

# DARLINGTON SCHOOLS FORUM

13<sup>th</sup> January 2015

ITEM NO 5

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## BUDGET SETTING 2015/16

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### Purpose of Report

1. To agree the use of the Dedicated Schools Grant (DSG) in 2015/16.

### Background

2. School Forum agreed the factors to be used in the 2015/16 school funding formula at their October 2014 meeting. The updated funding formula modelling tool was received on the 12<sup>th</sup> December which has allowed a funding formula for 2015/16 to be calculated (see agenda item 4).
3. Darlington received a DSG allocation on the 18th December as follows,

Block	Amount £'000's	Note
School	£63,146,601	This is the final allocation based on pupil numbers at the October 14 census
Early Years	£3,946,719	This is a provisional allocation based on the January 14 census. This allocation will be updated for the January 15 & 16 census
High Needs	£9,241,583	This is the final allocation
2 year Old funding		No allocation received.
<b>TOTAL</b>	<b>£76,334,903</b>	

4. As in previous years there is still the ability to move funding between the blocks, with the agreement of School Forum.
5. As Forum will be aware the system for allocating two year old nursery funding is changing from April 15. In the current year (and in 13/14) funding for two year old places was based on an estimated number of children multiplied by the funding rate (£4.85), this funding was allocated to promote growth in placements and was received irrespectively of the actual number of children in placements. From April 15 the system for allocating funding will be based on the number of children recorded on the January census date multiplied by the funding rate (£4.85) for the full year. The 2015/16 allocation will be based on the January 2015 census and therefore we will not receive an allocation until July 2015. This allocation will be updated following a further data collection in November 2015. For budget setting purposes an estimate of funding has been calculated.

## **Budgets for 2015/16**

6. Attached at appendix 1 are the proposed budgets for 2015/16. The following paragraphs highlight the main changes to the budgets from those agreed in 2014/15
7. School Budget shares, the overall figure for schools budgets has increased by approximately £4.4 million. This takes account of non recoupment academies being included in Darlington's funding formula and the distribution of £963,359 of 2013/14 underspend as previously agreed by Forum. Further details of how the formula has been calculated are included in agenda item 4.
8. School Nurseries, all budgets for early years nursery provision are included within the 2 year old and 3&4 year old nursery funding lines.
9. Individual Learning Support. This budget is required to pay top up funding for children in mainstream schools that are assessed after the start of the financial year. (Children that are already assessed prior to the start of the year are included within the individually assigned resource budget, IAR, see below). Although the overall spend on top ups has increased (see IAR below), the in year payments has underspent in the previous two years, hence the budget has been reduced to reflect this.
10. HTLA Funding, funding for HTLA's in secondary schools was subsumed into the funding formula in 2013/14 when the EFA changed the criteria for local funding formula's. As St Aidan's is a non recoupment academy, that schools budget share was not included in the Darlington funding formula and hence a separate payment was made to this school. As from April 2015 St Aidan's is included in the Darlington funding formula and therefore there is no need to account for this budget separately.
11. Voluntary/Trust admissions. School Forum agreed at their June 14 meeting to keep the budget for voluntary/trust schools admissions at £20,000. This budget had previously been reduced to £5,000 in line with a change in qualification criteria.
12. School Transport. Forum agreed a number of years ago to allocate £140,000 annually towards school transport. The budget in 15/16 is less than that shown in 14/15 as the 14/15 figure includes a brought forward amount.
13. Pupil Growth Fund, this budget has increased by £14,726 based on the number of additional places expected to be funded during 2015/16. Please see agenda item 4 for full details of the operation of the growth fund.
14. Low Incidence Needs. This service has an increased budget of £25,000 on the original 2014/15 allocation. Forum agreed at their October 14 meeting to increase the funding available to this service in line with the demand/capacity requirements.
15. Pupil Referral Unit. Guidance states that from September 2015, the place element of funding to pupil referral units should increase from £8,000 annually per pupil to £10,000 to bring the funding in line with special schools. The funding required to operate the pupil referral unit for 2015/16 is estimated at the same value as in 2014/15, hence as the place funding has increase by £2,000 the top up can be decreased by £2,000 per pupil to keep the overall budget at the same value.

