



Briefing note

To: Schools Forum

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Purpose of the Paper:

Information	√
Consultation	√
Decision	

Title of Briefing: Finance Update

Purpose of Paper

- 1.1 This paper provides an outline of the overall schools' position after the second termly monitoring which took place in January and February 2021. A summary of the High Needs budget monitoring position as at the end of February 2021 is included in section 3.
- 1.3 The paper also gives an update of the survey in relation to the proposed budget tool replacement.

Update on second termly monitoring position for 2020/21

- 2.1 Forum will recall that in 2019/20 it was reported that schools had a year-end outturn of £0.165m, against a forecast budgeted deficit of £4.661m. The first monitoring of 2020/21 reported that a £5.677m deficit was forecast against the initial estimated budgeted deficit position of £6.681m, which was an improvement against budget of £1.078m.
- 2.2 The second set of budget monitoring for the financial year has recently been completed, with a few outstanding queries still being worked through. Initial forecasts across all school phases (as shown in table 1 below) now reflect a forecast deficit of £2.900m, which is an improvement since the first monitoring of £2.777m. This also reflects an overall improvement against budget of £3.855m. Highlighted figures may still change following resolution of the outstanding queries, this will be updated at Forum.

2.3 Table 1: Second Monitoring Results for Schools – 2020/21

Phase	Outturn 2019/20 £m	Budget Plan 2020/21 £m	Monitoring 1 2020/21 £m	Monitoring 2 2020/21 £m	Variance To Budget £m
Nursery	0.127	0.053	0.086	0.099	0.046
First	0.746	0.666	0.619	0.910	0.244
Primary	3.497	2.271	2.692	3.232	0.961
Middle	0.437	0.276	0.338	0.523	0.247
Secondary	(5.549)	(9.679)	(9.766)	(8.056)	1.623
Special / PRU	0.907	(0.341)	0.353	0.392	0.734
Total	0.165	(6.755)	(5.677)	(2.900)	3.855

2.4 The improvement in the forecast is despite the impact of COVID-19 on schools and shows that most schools are managing to control the financial impact of the pandemic with reduced costs based on their initial estimates of the financial impact of COVID-19. There are some schools, such as Greenfields Primary and the emerging deficit school, which have struggled with the additional costs of COVID-19.

2.5 The improvement in forecast outturns for schools includes one additional school which is now forecasting unauthorised deficits over £5,000 in 2020/21. This school is currently showing a forecast that is £0.028m worse than budget at the second monitoring, as shown in table 2.

2.6 Table 2: Emerging Deficit Schools in 2020/21

School	Budget Plan 2020/21 £m	Monitoring 1 2020/21 £m	Monitoring 2 2020/21 £m	Variance To Budget £m
Burradon Primary	0.003	(0.007)	(0.025)	(0.028)

2.7 There were twelve schools with deficits identified at budget setting and their current forecasted positions are shown in Table 3 below. Eight of these schools were in deficit in 2019/20, with two identified as structural deficits. All bar one of these schools are showing improvements reflecting plans put in place to mitigate their deficit positions, showing an overall £1.185m improvement against budget and a favourable movement of

£0.833m since the first monitoring. The schools still showing adverse variances are working to mitigate the causes of further unforeseen pressures.

2.8 Table 3: Existing Deficit Schools in 2020/21

	Budget Plan 2020/21 £m	Monitoring 1 2020/21 £m	Monitoring 2 2020/21 £m	Variance To Budget £m
Benton Dene Primary	(0.022)	(0.010)	0.018	0.041
Forest Hall Primary	(0.014)	(0.015)	(0.005)	0.010
Greenfields Primary	(0.120)	(0.178)	(0.181)	(0.061)
Holystone Primary	(0.032)	0.020	0.010	0.041
Ivy Road Primary	(0.300)	(0.243)	(0.211)	0.089
St Mary's R C N/S	(0.033)	(0.039)	(0.001)	0.032
Marden Bridge Middle	(0.067)	(0.042)	0.032	0.099
Marden High	(0.494)	(0.475)	(0.074)	0.419
Norham High	(3.193)	(3.189)	(3.141)	0.052
Longbenton High	(2.610)	(2.610)	(2.510)	0.100
Monkseaton High	(5.164)	(5.090)	(4.958)	0.206
Beacon Hill	(0.773)	(0.598)	(0.572)	0.202
TOTAL	(12.822)	(12.469)	(11.592)	1.230

2.9 Additional governance arrangements and monitoring meetings have been put in place with the twelve existing deficit schools. School Improvement, HR and Finance officers will continue to meet with Head Teachers and Governing Body representatives for all schools in deficit to monitor the specific requirements of each individual school's deficit and recovery plans to support bringing them back into balance.

High Needs Block

3.1 The High Needs block ended 2019/20 with a pressure of £4.542m. Forum should note that the High Needs block forms part of the Dedicated Schools Grant (DSG) which is ring-fenced and does not form part of the General Fund. This overall pressure in the High Needs block is in line with the national and regional picture and Forum will be

aware of the high level of interest in special needs provision and associated funding issues in the national media.

- 3.2 The forecast at February 2021 for the High Needs block has worsened since the last report with an anticipated in-year pressure of £4.325m (November, £3.457m) reflecting a rise in demand for special school places within the Authority and a general increase in complexity of children supported in special schools and within mainstream schools. A breakdown of the in-year pressure is shown in Table 4 below.

3.3 **Table 4: Breakdown of High Needs in Year Pressures at February 2021**

Provision	Budget £m	Forecast Feb £m	Variance £m	Comment	Variance Nov £m
Special schools and PRU	12.797	15.021	2.224	Pressure on places for children with profound, Multiple Learning Difficulties, Social Emotional and Mental Health problems and Autism Spectrum Disorder	1.866
ARPs/Top ups	3.655	4.919	1.264	Pressures in pre 16 top ups e.g. Norham ARP. Melrose transfer to Southlands represents change	0.991
Out of Borough	2.515	3.267	0.752	Increased number of children placed outside North Tyneside Schools	0.565
Commissioned services	3.956	4.041	0.085	Additional staff and commissioned service	0.035
Subtotal	22.924	27.249	4.325		3.457
2019/20 b/f			4.542		4.542
Subtotal			8.867		7.999

Proposed Budget Tool Project

- 4.1 Forum will recall that a number of budget tool demonstrations were organised for schools throughout January, with a survey being made available for schools to assess the need for a new tool and the systems demonstrated.
- 4.2 A report of the survey findings has been included as appendix A. Based on these findings Schools Finance are recommending that a procurement exercise is undertaken using the Government G-Cloud contracts which will be carried out on behalf of those schools that have not yet bought into a budget tool already. This procurement would be on behalf of schools but would need to be financed by schools individually.
- 4.3 Once the system is secured, the plan would be to set up the tool, train all staff and begin using the tool for budget planning for 2022/23 and future years.

Recommendations

- 5.1 Schools Forum is asked to:
 - Note the forecast position for schools after the second termly monitoring process;
 - Note the latest position for the High Needs Block as reported in February; and
 - Approve the planned approach to secure a new budget tool for use in the 2022/23 to 2024/25 budget planning cycle.