



North Tyneside
Council

Item 5a

Briefing Notes

To: Schools Forum
Date: 9th July 2025

Author:
**Purpose of
the Paper:**

Jane Cross	
Information	✓
Consultation	
Decision	

Title of Briefing: Finance Update

1. Purpose of Paper

- 1.1. This paper provides an outline of the overall schools provisional outturn position for 2024/25 pending the outcome of the external audit which is due to commence in July 2025. A summary of the High Needs and Early Years outturn position is also included.
- 1.2. This paper also provides an outline of the overall schools budget plan balances for 2025/26, with details of all schools planned balances. An update on schools with budgeted deficits is also included.
- 1.3. The paper will cover initial proposals for refinement of the National Funding Formula for 2025/26.

2. 2024/25 Schools Outturn Balances

- 2.1. Schools have concluded their 2024/25 accounts closure in line with the Local Scheme for Financing Schools and the Authority's revised year-end timetable. Collective school balances in North Tyneside maintained schools, decreased from a deficit of £2.930m at the start of the year to a closing deficit of £4.337m.
- 2.2. This position is significantly better, by £5.370m, than the forecast at the start of the year when the outturn was expected to be an overall deficit of £9.707m. However, it is also a significant shift from the previous deficit position and has highlighted the risk to the Authority relating to the level of

school balances and the ability of those schools with surplus balances to offset the deficit balances of some schools.

- 2.3. The final 2024/25 position for schools is reported in the Authority's statutory accounts and is before any commitments, which are, in a normal year around £4.5m (the full value of commitments for 2024/25 is still to be confirmed and won't be known until the end of July 2025). The reported position across 2024/25 is analysed below in Table 1 by phase:

2.4. **Table 1: Maintained School balance position against budget plan**

Phase	2023/24 Outturn £m	2024/25 Budget £m	2024/25 BM 1 £m	2024/25 BM 2 £m	2024/25 Outturn £m	Movement from 2023/24 £m
Nursery, First & Primary	(4.284)	(2.333)	(1.596)	(2.477)	(4.167)	0.117
Middle	(1.267)	(0.272)	0.405	(0.268)	(0.978)	0.289
Secondary	7.004	9.390	9.247	8.311	7.323	0.319
Special / PRU	1.476	2.922	2.747	2.866	2.159	0.683
Total	2.930	9.707	9.993	8.433	4.337	1.408

- 2.5 2023/24 outturn was improved due to the in-year funding the Authority received, £1.868m, from the Department for Education (DfE) to support maintained schools in financial difficulty. If we hadn't received this DfE funding the actual 2023/24 outturn would have been £4.798m.

3. 2024/25 School Deficits

- 3.1 At the end of 2024/25, 20 of the 57 maintained schools ended the year with a deficit balance (pre-commitments) with the other 37, in surplus.
- 3.2 Two schools academised during 2024/25, one forced academisation following an OFSTED inspection, where the school had a deficit balance of £0.627m on conversion. This was funded by the Authority in 2024/25 from the "Education Change Reserve" which was set up for this purpose. Table 2 below shows all schools which ended 2024/25 in a deficit position, totalling £14.220m.

3.3 Table 2 – Provisional Outturn Schools in Deficit

School	2023/24 Outturn (surplus)/ deficit £m	2024/25 Outturn (surplus)/ deficit £m	Movement £m
Marden High	(0.311)	0.220	0.531
Monkseaton Middle	(0.111)	0.006	0.117
Whitley Lodge	(0.054)	0.009	0.063
Riverside Primary	(0.003)	0.109	0.112
Forest Hall Primary	0.001	0.074	0.073
King Edward Primary	0.002	0.011	0.009
Wallsend Jubilee Primary	0.005	0.137	0.132
St Bartholomews Primary	0.052	0.120	0.068
Waterville Primary	0.070	0.084	0.014
Moorbridge	0.093	0.210	0.117
Holystone Primary	0.098	0.252	0.154
Southlands Special	0.122	0.333	0.211
Silverdale Special	0.126	0.156	0.030
Coquet Park First	0.175	0.325	0.150
Ivy Road Primary	0.176	0.156	(0.020)
Fordley Primary	0.200	0.304	0.104
Longbenton High	1.006	0.561	(0.445)
Beacon Hill Special	1.340	1.704	0.364
Norham High	3.850	3.889	0.039
Monkseaton High	5.285	5.560	0.275
Total	12.122	14.220	2.098

3.4 There are 3 schools in significant deficit position totalling £11.153m these are:

Monkseaton High School	£5.560m
Norham	£3.889m
Beacon Hill	£1.704m
Total	£11.153m

3.5 The balances of these 3 schools account for 78% of the total £14.220m of the 20 schools in deficit. There are 37 offsetting schools in surplus with a combined surplus total of £9.883m. The net outturn position for 2024/25 is £4.337m deficit as per table 1.