16. Specialist Placements at Beaumont Hill, the number of places commissioned across pre and post 16 has increased from 235 at the beginning of 14/15 (this figure increased during the year) to an estimated 254 places, in line with the number of children requiring a place at the school. As the number of places has increased then the budget for place funding and top ups has increased to cover the cost of these placements.
17. Post 16 placements. The budget required here has reduced by £150,000 in line with the latest estimated cost of supporting the learners. Post 16 places are funded based on their actual cost and through contracting arrangements savings have been made in the current year which continue into future years. It should be noted that the estimated cost here is based on the learners currently known, if additional learners come into the system or placements change, then the budget will be subject to fluctuation.
18. High Needs Contingency, budget was allocated in 14/15 as a contingency for high needs pressures. Funding for this came from an additional allocation that was given to Darlington as an increase in the DSG grant. The high needs allocation for 2015/16 has been increased to include this funding (and some additional funding), however due to increased spend on high needs all the DSG allocation for 15/16 has all been allocated to budget lines, therefore at this stage there is no contingency for 2015/16
19. Home & Hospital, the budget allocated to this service has decreased by approximately £12,000. However the 2014/15 budget figure included carry forward budget from 2013/14, hence the budget for 15/16 has remained at a similar level.
20. SEN out of Borough placements. As in the current year these placements are still outside of the “place plus” system in 2015/16. The increase in budget requirement is based on the current placements that will continue into 2015/16. In the current year the budget is estimated to be overspent by approximately £250,000, which continues into 15/16, hence the increase in budget requirement. Again the actual expenditure against this budget will be subject to fluctuation if placements change between now and the end of March 2016.
21. Nursery funding (3&4 year old). This budget line shows the whole budget available for both school and PVI settings. This budget includes the full 2015/16 allocation as well as carry forward from 2013/14. Agenda item 6 details how this allocation is to be used. Forum should note that early year’s allocations are subject to change during the financial year dependent on the January 2015 & January 2016 census, therefore the budget requirement may change if the number of children or the resources received change from that estimated.
22. 2 Year old funding. This budget is based on an estimated number of places that will be funded during 2015/16. Actual costs will be dependent on the actual number of children in 2 year old placements during 2015/16. As Forum will be aware from April 2015 funding for two year old places will be based on actual numbers of children at the census date (as is the case for 3&4 year old placements) rather than a fixed grant as in 2014/15. The budget allocated here includes the 2015/16 allocation and carry forward from 14/15 in order to fund the estimated number of places. Forum should note that the funding received from the EFA for 2015/16 is 13 pence per hour (per pupil) less than what is paid to the providers. This difference in the payment rate is only able to be funded in 15/16 due to carry forward underspend.

23. Individually Assigned Resources. This budget is for additional top ups for children assessed with additional needs over the banding levels included within the schools notional budget. As agreed by Forum the current transitional arrangement will continue in 2015/16 in that the budget will continue to operate as it does in the current year. Therefore this budget will fund children assessed over a band 6 (£13,506) in primary schools, whilst secondary schools will not access this funding as they have the budget fully delegated. Funding for children assessed with additional needs between the EFA set £6,000 and the Darlington delegated funding (i.e. £13,506 primary and all secondary) has been removed from school budget shares and will continue to be repaid as one lump sum figure at the same value as that extracted from the school budget share, irrespective of the number of children falling in each school within bands 3 to 6. The budget set here is based on the children already assessed with additional needs for the financial year 15/16.
24. Private Finance Initiative. Budget allocated to this line has decreased in line with the estimated cost of the scheme in 2015/16.

### **Carry forward funded budgets**

25. School Forum Commissioning post, this post is funded by underspend brought forward from 2013/14 in the current year. It is proposed to continue funding this post in 2015/16 again using underspend brought forward from 2014/15 as currently there is insufficient funding within the annual allocation to absorb this budget into the mainstream funding.
26. LAPP budgets. Forum agreed to allocate budgets of £25,000 to the three locality areas in 14/15, which was funded from 2013/14 underspend. At the time of writing the current year allocations are expected to not be fully spent at the end of the year therefore there will be underspend again to carry forward. It is therefore proposed that this underspend is carried forward to create an allocation for each LAPP area in 2015/16. It is proposed that the budgets are reset to £25,000 for each area as is the case in the current year. These budgets will be again funded in 2015/16 from underspend brought forward from 2014/15 as currently there is insufficient funding within the annual allocation to absorb these budgets into the mainstream funding.
27. In 2014/15 £500,000 of underspend was allocated to 2 year old capital, to increase the number of places available within Darlington. This funding was to be spent by the 31<sup>st</sup> March 2015 and at the time of writing is expected to be fully spent. As all current capital requirements are in progress within the 14/15 budget, no budget is required for 2015/16.
28. At the end of 2013/14 £963,359 of underspend was brought forward for distribution to schools. As this could not be distributed until the 2015/16 school funding formula this budget was held in reserve during 2014/15. This funding has been added to the school funding formula and appears within the school budget share budget line.

