

DARLINGTON SCHOOLS FORUM
23rd April 2013

ITEM NO 4

BUDGET UPDATE 2012/13

Purpose of Report

1. To provide Schools Forum with a draft outturn position regarding the 2012/13 budget.

School Specific Contingency

2. Schools Forum agreed at the start of the financial year to allocate funding to a number of specific budget areas that would be retained centrally. The table below shows the provisional outturn budget position with regard to those funds.

Item	Original Approved Amount £	Revised Budget* £	Provisional Year End Spend £	Projected (Surplus)/ overspend £
Behaviour Support units in secondary schools and the 6th day rule for exclusions	28,571	28,571	28,571	0
Individual Learning Support	120,000	190,000	233,825	43,825
Rates revaluations	50,000	90,478	0	(90,478)
VA/Trust Admissions	20,000	20,000	20,000	0
Increase in Pupil Numbers	20,000	45,016	38,440	(6,576)
Carbon Reduction Commitment	70,000	70,000	70,000	0
Local Safeguarding Board	10,000	10,000	10,000	0
Schools - Union costs	10,000	10,000	9,200	(800)
Schools – Virtual Head teacher	20,000	20,000	26,667	6,667
Schools – Redundancies	250,000	79,471	1,818	(77,653)
EYSFF	0	0	69,128	69,128
TOTAL	598,571	563,536	507,649	(55,887)

* Budgets decreased due to LACSEG recoupment.

3. Individual Learning Support. Forum were notified at their February meeting that the budget for Individual learning Support was under pressure and was expected to be overspent by approximately £40,000. The provisional year end figure is therefore very similar to that reported previously.
4. Rates Revaluation. This budget was created at the start of the financial year as a contingency for changes in rates charges to schools. The budget was originally set at £50,000 but due to recoupment, decreased proportionately for academy schools. Forum has previously been notified that there would be a saving in this budget of approximately £18,000 due to limited calls upon the remaining balance. This budget has however increased as when schools have converted to academy status the DfE have only recouped rates budgets for academies at the 20% discretionary rate (as that is the amount academies pay) therefore the remaining 80% has been left in the DSG and as a result is unspent.
5. Increase in Pupil Numbers. The provisional outturn is in line with the previously reported underspend.
6. School Redundancies. The budget at the start of the year was £250,000, but is subject to recoupment therefore the budget has reduced significantly during the year. To date one redundancy payment has been made in relation to the EAL service, therefore the year end projected underspend is £77,653. Further redundancy payments of approximately £15,400 are to be made for the remaining members of staff in the EAL service, which will need to be funded from this underspend in 2013/14. (Due to notice periods the payments were not made in the financial year 2012/13). This leaves a balance of £62,250.
7. Forum discussed at their February meeting that as the redundancy contingency had only been contributed to by maintained schools, could the underspend only be allocated to maintained schools, as academy schools will have already received their share through their LACSEG grant. It is proposed therefore that Forum confirm their previous provisional agreement to allocate the underspent redundancy contingency as per appendix 1. Forum should note that if a school converted part way through 12/13 they will receive a share based on the amount of time the school was maintained. The figures have been calculated using the same allocation method as the DfE use in the recoupment formula.
8. Virtual Head. Forum were previously notified that this budget would potentially overspend by £5,000 due to the alignment of the contract with the financial year. The final overspend figure is £6,667.
9. Early Years Single Funding Formula. Again Forum were notified at their February meeting that the projected overspend on nursery payments to schools was £65,000. The provisional outturn is therefore in line with this projection.
10. The overall provisional outturn position at the year end is an underspend of £55,887. This is an improvement of approximately £60,000 on the position reported in February. The main reason for the change is the additional £70,000 budget received for the 80% rates that was not recouped.

