



Briefing note

To: Schools Forum **Author:** Claire Emmerson

Date: 11 March 2020

Purpose of the Paper:

Information	√
Consultation	
Decision	

Title of Briefing: Impact of Local Funding Formula Changes for Deficit Schools.

Purpose of Paper

- 1.1 This paper provides an update for Schools Forum on the impact of the Local Funding Formula Changes for deficit schools as agreed at Schools Forum in January 2020. The Local Funding Formula changes were subsequently agreed at full Council on 20 February 2020.

Deficit Schools update following Monitoring 1 and Monitoring 2 for 2019/20

- 2.1 For the 2019/20 financial year 10 schools and 1 special school applied for a licenced deficit. The total value of deficit approval requests the Authority received was £10.051m. This represents an increase of 18.5% when comparing deficit approval requests received in 2018/19, which totalled £8.484m.

Following the first monitoring visit with schools, which took place in October 2019, the deficit position had improved by £0.117m from the initial Budget plans received and subsequent deficit approvals granted. Only 3 schools reported a deterioration to their anticipated outturn position, in those cases each individual school was required to provide an updated recovery plan, which outlined the necessary actions the school would take to ensure adherence to the Scheme for Financing Schools and the licenced deficit agreement conditions.

Table 1 below shows the initial Budget plans submitted by those schools in deficit for 2019/20 and the individual schools monitoring position as at October 2019.

Table 1: Deficit schools forecast outturn as at October 2019

School	Budget Plan 2019/20 £m	Monitoring 1 position £m	Improvement / (Decline) £m
St Aidan's R C Primary	(0.027)	(0.018)	0.009
Fordley Community Primary	(0.015)	(0.015)	0.000
Forest Hall Primary	(0.014)	(0.019)	(0.005)
Holystone Primary	(0.053)	(0.047)	0.006
Ivy Road Primary	(0.288)	(0.289)	(0.001)
St Bartholomew's C of E Primary	(0.018)	(0.007)	0.011
Marden High	(0.513)	(0.530)	(0.017)
Norham High	(2.299)	(2.257)	0.042
Longbenton High	(2.194)	(2.193)	0.001
Monkseaton High	(4.420)	(4.388)	0.032
Beacon Hill	(0.210)	(0.171)	0.039
TOTAL	(10.051)	(9.934)	0.117

- 2.2 The second monitoring visits took place during January 2020 with deficit schools given priority visits as part of the monitoring timetable. The forecast outturn position improved by £0.154m, from the position reported to the Authority in October 2019, with an overall improvement of £0.271m from the initial Budget plans received by schools.

Table 2 below shows revised forecast outturn for individual deficit schools as at January 2020.

Table 2 Deficit school forecast outturn as at January 2020

School	Budget Plan 2019/20 £m	Monitoring 2 position £m	Improvement / (Decline) £m	Movement from Mon 1 to Mon 2 £m
St Aidan's R C Primary	(0.027)	(0.017)	0.010	0.001
Fordley Community Primary	(0.015)	(0.030)	(0.015)	(0.015)
Forest Hall Primary	(0.014)	(0.021)	(0.007)	(0.002)
Holystone Primary	(0.053)	(0.053)	0.000	(0.006)
Ivy Road Primary	(0.288)	(0.286)	0.002	0.003
St Bartholomew's C of E Primary	(0.018)	(0.005)	0.013	0.002
Marden High	(0.513)	(0.529)	(0.016)	0.001
Norham High	(2.299)	(2.238)	0.061	0.019
Longbenton High	(2.194)	(2.145)	0.049	0.048
Monkseaton High	(4.420)	(4.368)	0.052	0.020
Beacon Hill	(0.210)	(0.088)	0.122	0.083
TOTAL	(10.051)	(9.780)	0.271	0.154

Impact of Local Funding Formula (LFF) changes for Deficit Schools

- 3.1 Following the Authority's decision to amend the Local Funding Formula for 2020/21, Schools Forum, at its January 2020 meeting, requested that the Authority provide additional analysis of the impact of the change for deficit schools. This was to be provided following the submission of the Authority's Proforma Tool to the Education and Skills Funding Agency (ESFA) and based on the actual level of Schools block funding that individual schools will receive in 2020/21.

Schools Forum should note that whilst the analysis does include the LFF changes, a number of other factors have impacted individual schools funding including, but not limited to, changes in pupil numbers, pupil characteristics, minimum per pupil funding levels and Minimum Funding Guarantee (MFG).

- 3.2 Details supporting the following analysis is attached as Appendix 1.

The Schools block funding analysis shows for those schools operating under a licenced deficit agreement for 2019/20, the total additional funding which will be received in 2020/21 when compared with 2019/20 Schools block allocations is £1.318m. However, based on schools Budget plans submitted in 2019/20 the actual increase in funding is only £0.670m when compared to the forecast Schools block funding levels that were assumed for 2020/21.

Only 1 school, Norham High school, will be negatively impacted by the overall changes to the LFF in 2020/21 (£0.013m) with 3 schools funding increasing by 10% or more. These are Fordley Community Primary, Ivy Road Primary and Marden High school.

The 3-year Budget planning tool completed by schools included inflation planning assumptions of 3% for 2020/21. The Schools block funding analysis shows that where the percentage change in Schools block funding is higher than 3% there is the potential for those schools to submit an improved deficit position for 2020/21.

There is the potential for 7 schools to improve their overall deficit position, in addition, the following schools may no longer require deficit approval for 2020/21:

- Fordley Community Primary
- Forest Hall Primary
- Holystone Primary
- St Aidans RC Primary
- St Bartholomews C of E Primary

Whilst Forest Hall Primary school's percentage change in Schools block funding is below 3%, taking into consideration the 2019/20 monitoring position, Budget plan for 2020/21 and the actual change in 2020/21 Schools block funding the school could submit a balanced Budget plan for the 2020/21 financial year.

- 3.3 In addition to providing the analysis for current schools in deficit, further analysis has been provided to show the impact of the LFF changes for schools which will be negatively impacted and may have to apply to the Authority for deficit approval in 2020/21. The 4 schools which may require deficit approval in 2020/21 are:

- Burnside College
- Christ Church C of E Primary
- Coquet Park First
- St Joseph's RC Primary

Recommendations

4.1 Schools Forum is asked to:

- Note deficit schools updated position following schools second monitoring for 2019/20; and
- Note the impact of the Local Funding Formula changes for deficit schools.