### **Place Plus Funded High Needs Places**

29. All of the budgets that have been calculated for top ups in 2015/16 have been based on the current year top up rates. As the funding of high needs placements/top ups has been growing, there are significant pressures within the high needs budget areas. It is therefore proposed that there are no increases in top up rates in 2015/16, but correspondingly there are

no proposals to decrease top up rates and therefore top up rates will remain at the same level as in the current year.

30. The rates for place funding are set by the EFA and remain at the 2014/15 values, with the exception of the PRU. As detailed in paragraph 15 the EFA have increased the place allocation to £10,000 (from £8000) in order that all place funding elements are the same. In order to keep the PRU funding at the same overall level the top up rate for the Rise Carr has decreased by £2,000. The following table details the 2015/16 rates

Establishment	Top Up	Full Cost (i.e. Including place funding)
Rise Carr College (from September 2015)*	£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

\*Rise Carr top up will remain at £12,513.93 for the summer term 15 as the place funding remains at £8,000 for this term.

31. The budgets for top ups are based on the rates in the table above multiplied by the number of commissioned places. Where some of the places will be occupied by non Darlington children, the top ups are payable by the host Local Authority, therefore a number of budgets have tops up levels lower than commissioned places to reflect this. The budgets assume that the places will be occupied for the full financial year. Again if there are movements in places, changes in bandings, if places are unoccupied, or places filled by non Darlington children become occupied by Darlington children, there will be fluctuation within the budget.
32. There are no proposed changes to the payment system for 2015/16. Local Authority maintained establishments will continue to receive place funding for the full financial year up front, at the start of the summer term. 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 2015/16

33. As in the table at paragraph 3 the DSG allocated to Darlington is allocated in three blocks. It remains the case that funding can be moved between the blocks in order to target resources at the required areas. As in previous years funding has been moved from the schools block to both the early years block and the high needs block in order to create a balanced budget.
34. Early years, as in the current year the DSG allocation will be amended throughout the year, following the January census. In the event that funding is reduced, this should be offset by a corresponding reduction in funded places, therefore there should be no pressure on the budget. The budget will however need to be monitored throughout the year to ensure this is the case.
35. As in 2014/15 £154,727 has transferred from the schools block to the early years block, to contribute towards the nursery schools budgets.
36. The budgeted expenditure for 2015/16 for high needs is £10,945,467 which compares to £9,241,583 of allocated DSG, this means that expenditure is £1,703,884 more than funding.
37. However included within the high needs expenditure is £651,960 of budget that was previously part of schools budget share that needed to be transferred to meet the EFA's new £6,000 threshold. Therefore high needs expenditure is really £1,051,924 in excess of the funded allocation.
38. As reported to School Forum in October, High Needs expenditure has been increasing in line with additional placements of children into specialist provision and the increase in children requiring top ups within mainstream settings. It was reported in October that in total high needs required a move of £919,157 from the schools block into the high needs block in the current year. In order to protect schools budgets in 2014/15 £158,701 of carry forward has been allocated against the high needs budget, however there is still a requirement to move £893,223 from the schools block to the high needs block.
39. As noted in agenda item 4 the cost of the school funding formula can increase by more than the value of additional resources and therefore to keep the funding formula within resource the unit values have had to be changed. If the high needs costs continue to increase and no additional funding is received (as is expected) it will be that case that unit values in both the schools and early years funding formulas will need to be adjusted further in order that an overall balanced budget can be achieved.
40. The budgets set produce a balanced budget for 2015/16. However it should be noted that this budget has been balanced by using carry forward and has no contingency within it. It is clear that unless future years DSG grant allocations are increased then it will be difficult to balance the budget without the need for reduction in provision in some budget areas.

## **Recommendations**

41. That Forum agrees the top up unit rates as detailed in the table in paragraph 30.
42. That Forum agrees to budget allocation for DSG in 2015/16 as per appendix 1.

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