



North Tyneside
Council

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Item 5

Briefing Notes

To: Schools Forum

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Resources

Date: 19 March 2025

**Purpose of
the Paper:**

Information

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Consultation

Decision

Title of Briefing: Finance Update

1. 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 2024/25 which took place during October/November 2024. There is also an update on the High Needs budget and an SBS migration update. Information on the 2024/25 year-end closedown process is included in section 6.

2. Update on Schools Budgets

- 2.1 Initial school budget plans submitted in May 2024 projected that overall balances would be £9.707m deficit by March 2025. As previously reported to Schools Forum, the first set of monitoring for 2024/25 was completed and the projected position was total deficit balances of £9.993 as shown in table 1 below.
- 2.2 All schools have now completed budget monitoring 2 and the figures (projected year end variance) are shown in table 1. This shows a projected year end position of £8.433m deficit against the planned budget deficit of £9.707m.

2.3 Table 1: 2024/25 Schools Budget Monitoring

Phase	2024/25 Budget Plan £m	2024/25 Projected Year end BM1 £m	2024/25 Variance BM1 £m	2024/25 Projected Year end BM2 £m	2024/25 Variance BM2 £m
Nursery, First & Primary	2.333	1.596	(0.737)	2.477	0.144
Middle	0.272	0.405	0.133	0.268	(0.004)
Secondary	(9.390)	(9.247)	0.143	(8.311)	1.079
Special / PRU	(2.922)	(2.747)	0.175	(2.866)	0.055
Total	(9.707)	(9.993)	(0.286)	(8.433)	1.274

- 2.4 Schools and Finance staff have worked incredibly hard to mitigate the difficult financial position our schools are experiencing, and this has resulted in an improvement of £1.274m against planned 2024/25 deficit at budget monitoring 2. Whilst the projected year end deficit of £8.433m is still significant, there is positive improvement across all phases of schools; Middle schools are projecting almost exactly to budget.

3. Schools block

- 3.1 Following consultation with all schools during October 2024, Schools Forum, voted against a 0.5% block transfer from the Schools Block to the High Needs Block at its meeting on 13 November 2024. The Local Authority, in line with the DSG Management plan, subsequently submitted a disapplication request to the DfE to approve the transfer. Forum did agree that should the block transfer request be approved by DfE, that the allocation should impact on all schools. The request to DfE therefore also included permission to disapply Minimum Per Pupil Funding (MPPF) and Minimum Funding Guarantee (MFG) restrictions.
- 3.2 The Authority's disapplication request was approved on 11 February and modelling for the allocation across schools was shared with Schools Forum Finance Sub-Group. They agreed that the Local Authority continue to mirror the Local Funding Formula (LFF) factor values to the National Funding Formula (NFF), as in 2024/25, with the following adjustments to reflect the disapplication:

- Basic Entitlement – NFF less 0.6%
- Minimum Per Pupil Funding (MPPF) – NFF less 0.46%
- Minimum Funding Guarantee (MFG): -0.67% (DFE range -0.5% to 0.0%)
- Capping: 4.45%

3.3 Schools Forum also agreed on 13 November 2024, following consultation with schools, that growth and falling rolls funding should both be set based on historic averages, growth funding of £0.200m and falling rolls funding of £0.100m. This has been reflected in the Schools Block allocations, reducing the impact of the 0.5% High Needs transfer.

3.4 To further limit impact on schools a decision has been made to use the 0.5% transfer cash figure stated in the original DSG Management Plan rather than the calculated figure. This reduces the impact of the transfer to 0.46%, although this will vary between schools based on characteristics in the National Funding Formula (NFF).

3.5 Forum should note that the Authority Proforma Tool (APT) was submitted to the DfE by the 22 January 2025 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 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 three of the programme. The Authority, schools and partners continue to respond to significant demands on statutory services and rising complexity of need, as we drive forward the whole system early intervention and prevention agenda, to identify and meet the need of children and young people with SEND earlier in their journeys.

