

DARLINGTON SCHOOLS FORUM

14th January 2014

ITEM NO 3

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 previously notified that the revised DSG allocation for 2013/14 was £26,411,082. This budget has not changed.
3. Schools Forum was notified at their November meeting that there was a projected underspend of approximately £1,256,000 on the budget in 2013/14. This underspend had arisen mainly from unallocated carried forward budget from 2012/13, savings within the high needs block and unused contingencies.

Expenditure to date

4. 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. The following paragraphs provide additional detail for Forum members' attention.
5. It is projected that the budget position at the end of March 2014 will be an underspend of approximately £1,339,000 this is an increase of £83,000 on the figure reported in November.
6. The £83,000 increased underspend is on the whole made up from a projected underspend of £59,000 on the Individual Learning Support (ILS) budget and £28,000 on the two year old funding budget.
7. The projected saving of £59,000 on the ILS budget is based on spend to date. This budget is provided to fund schools additional top up's throughout the year as children are assessed as having special needs over and above that included within the schools budget share. The final budget position will be dependent on the number of children assessed requiring additional support during the spring term.
8. The projected saving on the two year old nursery funding is based on the estimated number of places occupied during the spring term. The final budget position will be dependent on the actual number of children in placements at the spring census.

9. The budget position for the high needs placements are all based on the number of children funded at the start of the autumn term. As per the place plus system adjustments will be made for the autumn term (in the spring term payment) based on the actual number of places occupied. Funding for the spring term will also be based on the actual number of places occupied. Therefore the final year end positions are subject to change from that reported, dependent on the actual places occupied.
10. As with the two year old nursery funding the final outturn position for the nursery funding will be dependent on the actual number of children in settings on the January census date. Therefore again this budget projection is subject to fluctuation.
11. As reported to Forum in November a request was submitted to the Education Funding Agency (EFA) to convert some of the projected unused revenue budget for two year old nursery placements into capital. This request was made to assist with the creation of additional capacity in the borough as the number of places required needs to increase in line with the Government requirements (circa. 600 places required). The EFA have approved in December, the conversion of £500,000 of revenue budget into capital. This capital budget is to be spent by the end of March 2015. The revenue budget included in appendix one assumes that the capital money is fully spent.
12. Forum were previously notified that any underspend on the growth fund had to be included within the next years school budget share calculation. The EFA have revised this rule, to allow that any unspent growth fund money can be rolled forward to contribute towards any growth fund in future years. It is therefore proposed to follow this change in guidance and allocate any unspent growth fund towards the 2014/15 growth fund.
13. As reported to November Forum any underspend on the revenue budget will be rolled forward at the year-end into the 2014/15 financial year. Forum will therefore need to make decisions on how this budget is spent. One option available was to add this underspend into the school budget share formula for 2014/15, however this option was not progressed as the underspend is a one off and therefore would not be available in future years. This would have caused an issue with the sustainability of the formula in future years, should the minimum funding guarantee remain at 1.5%.
14. Forum members will recall from a report presented to Forum in July 2012 that the affordability gap (regarding the PFI scheme) funded through the DSG includes an element to cover up front investment made by the borough council. The affordability gap includes approximately £100,000 in both the 2014/15 and 2015/16 financial years until the upfront investment is paid off. It is proposed therefore to use some of the 2013/14 underspend to pay off this reserve as this will free up funding from 2014/15 budget to be included within schools budget shares. It is calculated that by doing this, that the AWPU for all phases can be increased by £7.51 per pupil from April 2014.
15. In the event of the above proposal being agreed, it is estimated that there will remain approximately £1.1 million of unspent budget to be carried forward, that Forum will need to allocate

Recommendations

16. That Forum notes the content of the report and consider how any underspend be allocated.
17. That Forum approves the repayment of the PFI reserve from 13/14 underspend, therefore increasing future years AWP levels.

**Brett Nielsen
Finance Manager,
Resources Department**