

DARLINGTON SCHOOLS FORUM

15th January 2019

ITEM NO 7

BUDGET SETTING 2019/20

Purpose of Report

1. To agree the use of the Dedicated Schools Grant (DSG) in 2019/20.

Background

2. DSG is paid in four funding blocks, following the introduction of the National Funding Formula (NFF).
3. The schools block is ring fenced to the school budget share/growth fund, with the exception of the ability to transfer 0.5% of the total value to another funding block with School Forum agreement, or a higher percentage with Secretary of State agreement. School Forum agreed at their special meeting on 27th November 2018 to transfer £400,000 of the 2019/20 schools block to the high needs block, hence a request has been submitted to the Secretary of State.

Funding for 2019/20

4. Darlington received the following DSG allocation on the 17th December as follows,

Block	Amount £'000's	Note
School Block	£66,245	This is the allocation before recoupment to pay academy schools direct.
Central Schools Block	£1,459	
Early Years Block	£6,827	This allocation is provisional and will be updated throughout 2019/20 for actual census numbers
High Needs	£12,537	This figure is provisional and will be updated for the place change notifications and final import/export allocations. This figure is before recoupment to pay academy schools direct.
TOTAL	£87,068	

Schools Block

5. The schools block is calculated by ESFA using the NFF based upon the October 2018 census data. In line with School Forums decision on 27th November £400,000 has been moved to the high needs block. The remaining schools block (£65,845,000) has been allocated to the school budget share calculation and the growth fund. Details of the school budget share calculation and the proposed growth fund are included in agenda item 5.

Early Years Block

6. The early years block has been allocated to early year's provision as per agenda item 6.

Central School Block

7. The central schools block allocation is split into two areas by ESFA. The first element is the amount of central funding that is allocated to Darlington through the per pupil funding formula. The second element is the "historic commitments", which was added to the central schools block by ESFA in recognition of the commitments to services procured centrally. As Forum will be aware ESFA have noted that the historic commitments budget will decrease from 2020/21.
8. For 2019/20 the central schools block allocation is made up of £487,000 formula based and £972,000 historic commitments a total of £1,459,000. This is an increase of £5,000 in the formula based element.
9. As Forum members will recall from last year there is a requirement to consult with School Forum on the proposed use of the central schools block. Attached at appendix 1 are the proposed budgets allocated under the central schools block for 2019/20.
10. The areas of expenditure proposed to be funded under the formula based element of the central school block are the same in 2019/20 as in 2018/19. The amounts of budget allocated to the expenditure type are at the same value as in 2018/19 with the exception of the admissions team and copyright licenses.
11. The increase in cost of the admissions team (£1,925) is as a result of the annual pay award. The copyright license fee is top sliced by ESFA from the DSG allocation and increases in line with the cost of contracts held centrally by ESFA. ESFA have notified that the copyright fee charged to Darlington will increased by £3,260 for 2019/20. After taking account of the two increases, £2,968 is left remaining within the central block, it is proposed that this unallocated amount is moved to the high needs budget, to contribute towards pressures in 2019/20.
12. In line with the rules concerning the use of historic commitments, no new areas of expenditure can be made, therefore all the expenditure is in line with previous years. The actual budgets allocated however are approximately £50,000 less than the allocation. As ESFA has noted that the historic commitments budget will decrease from 2020/21, this saving is expected to be available for one year only, it is proposed that this unallocated budget will be moved to the high needs budget to contribute towards pressures in 2019/20.

