

DARLINGTON SCHOOLS FORUM

19th November 2013

ITEM NO 5

BUDGET UPDATE 2013/14

Purpose of Report

1. To update the Schools Forum regarding the use of the Dedicated Schools Grant (DSG) budget in 2013/14.

Background

2. Schools Forum was notified at their October special meeting that the revised DSG allocation for 2013/14 was £26,411,082.
3. Schools Forum was notified at their June meeting that there was a projected underspend of approximately £308,000 on the budget in 2013/14. This underspend had arisen mainly from unallocated carried forward budget from 2012/13.
4. Schools Forum were also notified at their June meeting that approximately £310,000 was been held in contingency for High Needs pressures. At that point, as it was early in the financial year it was assumed that this contingency would be spent by the financial year end, with reporting on actual spend to be made to Forum throughout the year.

Changes to the budget

5. There has been no change to the budget in 2013/14 since the October School Forum.

Expenditure to date

6. Appendix one shows the expenditure made to date against the budget. Projections have also been made for spend for the remainder of the year to give a projected variance figure on the full year budget. Forum Member attention is drawn to the following points.
7. It is expected that the School delegated budget will underspend by circa. £43,000 as a result of the rates budgets for converter schools being recouped by the EFA at 20%.
8. Nursery funding within primary schools is projected to be underspent by £42,000. Payment in this budget is made on the actual number of children attending nursery, therefore projections are subject to fluctuation dependent on the next terms census. The projected outturn therefore makes an assumption on the numbers of children in the spring term, based upon the autumn term census and the previous years spring term.
9. The Voluntary/Trust admissions projected underspend is based on the decision made by Forum in April 2013 to limit the scope of this contingency. The actual outturn position for this budget will be dependent on the decision made by Forum regarding agenda item 3 of this meeting.

10. School Transport, it is expected that there will be remaining funds within this budget at the year end as the changes to transport entitlement have only just been implemented. This budget is shown as fully spent as Forum have previously agreed to carry forward underspend on this budget to offset future transport funding requirements.
11. Pupil growth fund, payments have been made to all schools that experienced additional numbers at the September intake. No additional payments are expected following the January intake. The expected outturn is a underspend of approximately £68,000. EFA rules regarding pupil growth funds require any underspend in one year to be included within the funding formula for all schools in the following year. Therefore the expected underspend will be added to the schools budget shares for 2014/15 by increasing the AWPU values.
12. Within the schools budget there is £222,606 of unallocated funds. At this point there is no expected call on this funding therefore this resource is likely to be unspent. Any pressures that arise between now and the year end will be first call upon this budget.
13. Pupil Referral Unit (PRU), the financial arrangements for paying for the PRU work on a place plus system (as with other high needs provision). At the time of writing it is projected that the PRU may have a number of vacant places within the autumn and spring terms, which would result in lower top up payments been received. In this event the PRU would operate with a deficit position for 2013/14, which would correspond with a underspend in the PRU top up budget. Forum agreed that in this financial year the PRU would be supported in line with the budget allocated, therefore this budget is expected to be on target.
14. Top Up payments at BHA, this budget is projected to be underspent by circa. £350,000. This saving arises as when the budget was set, it included both pre and post 16 places. As post 16 places are funded from the post 16 budget this has resulted in a saving on this budget line. (This funding did not need to be transferred to the Post 16 budget as additional funds received from the EFA covered the post 16 budget shortfall). In addition to the savings regarding post 16 places, savings also accrued on this budget line due to the amount of recoupment made by the EFA being less than budgeted. The final outturn position on this budget will change dependent on the number of places occupied during the autumn and spring terms.
15. Marchbank. The projected overspend on this budget is £126,000 based on the number of places in the autumn term. There was no budget for Marchbank at the start of the year as the number of places required was unknown. Funding for Marchbank was always to be first call on the high needs contingency. The final outturn position for this budget will change dependent on the number of places occupied during the autumn and spring terms.
16. Resource Base Units. The units are projected to be overspent by approximately £30,000. The projected overspend has been calculated using the autumn term estimated occupancy. The expected overspend occurs due to an increase in the number of places required at the Mount Pleasant resource base. The final outturn position for this budget will change dependent on the number of places occupied during the autumn and spring terms.
17. Post 16 Top Ups. At the time of writing contracts are still being finalised with a number of providers, therefore the budget position is still subject to some change. It is however expected, that there will be underspend of circa £200,000 on this budget line. This projected underspend has arisen as additional funding was awarded to Darlington (of