4.2 The initial 5-year Safety Valve DSG management plan was formulated in 2022/23. In line with robust financial governance all long-term financial plans need to be reviewed and remodelled. This work is due to commence during Summer 2025 and once complete further updates will be provided.

5. Central School Services Block (CSSB)

- 5.1 Schools Forum Finance Sub-group have also been consulted on the potential reduction in the historic funding elements of the CSSB. There is a potential £0.117m reduction in funding for 2025/26 which would result in a reduction of the same value to the funding allocated to the Schools Support Service.
- 5.2 However the Local Authority have submitted a challenge to the DfE to retain the historic CSSB funding at the same level as 2024/25. If this is successful there would be a smaller reduction of £0.015m as shown in table 2 below:

5.3 Table 2: 2025/26 Central School Services Block Funding

	CSSB 2024/25 £m	CSSB 2025/26 Option 1 £m	CSSB 2025/26 Option 2 £m
Budget to fund the Schools Support Service	0.397	0.280	0.382
Budget to support vulnerable schools.	0.052	0.052	0.052
Budget to support the informational requests of the Schools Forum	0.030	0.030	0.030
Collective contribution to ongoing pension costs incurred when allowing teachers to leave schools prematurely	0.525	0.525	0.525
Schools' admission service	0.141	0.141	0.141
Former Education Services Grant (Retained)	0.244	0.244	0.244
National Copyright Licences	0.190	0.235	0.235
Total CSSB Funding	1.579	1.507	1.609

- 5.4 The DfE have acknowledged the challenge and confirmed they will respond by the end of March with the outcome.

6. Schools Business Services (SBS) Migration

- 6.1 Following challenge from Schools Forum, and at Headteachers Briefing, a formal update from Schools Business Services (SBS) was requested regarding the financial system migration. This was communicated to all schools on the 21 February 2025 and included:

- A formal statement of commitment and support to North Tyneside Schools
- Service Level Agreement (SLA) document
- North Tyneside Issues Log
- Link to development roadmap

6.2 SBS have acknowledged the difficulties school and Local Authority staff are encountering as the migration to the new system continues. The formal statement from Richard Page (SBS Digital and Operations Director) apologises and gives firm commitment from SBS to work in partnership with the Authority and all schools to address and resolve ongoing problems.

6.3 Weekly meetings continue between Authority and SBS officers and all issues, both ongoing and new, are documented on the issues log with a definitive resolution date.

6.4 Previously we have committed to a 3-year contract with SBS but this has now been replaced by a one year commitment in 2025/26 to ensure that full functionality is available to our schools next financial year before any longer term agreement is signed.

7. 2024/25 Year-end Closedown

7.1 The Chief Finance Officer has a responsibility to publish North Tyneside Council's audited 2024/25 Statutory Accounts by 27 February 2026. To achieve this the Authority must make our draft Statement of Accounts available for audit and inspection by 30 June 2025 and is therefore planning to have completed by 31 May 2025 in accordance with the timetable in recent years.

7.2 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 as early as possible.

7.3 To meet these requirements schools are asked to prioritise this, so that all required returns will be with the finance team prior to 7 April 2025.

7.4 The year-end timetable and guidance for 2024/25 was emailed to all schools on 3 March 2025, with the following attachments for review and completion.

1. "Schools Annual Final accounts 2024/25 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 2024-25.
2. Year-end copies of the relevant creditor and debtor forms for completion
3. CFR committed and uncommitted balances 2024-25
4. CFR authorisation 2024/2025 form for school capital information and school revenue information (amendments)
5. Leasing return

8. Recommendations

8.1 Schools Forum is asked to;

- Note the forecast position for schools after the second budget monitor for 2024/25 and the subsequent pressure in the Schools Block.
- Note the High Needs Block update.
- Note the Central School Services Block update
- Note the SBS update.
- Note the information on 2024/25 year-end processes.