

DARLINGTON SCHOOLS FORUM

18th October 2018

ITEM NO 3

BUDGET UPDATE 2018/19

Purpose of Report

1. To update Forum regarding the 2018/19 budget position.

Background

2. School Forum were notified at their January 2018 meeting that the high needs budget would continue to be under financial pressure during 2018/19. The estimated shortfall in the high needs budget at the beginning of 2018/19 was estimated to be £1,129,568.
3. Following recoument the DSG allocation for 2018/19 was £23,675,710.
4. School Forum agreed at their January 2018 meeting to allocate £3,543 of unallocated central schools block budget and £49,717 of unallocated historic central schools block to cover pressures within high needs.
5. School Forum were notified at their May 2018 meeting that the high needs block had overspent by £1,589,978 in 2017/18 and that this deficit would be rolled forward to 2018/19. Forum agreed to allocate £61,617 of underspend within the central schools block budget to reduce the carry forward deficit to £1,528,361.
6. School Forum were notified at their May 2018 meeting that the early years block had underspent by £289,466 in 2017/18 pending a clawback of funds by ESFA (Education, Skills Funding Agency). Forum agreed to ring fence this underspend to early years budgets in 2018/19 with the first call to cover any clawback within the 2018/19 early years allocation.
7. ESFA reduced Darlington's 2017/18 early years block by £128,130 (the clawback), this has therefore been taken from the early years carry forward budget.
8. In line with the 2017/18 early years adjustment ESFA have updated the 2018/19 early years allocation. Darlington's allocation has decreased by £271,891 which has required adjustments to the early years budgets previously presented.
9. At the start of the financial year, ESFA noted that the high needs block allocations provided were provisional and that an adjustment would be made in year for "import/export" of places between local authorities. This adjustment has now been made and Darlington's high needs block has decreased by £65,819 as a result.
10. All of the above adjustments are shown within the revised budget attached at appendix 1.

Budget Position

11. Appendix 1 shows the estimated spend against the budget for 2018/19. At this stage of the year budget projections are subject to fluctuation as confirmed payments have only been made for the summer term pending the receipt of the October 2018 census data. It is the case therefore that there will be changes to the “demand led” budget projections, as the expenditure in those budgets is dependent on the number of places occupied during the autumn and spring terms.
12. In addition to the above, the continuing high needs review may introduce some budget changes within the 2018/19 financial year which may mean that certain high needs budgets expenditure will reduce once the changes have been agreed.
13. The key projected variances are listed in the following paragraphs.
14. The Pupil Growth Fund budget, is expected to be underspent by £61,000 as a result of a growth fund recouplement adjustment by EFSA within the DSG allocation (a budget adjustment has been made between the budget share and growth lines to reflect this). This underspend is subject to change dependent on growth to be funded in year.
15. The post 16 top up budget, is projected at this stage of the year to be underspent by £132,000 based on known placements. At the time of writing final confirmation of the new September 2018 placements has not been received, hence this projection is again subject to change.
16. The Special Out of Area Placements budget, is projected to be overspent by £818,000 based on children currently placed in independent or out of area placements. This overspend is a continuation of 2017/18, where there was a large increase in the number of placements within this budget.
17. The Other SEN budget, is expected to be underspent by £200,000. This budget line was built into the 2018/19 estimates to cover children placed in other/alternative provision education as there had been a large spend in this budget line in 2017/18. The reduction in spend in this budget line arises as a number of the areas of expenditure have ceased or the pupils have moved into provision included within one of the other budget lines.

Early years

18. As Forum will be aware the early year’s budget allocation given by ESFA is subject to change following the January census. As a result the final budget allocation will be unknown until after the year end, which makes a fully accurate projection of the current budget position difficult at this stage of the year.
19. In addition at the time of writing no census data has been received for the autumn term and therefore any projections are purely based on the summer term of the previous academic year. As a result, a quality projected year end position is not possible at this stage of the year, therefore all early years budgets are shown as been on target within appendix 1. The only exception is the brought forward budget from 2017/18 which at this stage of the year is not expected to be used in year.

Overall

20. Due to there only being one term of expenditure in the accounts, any projected year end budget positions must be treated with caution at this stage as they are subject to change throughout the autumn and spring terms.
21. From the figures included within appendix 1, the in-year budget position is an expected net overspend of £1,603,039 of which £1,672,599 is from high needs budgets. This overspend in high needs has been expected in line with previous School Forum reports and high needs discussions.
22. As Forum are aware £1,528,361 of high needs overspend was brought forward from 2017/18 to be funded. As a result the estimated pressure in high needs budgets at the 31st March 2019 is over £3.2million.
23. The overall budget projection for 2018/19 is an overspend of £2,970,064 which includes the early years budget reserve.
24. Work is continuing within the high needs review (agenda item 4), to address high needs pressures in order to bring the budget back in line in future years.

Recommendations

25. That Forum notes the current budget position.
26. That Forum notes the ongoing pressures within high needs budgets.

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