£250,000) by the EFA for 2013/14 due to a shortfall in the number of learners funded through the original high needs block. This additional funding has on the whole not been required as the number of learners has been slightly lower than estimated, with a number of learners being assessed below the £6,000 threshold. In addition significant cash savings have been made by placing learners in lower cost placements.

18. High Needs contingency. This budget is shown as being unused, as pressures within high needs budgets are shown on the individual budget lines. It is therefore expected that there will be an underspend of £311,000 for this budget. Any further pressures in budgets will be offset against this saving.
19. Hospital Top Up's. From April 2013 the EFA removed the need to have inter-authority recoument for hospital places as each Authority's DSG allocation was revised for the number of hospital placements within their area. This budget was set up as a contingency for any inter-authority charges that may have been outstanding from previous years or for special exceptions in 13/14. At the time of writing no call has been made on this budget, therefore a year end underspend of £44,000 is expected.
20. SEN Out of Borough Placements. As in previous years the spend on this budget is based on the actual cost of children placed at special schools out of the borough. The current projected spend is that this budget will be over by £18,000 at the year end. The final budget position will be dependent on any changes in placement during the autumn and spring terms.
21. Nursery Funding (PVI). As with the primary schools, payment is made on the actual number of children attending nursery, therefore projections are subject to fluctuation dependent on the next terms census. The projected outturn makes an assumption on the numbers of children to be funded in the spring term, based upon the autumn term census and the previous year spring term.
22. The current projected year end position is an estimated saving of £132,000. This saving has arisen as additional DSG was allocated mid-year by the EFA for nursery places following the January census, however the budget set for 2013/14 already had included contingency for growth in hours/placements, therefore funding was already in place. It is estimated that there will be no significant change in the number of hours in 13/14 to that funded in 12/13, hence a saving on the original budget as well as the additional EFA funding. (Forum should note the DSG allocation for early years may be altered again following the January 2014 census).
23. Two year old nursery funding. As with 3 and 4 year old nurseries payment is made on the actual number of children within the settings. In this financial year the EFA allocated additional funds to local authority areas to increase the number of places available and to build capacity for future years where increased numbers of places are required. At the time of writing the £313,000 trajectory funding has been unspent and also £344,000 of the place funding is expected to be underspent due to lower numbers of placements being taken up. Plans are being developed (in conjunction with the EFA) to use this unspent funding to increase the capacity of places available, therefore at this point no variance is being shown on this budget line.

Summary

24. In summary the projected year end position with regard to the DSG budget is underspend of £1,257,000.
25. This underspend is a projection based on the information available at the time of writing and is therefore subject to change over the remaining months of the financial year dependent on demand and need.
26. Forum should note that although the underspend is a large figure this has been contributed to by the carry forward of £440,000 of underspend from 2012/13, £280,000 of unallocated funding (used as a contingency) and a one off additional resource of £250,000 for post 16 pupils. It is therefore expected that similar underspends will not accrue from future years funding allocations.
27. The saving on 2 year old nursery placements is not expected to materialise in future years, as the number of placements will have increased in line with Government targets and it is expected that there will be no trajectory funding. At the time of writing no confirmation of 2 year old funding for 2014/15 has been made, therefore there is uncertainty regarding the financial position for this budget line in 2014/15.
28. A decision will be required at the end of the financial year regarding what action Forum wish to take with regard to the expected underspend. A further update will be presented to Forum in January at which time provisional 2014/15 allocations should have been received, which should help facilitate the decision making process.

Recommendations

29. That Forum notes the content of the report.

**Brett Nielsen
Finance Manager,
Resources Department**