4. 2024/25 Outturn Dedicated Schools Grant (DSG)

- 4.1 After allowing for school funding allocations, the 2024/25 DSG ring-fenced account is showing a net deficit balance of £8.485m. The 2024/25 position includes £1.950m Safety Valve Funding (£0.710m in 24/25 brought forward and £1.240m in-year). This compares to £8.341m in 2023/24, a movement of £0.144m. The Schools Block (de-delegated) underspend of £0.548m predominantly relates to balances of schools in financial difficulty, growth and falling roles funding

4.2 Table 3: 2024/25 DSG Provisional Outturn

Funding Block	2023/24 Balance Brought Forward (surplus)/ deficit £m	2024/25 In-Year Variance £m	Safety Valve Funding £m	2024/25 Provisional Outturn (surplus)/ deficit £m
Schools Block	(0.397)	(0.151)		(0.548)
High Needs Block	9.784	2.958	(1.240)	11.502
Early Years Block	(1.046)	(1.423)		(2.469)
Total	8.341	1.384	(1.240)	8.485

- 4.3 The DSG is a ringfenced account and therefore any balance is carried forward into the next financial year. The ring-fence which had previously been extended to provide additional time for local authorities to address high needs deficits, was due to end on 31 March 2026. However, the government announced a further extension to the statutory override until the end of 2027-28 to allow for whole system reform.

5. 2024/25 High Needs Block Outturn

- 5.1 The High Needs block ended 2023/24 with a deficit of £9.784m and this pressure has continued in 2024/25 with a provisional in-year deficit of £2.958m, partially off-set by £1.240m Safety Valve funding from the Department for Education (DfE).

5.2 2024/25 was the second year of the Authorities 5-year DSG Management Plan as part of the Safety Valve Programme. A final submission for 2024/25 was made to the DfE which showed that, despite a worsening projection against the plan the Authority is still on-track to reach an in-year balance by 2027/28. External Consultants have been commissioned to work in partnership with Local Authority officers to evaluate the rationale for our current SEND workstreams and to explore any new initiatives that will help in delivering good outcomes for our children and young people whilst managing demand and spend.

5.3 The overall pressure in the High Needs block results from additional places and complexities in special schools, out of borough placements and top up payments as outlined in Table 4 below.

5.4 **Table 4: High Needs Block Provisional Outturn**

	2024/25 Planned Spend	2024/25 Outturn	2024/25 Variance (surplus)/ deficit
	£m	£m	£m
Special Schools	22.963	23.200	0.237
ARPS/Mainstream Top-ups/Alternative Provision/Post 16 FE Colleges	6.183	7.692	1.509
Non-Maintained Special Schools / ISP	4.169	5.569	1.400
Commissioned Services	2.750	2.470	(0.280)
Total	36.065	38.931	2.866
DSG High Needs Funding	(34.615)	(34.778)	(0.163)
Schools Block Funding Transfer	(0.753)	(0.753)	0
Early Years Funding	0.000	(0.442)	(0.442)
In-Year Planned Deficit	0.697	2.958	2.261
2023/24 Balance Brought forward	9.763	9.784	0.021
2024/25 Safety Valve Funding	(1.240)	(1.240)	0.000
2024/25 Balance Carried Forward	9.220	11.502	2.282

6. 2024/25 Early Years Block

6.1. The Early Years block has ended the year with a cumulative surplus of £2.469m. This included a brought forward surplus of £1.046m. An

adjustment to funding takes place in July each year when the DfE reviews initial funding estimates, based on historic census data compared to actual pupil numbers on the latest January pupil census. There is no provision for clawback included in the £2.469m cumulative surplus.

7. 2025/26 School Budget Update

7.1 Schools are required to submit their 3-year rolling budget by 31 May 2025 in line with the Scheme for Financing Schools. All Schools have provided a three-year budget plan, table 5 below shows the current movement in budget from 2024/25 to 2025/26.

