

DARLINGTON SCHOOLS FORUM

19th May 2015

ITEM NO 6

BUDGET UPDATE 2015/16

Purpose of Report

1. To update Forum regarding the 2015/16 Dedicated School Grant (DSG) position.

Background

2. School Forum were presented with a expenditure budget of £78,836,080 at their March 2015 meeting.
3. This expenditure was funded by a 15/16 DSG allocation of £76,334,903, estimated 15/16 two year old funding of £1,105,800 and estimated brought forward underspend of £1,381,359.
4. At the March Forum meeting the expenditure outweighed the resources by £14,018. Forum agreed that this shortfall would be addressed at this meeting.

Updates

5. As in previous years the original budget set includes the full DSG allocation, which includes school budget shares and place funding for academies. As Forum members will be aware these budgets are funded direct between the Education Funding Agency (EFA) and the academy concerned, therefore the EFA undertake a process known as recoupmnt to remove the academy budgets from the Darlington DSG allocation.
6. The EFA have recouped £52,077,343 from Darlington's DSG allocation. This is detailed in appendix 1.
7. As notified in agenda item 5 the final DSG underspend for 2014/15 was £2,238,480. Forum has already agreed to allocate the majority of this funding as follows.

Area	Amount £
School Funding Formula	963,359
Early Years Funding Formula (3 & 4 YO)	153,339
Two year old nursery funding	58,026
Budget balance 15/16	200,000
Copyright License	20,653
TOTAL	1,395,377
Underspend brought forward	2,238,480
Balance	843,103

8. On receiving the updated DSG allocation for 2015/16 (i.e. following recoupmnt) the actual DSG allocation has been increased by £2,440 (which arises due to rounding), therefore the total balance of unallocated budget is £845,543.

Use of Carry Forward

9. As Forum members will recall at their March meeting it was notified that the budget that had originally been set for copyright licenses was short by £20,653 which was planned to be funded by carry forward. At the time of that meeting projected spare carry forward totalled £6,635, therefore £14,018 was required to balance the budget. As there is sufficient carry forward to cover this shortfall this funding has been allocated. The balance of £845,543 unallocated is therefore after addressing the copyright budget shortfall.

Two year old funding

10. As Forum members will recall it has previously been agreed that any saving within the two year old nursery budget would be ring fenced towards the future provision of two year old places. The amount of unallocated (i.e. some underspend was allocated in budget setting) two year old underspend in 14/15 totals £694,535 (which includes carry forward from 2013/14). It is therefore proposed that this funding is added to the budget for two year old provision in 2015/16.
11. As previously notified the large underspend in the two year old placement budget has arisen due to a lower number of children accessing the provision than was funded by the Department for Education (DFE). As Forum members will recall in both 2013/14 and 2014/15 the DFE funded two year old provision based on a targeted number of places as they introduced and looked to extend the availability of free two year old provision, hence funding was received for places that were not necessarily filled. From April 2015, the system of funding two year nursery provision (from the DFE) to the Local Authority has changed to on a census basis in the same way as which 3 and 4 year old nursery provision is funded. This means that there will no longer be additional funding for two year olds over and above the places filled and in fact there will be some element of uncertainty as the funding for the full year will be based on the January census, which may have lower (or higher) numbers than places occupied in the autumn and summer terms.
12. At the time of writing no funding allocation has been received from the DFE for two year old provision for the financial year 2015/16. This allocation is due to be received in July 2015 and will be further updated in November 2015. The budget that was set at the beginning of the year made various assumptions over the estimated number of places occupied and therefore the funding to be received.
13. As in 2014/15 it was agreed that the rate per hour for two year old places would remain at £4.98 for 2015/16. This is 13 pence per hour more than the rate at which funding is received from the DFE (i.e. £4.85). Forum agreed to continue at this higher rate as it was known that this was affordable in the medium term due to expected carry forward budget from 2014/15.
14. It has already been agreed that the underspend in two year old funding be added to the current years allocation for two year old places, due to the uncertainty over funding and

the higher hourly rate paid. It is the case however that the brought forward amount is significant and that it is most likely that there will be a significant underspend in the two year old budget again during 2015/16. It is therefore proposed that Forum review the allocation of funding for two year old nursery provision later in the year (i.e. at budget setting) in order to ensure the maximum benefit is gained from this funding.

School Transport

15. As Forum will recall at the end of 2013/14 there was £67,483 of underspend within the school transport budget that was agreed to be rolled forward into the same budget in 2014/15. This carry forward was projected to be underspent during 2014/15 and due to pressures in balancing the 2015/16 budget was removed from the transport budget and used to balance the 2015/16 budget. The 2014/15 allocation for school transport has underspent by £64,227, it is therefore proposed that this underspend be rolled forward into the transport budget for 2015/16 in line with previous Forum decisions.

Balance of funding

16. Following the allocation of funding per the above paragraphs there is £86,781 of funding unallocated. As in previous years it is the case that there will be pressures on the high needs budget, therefore it is proposed at this stage to hold this funding as a contingency for high needs pressures as they arise during the year.
17. Appendix 1 shows the proposed revised budget for 2015/16.
18. Forum will be presented with budget management information regarding spend on all budget lines at all future meetings during the financial year.

Recommendations

19. That Forum agreed to the proposed allocation of 2014/15 brought forward underspend in 2015/16.
20. That Forum review budgets throughout the year.

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