Unallocated Funds

11. Forum have made a number of decisions throughout the financial year regarding the unallocated funding within the DSG allocation. The table below shows the net result of these decisions which (as previously reported) resulted in an unallocated budget of £82,421
12. As members of Forum will recall, they were notified at the February meeting that a rates refund had been received of approximately £168,000 which was returned to the unallocated DSG budget. This one off refund was to be used to cover the projected overspends in the year with any balance being carried forward.
13. It is projected that approximately £95,000 will remain of the refunded rates once the in year pressures in DSG budgets have been taken account of (i.e. PVI nursery payments, SEN, PFI etc.) which will be able for carry forward.
14. School Forum agreed at their meeting of 28th February 2012 to allocate £70,000 towards secondary school transport to support continuation of the existing transport provision. As the change in policy takes effect in the 13/14 financial year this allocation is unspent as at the end March 2013.

Item/ Progress	Amount
Unallocated 12/13 DSG	78,412
Additional DSG from final DFE allocation	316,397
Carried Forward DSG from 2011/12	144,052
Total	538,861
<u>Agreed Allocations</u>	
School transport	70,000
Increased Pupil Numbers	38,440
SEN Budget Pressures	278,000
ILS budget pressures	70,000
Total	456,440
Net balance	82,421
Balance of One off rates refund	94,766
SEN Review (Agreed at Forum February 2012)	(5,200)
School Transport (Unspent)	70,000
Estimated Surplus in schools specific contingencies (above)	55,887
Provisional Budget Surplus	297,874

15. The above table shows an underspend of approximately £298,000 which will be carried forward into 2013/14 and added to the DSG budget.
16. Forum Members should note that although the budget is considerably underspent this has in the main resulted from a rates refund of approximately £170,000 and reduced rates charges £70,000 (resulting from 20% discretionary rate relief) without which the underspend would have been considerably less.
17. The rates refund is a one off and therefore will not be available in future years. The reduction in rates charges has been taken account of within the schools budget setting for 2013/14 and hence is part of the reason why there was unallocated resources in the 13/14 budget.
18. The two other large underspending areas were the redundancy contingency and the funding allocated to transport. The redundancy contingency has been delegated as part of the school budget shares in 2013/14, therefore this underspend is a one off in 2012/13. Likewise the changes to secondary transport policy come into place in 13/14 therefore this underspend will not apply in 13/14. The areas of overspend are not expected to be pressures this year (at this point) as additional resources have been added into the nursery and SEN budgets.
19. Forum will be notified of the final budget position at their June meeting.

Use of unallocated funds

20. As noted above the underspend from 2012/13 will be rolled forward into 2013/14. It is proposed that the underspend is allocated as per the following paragraphs.
21. The £77,653 unused redundancy contingency be allocated against outstanding redundancy costs within the EAL service, with the balance being paid to contributing schools as per appendix one.
22. Forum members will recall that it was agreed after the February School Forum that £15,000 would be allocated to the School Sports Partnership. This funding will be taken from the carry forward amount.
23. It is proposed that the £70,000 unspent school transport funding be held in 2013/14 for the same purpose. Actual funding requirements for 2013/14 are yet to be finalised, therefore this funding can be used to offset any additional costs or used to lower contributions in future years.
24. This will leave approximately £ 127,000 for Forum to allocate as they see fit.

Pupil referral Unit & Home & Hospital Service

25. The above figures do not include any underspend on the budgets allocated to the Pupil Referral Unit or the Home and Hospital service in 2012/13.

26. The Pupil Referral Unit is not projected to have any underspend at the year end, however there has been a number of ICT requirements that potentially may not have been finalised before the year end. It is therefore proposed that any underspend in the PRU budget be carried forward into the PRU budget for 13/14 to cover any costs that will be incurred from prior year commitments.
27. As Forum members will be aware agreement has been made to relocate the Home & Hospital Service. The result of which is that a number of building alterations are required to be funded. The cost of these alterations has been included in the 2012/13 budget for the service, however as the move has not occurred the budget held for this is expected to be unspent at the end of 2012/13 (approx. £50,000). It therefore proposed that any underspend on the Home & Hospital service be rolled forward into 2013/14 to cover the cost of these works. There is no budget provision in the 13/14 budget for these property alterations.

Recommendations

28. That Schools Forum note the content of the report.
29. That Forum agree to the proposed use of unallocated funds as per paragraphs 20 to 24
30. That Forum agree to the carry forward of any unspent budget in the PRU and the Home & Hospital Service as per paragraphs 26 to 27.

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