

## DARLINGTON SCHOOLS FORUM

15<sup>th</sup> October 2019

ITEM NO 4

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### BUDGET UPDATE 2019/20

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#### **Purpose of Report**

1. To update Forum regarding the 2019/20 budget position.

#### **Background**

2. School Forum was notified at their January 2019 meeting of a Dedicated Schools Budget (DSG) allocation of £87,067,000 and a budget was agreed accordingly.
3. A number of adjustments have been made to the DSG allocation and the budget since the January meeting, which are described within the following paragraphs and shown within the budget at appendix A.

#### **Budget Changes**

4. The Education, Skills Funding Agency (ESFA) recouped £59,539,325 for schools budget shares of academy mainstream schools and high needs place funding of £4,051,667 for resource base units and special schools.
5. School Forum were notified at their June meeting of the year end budget position for 2018/19 and agreed carry forwards as follows,
  - Early Years, £85,116 for early years purposes
  - High Needs, £3,232,670 deficit funding, to be recovered over future years
  - Central Schools, £75,452 to contribute towards future years PFI contract costs and £11,349 to be allocated to high needs budgets
  - Schools, £30,000 (actual £29,735) for growth and £128,551 for future years schools funding formulas.
6. As School Forum have been notified previously, the Early Years budget is adjusted each year in the June following the year end. Forum were notified that any adjustment for 2018/19 would be allocated against the Early Years brought forward figure in 2019/20. In June, ESFA updated the Darlington Early Years DSG allocation for 2018/19 by an increase of £152,945.
7. In line with the adjustment to the 2018/19 Early Years allocation, the 2019/20 allocation was also updated in June 2019. The Early Years budget for 2019/20 has been increased by £262,000 accordingly.

8. As Forum members will be aware, ESFA recoup place funding for high needs based upon the number of commissioned places at £10,000 per place or £6,000 for places within resource bases if the place is occupied. When ESFA have recouped for 2019/20 the DSG has reduced by more than budgeted for the resource bases, for Marchbank and for Post 16, therefore to balance the budget lines for those service areas, an adjustment has been made bringing in funding from the high needs unallocated budget. (Note the high needs unallocated budget is the combination of the original estimated additional high needs funding due and the high needs budget balancing figure, adjusted for the actual additional high needs resources received).
9. In budget setting for high needs it was estimated that Darlington would receive additional funding for high needs following the “import/export” adjustment at £156,000. When ESFA have updated the high needs allocations (including import/export) the high needs block has increased by £304,332, which has been assigned to the high needs block (unallocated high needs).
10. The above adjustments have been made to the budget (see appendix A) and the revised budget now totals £21,292,818.

## **Budget Position**

### Schools Block

11. The in-year Schools block is estimated to be underspent by £49,105 at the end of the financial year. This is made up of £29,610 of growth funding that has not been recouped and an estimated underspend of £19,945 on the 2019/20 growth fund. The growth fund projection is an estimate and will be updated for the October and January census and is therefore subject to change before the end of the financial year.

### Central Block

12. The in-year Central block is estimated to be underspent by £7,500 at the end of the financial year. This projected underspend arises from the union facilities budget, which at the time of writing has no expenditure against it. The estimated spend is based on previous years, however this figure is subject to change dependent upon calls on this fund throughout the remainder of the financial year.
13. Most of the other budgets within the Central block are likely to be on budget at the year end as the budget are not demand led. However it is expected that the PFI budget will have a variance at the year end. At this stage of the year, a fully accurate projection of the position of the PFI budget is not possible, therefore this budget is shown as being on target.

### High Needs Block

14. The High Needs block is currently projected to be overspent by £1.3 million in 2019/20, this is before adding to any brought forward deficit. This overspend is described within the following paragraphs. Forum members should note that projections have been made using pupil data from the summer term, along with initial data from the autumn term. As placements will change during the autumn and spring terms, the projections are subject to

change, dependent on activity in those terms, with any additional children requiring support increasing the overspend further.

15. Forum members will recall from their June meeting that the high needs recovery plan had indicated that the high needs deficit would continue to grow in 2019/20 and 2020/21, with a projected overspend on high needs in 2019/20 of £1.7m, until the additional capacity is brought on line with the opening of the three new resource bases and the Tees Valley free school.
16. The main variances within high needs are as follows,
  - a. Pupil Referral Unit. This budget is projected to be overspent at the end of the financial year by £183,205. This overspend results from the summer term when the school had in excess of 60 placements, the school is commissioned for 40 places.
  - b. Pre 16 placements at Beaumont Hill Academy is projected to be overspent by £386,273 based upon current pupils. This increased expenditure reflects the implementation of the ranges from the autumn term.
  - c. Placements at Independent and Out of Area schools are projected to be overspent by £1,116,262. This overspend continues the previous overspend from 2018/19, with the full year effect of children that were placed part way through that year. As Forum will recall this budget was reduced within budget setting by approximately £700,000 in line with proposals to return pupils to Darlington with the creation of new resource based places. Members will recall from the high needs recovery plan that the first two of these new units are due to open in September 2020, therefore it was known that the budget pressure would continue longer than originally planned.
  - d. Post 16 placements are projected to underspend by £233,508, based upon summer term placements. Forum members should note that this projection is indicative at this stage, due to limited pupil data.
  - e. High Needs Unallocated budget, is projected to be underspent by £116,137. As per paragraph 9, Darlington received more high needs budget than estimated, this underspend represents the balance.

#### Early Years

17. The Early Years block is projected to be underspent by £22,765 at the year end. The expenditure projections for Early Years are calculated using only one terms school census data (the summer term 2019) and are therefore subject to change once the autumn and spring term pupil numbers are known.

#### Reserves

18. Reserves are the budget positions brought forward from 2018/19 plus/less any transfer of DSG movements as outlined within paragraphs 4 to 10 above. At the start of 2019/20 £2,902,467 of deficit on the DSG was brought forward, following adjustments, the reserve figure now stands at £2,790,606 of deficit.

#### Overall

19. Overall the in year budget for 2019/20 is currently projected to be overspent by £1,240,560, which as outlined above results from continuing high needs pressures. The overall estimated budget position for 2019/20 is a deficit of £4,031,166 once the brought forward deficit from 2018/19 has been included.

### **Recommendations**

20. That Forum notes the current budget position.
21. That Forum notes the ongoing pressures within high needs budgets.

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