High Needs Block

13. The high needs block is calculated by ESFA on a formula basis. The allocation received is provisional as adjustments will be made in year for export/import places between authorities. The indicative allocation for 2019/20 is £12,537,000 (before recoupment) which is an increase of £517,000 on the revised 2018/19 allocation (before the additional funding announced 17th December 2018).
14. This increase in funding is made up of two elements. Firstly as Forum members will be aware the Government announced additional high needs funding nationally on 17th December. This announcement increased Darlington high needs block by £233,839 in 2018/19 and by £233,839 in 2019/20. No increases were announced for future years.
15. Secondly, ESFA has added the place funding for special free schools into Local Authority high needs blocks DSG allocations with effect from April 2019. Previously this funding did not appear in the high needs block as ESFA paid this funding to the schools direct. Although this increases the high needs block allocation, this funding is recouped by ESFA to pay special free schools and hence means that there is no real effect to the high needs block from this change in 2019/20.
16. As the special free school in Darlington has 42 funded places (per the DSG allocation) the high needs block should have increased by £420,000. At the time of writing a full breakdown of the high needs block has not been received, therefore it is not possible to confirm that all of this funding has been added to the block. ESFA have however, confirmed to the Local Authority that the funding has been added, with the exception of the £6,000 per place that will be allocated through the import/export adjustment during the year. It is estimated that Darlington will receive an additional £156,000 into the high needs block to take account of shortfall.
17. The overall change to the high needs block is shown in the table below. This shows that the block is estimated to increase by £253,000 from 2018/19, of which £234,000 is the additional funding announced. The remaining £19,000 is a change in formula due to changes within the numbers of children attracting funding.

	£'000's
2019/20 Indicative Allocation	12,537
Less Special Free School Place funding	420
	12,117
Expected additional funding through export/import adjustment	156
2019/20 Revised Total	12,273
2018/19 Revised Allocation	12,020
Additional Funding	253
Made up from	
Additional Government Funding	234
Formula changes	19
Total	253

18. Attached at appendix 2 is a draft budget requirement for high needs for 2019/20. The budgets included within the table are indicative budgets based on spend in the current

financial year, updated for pupil information for 2019/20. As Forum members are aware there are significant pressures against the high needs budget allocation due to the demand for high needs support and services, therefore the Local Authority is reviewing all expenditure against the high needs block in order to bring the budget back into line as required by ESFA.

19. The budgets are therefore subject to change dependent on decisions made regarding the provision of SEND and high needs in Darlington during 2019/20. As Forum members will recall the Local Authority undertook a full public consultation on its SEND strategy and is due to report the outcomes to Cabinet in February. This will inform the future delivery of high needs in Darlington and hence will enable a full updated budget plan to be put together.
20. As Forum members will be aware ESFA consulted upon the arrangements for how DSG deficits are to be addressed and reported upon. Although the results of this consultation have not been received, it is expected that Darlington will have a budget deficit over the threshold allowable and hence will have to submit a detailed plan to ESFA by the end of June 2019 on how this deficit will be recovered. This plan will be shared with Forum before submission.
21. At the October 2018 meeting, Forum were notified of some high level savings in high needs budgets to be introduced during the 2019/20 financial year. These savings will come in to effect during 2019/20 and hence have been included within the draft budget shown at appendix 2. The proposed savings included are the ending of the Behaviour & Attendance funding and the LAPP's budgets (though some of the saving will be placed into a new budget line to support the Vulnerable Pupil Panel), a reduction in the budget for out of area placements and a reduction in the mainstream top up budgets for the introduction of the ranges.
22. All other budgets in appendix 2 are based on current high needs arrangements, though as stated above are subject to change following the high needs/SEND changes.
23. As can be seen from appendix 2 even with the savings already identified, the additional money received in the high needs block, the movement of funds from the schools block and the movement of funds from the central schools block the high needs budget still only just about breaks even in 2019/20 (with a slight deficit at this point).
24. The budget is subject to change through the year due to further savings, however due to ongoing demand pressures and the implementation time for changes to take effect it is clear that the high needs budget will remain under significant pressure during 2019/20. In addition to this, the estimated £3million accumulated deficit brought forward from 2018/19 will need to be recovered, hence there remains a massive amount of work to do to bring high needs spend back into budget.
25. School Forum will be presented with further information regarding high needs at all meetings throughout the year.

Recommendations

26. That Forum notes the budget allocations for 2019/20 from ESFA.

27. That Forum agrees to the allocation of the central schools block in 2019/20.
28. That Forum notes the current position regarding high needs budgets for 2019/20.

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