

# DARLINGTON SCHOOLS FORUM

16<sup>th</sup> May 2017

ITEM NO 4

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## BUDGET UPDATES 2017/18

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### Purpose of Report

1. To update Forum regarding changes to the 2017/18 budget.

### Background

2. Schools Forum was presented with an expenditure budget of £79,734,410 at their March 2017 meeting. This expenditure budget exceeded the Dedicated Schools Grant (DSG) allocation of £79,657,401, therefore the budget was in deficit by £77,309.
3. Since the March Forum the expenditure budget has decreased by £56,902,133 to £22,832,277 following a number of Education Funding Agency (EFA) adjustments to the DSG. The following paragraphs explain the changes within the budget.

### Updates

4. Since reporting the expenditure budget to Forum in March the Education Funding Agency (EFA) has undertaken another recoupment exercise. This decreases the amount of Dedicated Schools Grant (DSG) available to the Local Authority. The EFA use this recouped funding to pay academy, free schools and colleges direct.
5. The EFA have recouped £56,700,775 from the Schools Budget Shares allocations in order to pay schools direct. As in previous years this is as expected and hence makes no change to the retained budget proposals for 2017/18.
6. The EFA have also recouped budget for “place” funding within the high needs budget area, as follows,
  - a. £189,992 for BHA special school to increase the place funding to 280 places from September 2017. This adjustment is in line with the Local Authority (LA) commissioned places and therefore the academy will receive funding direct from the EFA for 280 places from September 2017 (the LA will pay no place funding up to 280 children from this date). This does not affect the retained budget proposals for 2017/18.
  - b. £11,666 for Hurworth Schools resource base to increase the place funding to 14 places from September 2017. This adjustment is in line with the LA commissioned places and therefore the academy will receive funding direct from the EFA for 14 places from September 2017 (the LA will pay no place funding up

to 14 children from this date). This does not affect the retained budget proposals for 2017/18.

- c. £40,000 for post 16 to increase to 91 pupils from September 2017. This adjustment follows the transfer of funding from the EFA to the LA's DSG allocation for 2017/18. As Forum members will recall in budget setting, the EFA transferred to the LA the responsibility of place funding at post 16 establishments. The DSG therefore increased by £486,000 to cover 81 places at £6,000 per place. This funding was then recouped at source as the place funding is paid direct to colleges. The number of places has increased from August 2017 to 91 therefore an additional £40,000 has been recouped to cover place funding between August 17 and March 18. This additional £40,000 recoupment was not in the budget agreed in January and hence affects the overall budget.
  - d. The EFA have reduced the recoupment by £60,194 to take account of growth funding made to schools during 2017/18. This was not included in the 2017/18 budget set in January.
7. In addition to the recoupment the DSG allocation has been updated for rounding, this increases the DSG available by £1,996.
  8. As there are a number of items in the above paragraphs that affect the overall budget, it is proposed that adjustments are made to the budget to remove these differences as follows.
    - a. The additional £60,194 will be used in part to offset the increased recoupment of £40,000 on the post 16 budget and hence leave the budget at £650,000 as agreed in January.
    - b. The remaining £20,194 will be added to the rounding (£1,996) giving £22,190. This will be used against the budget shortfall as notified in January (£77,309) to reduce the overall budget shortfall to £55,119.
  9. Appendix 1 shows the effect on the budget for 2017/18.
  10. Further to Forum agreeing to recommendations in agenda item 3, the balance of the shortfall will be met by the use of underspend and hence will further change the budget.

## **Recommendations**

11. That Forum notes the content of this report.
12. That Forum agree to use the positive balance on recoupment to maintain the post 16 budget at the level as agreed in January and reduce the budget shortfall.

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