on spending the full £140,000 in year allocation, which has underspent in previous years.
 8. School Sport is projected to overspent by £14,547. This is because the payment for the 2015/16 financial year was not made before the end of March 16. As agreed by Forum all the unallocated underspend from 2015/16 is shown against high needs contingencies, this £14,547 spend will therefore come from that budget line. Forum has previously agreed that the 2015/16 funding is the final year that schools sports will be funded from Forum resources.
 9. 3 & 4 year old nursery placements in schools and the PVI sector are both projected to be underspent based on payments to date. As with other budget areas the projections are subject to change dependent on the actual number of children in placements in the autumn and spring terms. The current projected underspends arise due to number of children in placements, the additional DSG received (£105k) and the carried forward underspend from 2015/16 (£115k)
 10. As with 3 & 4 year old funding the 2 year old nursery budget is currently projected to be underspent. Again this is subject to change dependent on children in placements

throughout the rest of the financial year. It is however expected that this budget will be underspent based on previous years underspends being brought forward (£447k).

11. The high needs contingency is projected to be underspent by £246,042. Forum members will recall that no contingency was built into the 2016/17 budget and that this budget arises from the Forum decision to allocate unused 2015/16 underspend for this purpose. Although there is no projected spend against this allocation, Forum members should be aware that there are a number of possible high needs pressures that are as yet not quantified which will offset this saving.
12. The overall budget position for 2016/17 is an expected year end underspend position of approximately £770,000, which arises in the main through brought forward underspend from 2015/16. Forum is reminded that there are a number of projections and assumptions in the figures at this stage and hence this figure should be treated with caution as the year end position is subject to change.
13. An updated position will be presented to Forum in January at which point decisions can be made regarding any projected underspend.

Recommendations

14. That Forum notes the current budget position.

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