

DARLINGTON SCHOOLS FORUM

6th October 2015

ITEM NO 4

BUDGET SETTING 2016/17

Purpose of Report

1. To begin the process of agreeing the use of the Dedicated Schools Grant (DSG) in 2016/17.

Background

2. Each year the School Forum is presented with the proposed budget for the use of the Dedicated Schools Grant for the coming year.
3. As in the current year, DSG will be allocated in 2015/16 in three blocks i.e. the school, early years and high needs blocks. Although DSG is ring-fenced overall to education purposes, the individual blocks are not ring-fenced, therefore funds can be moved between the blocks by agreement of School Forum.
4. At the time of writing no DSG allocations have been received from the Education Funding Agency (EFA) for 2016/17. School block allocations will be based on the number of pupils appearing on the October 2015 census.
5. The allocation for the schools block and the high needs block are expected to be received in the week commencing 14th December, along with a provisional early years allocation. As in the current year the early years allocation will not be finalised until June after the financial year end (i.e. June 2017) this is due to the allocation being updated for the January 2016 and January 2017 census.
6. Although no budget allocations have been received as yet, it is important that Forum begin the process of agreeing the 2016/17 budget. This will allow time for budget building, to inform providers of their allocations and allow arrangements to be put in place where services need to be decommissioned.
7. In order to start the budget planning process, an estimate of resources available has been used in the attached appendix1. This estimate is based on the current years DSG allocation.

Budgets for 2016/17

8. Attached at appendix 1 are the initial proposed budgets for 2016/17. The budget estimates are based on the most up to date information available at the time of writing and therefore will be subject to change prior to being agreed at the January School Forum.

9. All of the budgets included are provisional and subject to change at this stage, the following notes are provided to Forum regarding those budgets which are most subject to change.
- School Budget Shares, the calculated budget is based on the current funding formula and therefore assumes that Forum agree to use the same factors in 2016/17 (see agenda item 3). This budget will change dependent on the school census and changes to the unit rates in the final formula to be agreed in January.
 - The School SEN adjustment is based on the current system and therefore assumes no change in the funding requirement following the introduction of the new system.
 - The budget set for Individual Learning Support is at the 2015/16 level. In the current year this budget is expected to be underspent, therefore the budget requirement for 16/17 may be decreased if this continues to be the case.
 - Funding for the Pupil Referral Unit, Beaumont Hill Academy, Marchbank and the Resource Base Units are all at the 2015/16 budget levels and are therefore based on the commissioned places and top up rates for 2015/16. These budgets will be updated for any changes in the number places expected to be commissioned for 2016/17 and any changes in top up funding rates.
 - The budget for SEN Out of Area placements has been provisionally set at £1million as in 2015/16. Currently the 2015/16 budget is projected to be overspent therefore this budget may need to be revisited if this is expected to be continuing in 2016/17.
 - The budgets for 3 & 4 year old and 2 year old nursery placements are based on current year projections. These figures will be updated for the autumn census and any changes to unit values.
10. The estimated total cost of services in 2016/17 at this stage is £77,865,727. Based on the current year, the estimated DSG available for 2016/17 is calculated at £77,348,473, therefore a shortfall of £517,254.
11. The shortfall of £517,254 includes a pressure of £203,072 for two year nursery placements. Forum will recall that in Darlington the 2 year old nursery funding rate paid to providers is 13p more than the funding received, therefore Forum agreed to roll forward underspend on 2 year old nursery to enable this to continue. It is projected at the end of 2015/16 that the 2 year old nursery budget will be underspent by £485,296 therefore the estimate pressure in 2016/17 can continue to be funded from carry forward budget.
12. After taking account of the 2 year old pressure the initial shortfall will be revised to £314,182. Forum are reminded that in the budget setting exercise for 2015/16 that the budget that was agreed needed £218,213 of carry forward (from 2014/15) to balance the budget, therefore the initial proposed shortfall for 2016/17 is a continuation of 2015/16 requirement. At present the projected budget position for 2015/16 (after removing 2 year old savings) is £250,899 underspend, therefore currently there is a projected shortfall of funding to balance 2016/17 by £63,283.

Summary

13. Due to the having not received allocations for the DSG settlement in 2016/17, Forum will not be able to make any final funding decisions at this stage. It is appropriate however that Forum are presented with a draft budget now, in order that Forum can review the potential budget and make a decision regarding if there are any services they wish to no longer invest in, or request further information, prior to making a final decision in January.
14. Although the initial draft budget position shows a deficit in funding of £314,182 this is subject to change as budgets are firmed up using the actual spend during the autumn term. It is the case that the DSG allocation will change following the school census and in addition if there are more children in nursery placements (as per the projected spend) the early years allocation will increase, therefore the budget gap is subject to change.
15. A revised budget position will be brought to Forum in January for approval.

Recommendations

16. That Forum notes the content of the report.

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