



Briefing Notes

To: Schools Forum

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Date: 20 March 2024

Purpose of the Paper:

Information	✓
Consultation	
Decision	

Title of Briefing: Finance Update

1.0 Purpose of Paper

1.1 This paper provides an overview of the overall school's financial position following the completion of the second budget monitoring for 2023/24 which took place during October/November 2023. There is also an update on the High Needs budget position as at the end of January 2024 and an Arbor migration update. Information on the 2023/24 year-end closedown process is included in section 6.

2. Update on Schools Budgets

2.1 Initial school budget plans submitted in May 2023 projected that overall balances would be £8.323m deficit by March 2024. As previously reported to Schools Forum, the first set of monitoring for 2023/24 was completed and the projected position was total deficit balances of £8.211 as shown in table 1 below.

2.2 Most schools have now completed budget monitoring 2 and the current draft figures (projected year end variance) are shown in table 1. This shows a projected year end position of £7.548m deficit against the planned budget deficit of £8.323m. Note these figures now include the application of the £0.419m of funding approved by Schools Forum for schools in financial difficulty.

2.3 Table 1: 2023/24 Schools Budget Monitoring 1 and draft Budget Monitoring 2

Phase	2023/24 Budget Plan £m	2023/24 Projected Year end BM1 £m	2023/24 Variance BM1 £m	2023/24 DRAFT Projected Year end BM2 £m	2023/24 DRAFT Variance BM2 £m
Nursery, First & Primary	2.656	2.042	(0.614)	2.681	0.025
Middle	0.488	0.776	0.288	0.932	0,444
Secondary	(9.638)	(9.283)	0.355	(9.439)	0.199
Special / PRU	(1.829)	(1.746)	0.083	(1.721)	0.108
	(8.323)	(8.211)	0.112	(7.548)	0.776
Schools in Financial Difficulty funding approved by Schools Forum	-	0.419	0.419	-	-
DfE funding – Supporting maintained schools in financial difficulty	-	1.868	1.868	1.868	1.868
Total	(8.323)	(5.924)	2.399	(5.680)	2.643

2.4 As previously reported, the Authority has been allocated £1.868m by the Department for Education (DfE) from its funding to support schools in financial difficulty. Officers discussed the most appropriate distribution of this funding with Schools Forum finance Sub-Group and it was agreed to be applied against final 2023/24 deficit school balances.

2.5 Applying the DfE funding results in a projected £5.680m deficit for the year-end.

3. Schools block

3.1 At its meeting in November 2023, Schools Forum voted against a 0.48% block transfer from the Schools block to the High Needs block following a consultation process. The Authority, in line with the DSG Management plan, submitted a disapplication request to the DfE to request the transfer given that the transfer was included in the DSG Management plan for 4 years, from 2024/25.

- 3.2 On 18 January 2024 the Authority was informed the disapplication request had been successful. The outcome of the decision was communicated with schools the same day and Schools Forum Finance Sub-group met Local Authority Officers to agree the allocation of the reduction. It was agreed that the transfer is to be allocated on a Schools Basic Entitlement basis.
- 3.3 Forum should note that the Authority Proforma Tool (APT) was submitted to the DfE for the 22 January 2024 deadline with no block transfer included. A revised version was then submitted once the work with the sub-group had been completed.

4. High Needs Block

- 4.1 Forum will recall, the Authority submitted the 2023/24 third and final monitoring report against the DSG Management Plan on 15th December 2023 to the Department for Education (DfE) and reported that it now has a slight pressure of £0.016m against the original budget.
- 4.2 The Authority has led a significant programme of work with local area partners, and children, young people, and their parents and carers. We have made strong progress during 2023–24 and have met the conditions described in the Safety Valve Agreement. As a result, the Authority received full payment as set out in the Safety Valve Agreement, including £7.8m in 2022–23 and £1.95m in 2023–24 as shown in table 2.

4.3 Table 2: High Needs Block Year-on-Year position to 2027/28

Year	Balance B/Fwd	High Needs Expenditure	High Needs Funding	Block Transfer	Safety Valve Funding	Balance C/Fwd
2022/23	£13.511	£33.973	-£30.092	£0.000	-£7.800	£9.592
2023/24	£9.592	£36.155	-33.307	£0.000	-£1.950	£10.490
2024/25	£10.490	£36.064	-£34.614	-£0.751	-£1.950	£9.239
2025/26	£9.239	£36.566	-£35.653	-£0.766	-£1.950	£7.436
2026/27	£7.436	£37.112	-£36.722	-£0.781	-£1.950	£5.095
2027/28	£5.095	£37.429	-£37.824	-£0.797	-£3.900	£0.003

4.4 The Authority remains confident that we can reach a positive in-year balance on the High Needs Block by the year-end 2027-28. This is not to underestimate that the challenge will be a significant one, as we move into year two of the programme. The Authority, schools and partners are continuing to respond to significant demands on statutory services and rising complexity of need, as we drive forward our whole system early intervention and prevention agenda, to identify and meet the need of children and young people with SEND earlier in their journeys.

5. Arbor Migration

5.1 In July 2023 the Council was informed that ESS, the supplier of SIMS and FMS, would not allow us to host Schools databases after 31 December 2023. After consultation with the schools and listening to feedback, the Council procured Arbor.

5.2 Arbor was the chosen provider for a number of factors including:

- Arbor was the most cost-effective option to match the SIMS functionality.
- Arbor offers sophisticated in-system data analysis dashboards, without the need to purchase additional Power BI licences, e.g. headline attendance, behaviour, attainment, and demographics data presented in easy to read, graphical formats, which can then be drilled down further.
- Arbor provides a shared workspace for all school staff, giving everyone direct access to the tools and real-time information required.
- There are no additional hosting charges if schools wish to retain more than 5 academic years' data

5.3 Schools, ICT and the Schools finance team have worked incredibly hard collaborating together during the implementation and migration to the new system is almost complete.

6. 2023/24 Year-end Closedown

6.1 The Authority's Chief Finance Officer has a responsibility to close North Tyneside Council's 2023-24 statutory accounts by 31st May 2024 for audit and inspection, and to publish them by 30th September 2024.

- 6.2 As schools are part of North Tyneside Council's accounts and are included in the reported outturn position, they are required to adhere to the same timeframes, and closedown procedures. As explained in previous years, the closedown timetable is always challenging and so to assist schools to meet the deadlines we are communicating requirements earlier.
- 6.3 To meet these requirements schools are asked to prioritise this, so that all required returns will be with the finance team prior to the Easter break.
- 6.4 The year-end timetable and guidance for 2023/24 was emailed to all schools on 1st March 2024 , with the following attachments for review and completion.
1. "Schools Annual Final accounts 2023/24 Procedures and Notes of Guidance" including a timetable highlighting the critical dates we require you to adhere to relating to closedown of accounts and acknowledgement of year-end Information 2023-24.
 2. Year-end copies of the relevant creditor and debtor forms for completion
 3. CFR committed and uncommitted balances 2023-24
 4. CFR authorisation 2023/2024 form for school capital information and school revenue information (amendments)
 5. Leasing return

7. Recommendations

- 7.1 Schools Forum is asked to;
- Note the forecast position for schools after the second budget monitor for 2023/24 and the subsequent pressure in the Schools block.
 - Note the latest position for the High Needs Block as reported in December 2023; and
 - Note the information on 2023/24 year-end processes.