7.2 Table 5: Schools three-year budget plan summary by phase

Phase	Budget Plan 2024/25 (surplus)/ deficit £m	Outturn * 2024/25 (surplus)/ deficit £m	Budget Plan 2025/26 (surplus)/ deficit £m	Budget Movement £m
Nursery/First/ Primary	(2.333)	(4.167)	(0.379)	1.954
Middle	(0.272)	(0.978)	(0.319)	(0.047)
Secondary	9.390	7.323	11.259	1.869
Special / PRU	2.922	2.159	4.358	1.436
Total	9.707	4.337	14.918	5.212

*Note 24/25 outturn is pre commitments of circa £5.0m

7.3 The initial planned deficit for school balances is forecast to worsen from the £9.707m deficit budget set in 2024/25 by £5.212m to a planned deficit of £14.918m in 2025/26. The schools finance team is continuing to work with schools to refine these budget positions and will also be supporting schools to access de-delegated funding held centrally.

7.4 This is to mitigate the impact where schools are experiencing falling rolls, where a potential application to schools in financial difficulty could be made, or where schools are experiencing growth but there is a lag in funding. Initial assessments for falling rolls and growth funding will be considered by Schools Forum Finance Sub-group at the end of July.

8. 2025/26 Deficit Schools

- 8.1 Many schools continue to face significant financial challenges. There are currently 26 schools that have submitted a deficit budget plan for 2025/26, 10 new schools requiring a licenced deficit agreement in 2025/26 with 2 others below the deminimus threshold. The fourteen schools that continue to require support from the Authority were in deficit at the end of the 2024/25 financial year.
- 8.2 Two schools had a structural deficit in 2024/25 which continues into 2025/26. The Authority have continued to work with the DfE to secure additional support from their School Resources Management Advisors (SRMAs), support was given to five schools that were in deficit in 2024/25 and this work is ongoing. Further SRMA deployments are planned throughout 2025/26.
- 8.3 Initial deficit clinics for 2025/26 will take place during June and July 2025. Before any adjustments identified during the upcoming challenge sessions and the allocation of falling rolls, growth and schools in financial difficulty funding, the balances of the 26 deficit budgets total £19.564m with individual school deficit values shown in Table 6 below.

8.4 Table 6: Schools in an expected deficit position 2025/26

Deficit School Positions 2025/26	Outturn 2024/25 (surplus)/ deficit £m	Budget Plan 2025/26 (surplus)/ deficit £m	Movement £m	Comments
Monkseaton middle	0.007	0.001	(0.006)	New
Westmoor	(0.038)	0.002	0.040	New
Carville	(0.067)	0.033	0.100	New
Preston Grange	0.011	0.034	0.023	New
Woodlawn	(0.019)	0.055	0.074	New
Christchurch	(0.033)	0.065	0.098	New
Forest Hall	0.074	0.079	0.005	

Deficit School Positions 2025/26	Outturn 2024/25 (surplus)/ deficit £m	Budget Plan 2025/26 (surplus)/ deficit £m	Movement £m	Comments
Langley	(0.052)	0.100	0.152	New
Riverside	0.109	0.132	0.023	New
Whitley Lodge	0.009	0.135	0.126	
King Edward	0.010	0.136	0.126	New
St Bartholomew's	0.120	0.149	0.029	
Fordley Primary	0.304	0.198	(0.106)	
Balliol	(0.015)	0.208	0.223	New
Wallsend Jubilee	0.138	0.250	0.112	
Ivy Road Primary	0.155	0.262	0.107	
Holystone	0.252	0.455	0.203	
Coquet Park	0.325	0.495	0.170	Structural Deficit
Silverdale	0.156	0.547	0.391	
Moorbridge	0.210	0.563	0.353	
Marden High	0.220	0.601	0.381	New
Longbenton High	0.561	0.611	0.050	
Southlands	0.332	0.741	0.409	New
Beacon Hill	1.704	2.666	0.962	
Norham High	3.889	4.037	0.148	
Monkseaton High	5.560	7.009	1.449	Structural Deficit
Total	13.922	19.564	5.642	

8.5 As in previous years, the details of schools' balances, including commitments, will be reported to the DfE through the Consistent Financial Reporting (CFR) return. This return is co-ordinated on behalf of all maintained schools by the Authority and will be submitted by the deadline of 17 July 2025.

8.6 The deficit position with schools' budgets remains a major concern for the Authority, which is reflected in its risk register and is referred to in reports such as the Annual Budget report. As such, any significant deficit

balance must be addressed as a matter of urgency, as the cumulative deficit position cannot be allowed to grow. All impacted schools will be required to set a recovery plan for the coming 3 years, with support given to schools, through the Deficit Clinics, from School Improvement, HR and Finance officers

9. National Funding Formula (NFF) Consultation for 2026/27

- 9.1 As in previous years, the Authority will need to determine the local formula to distribute funding to mainstream schools and academies for the financial year 2026/27. The formula will apply directly to maintained schools for the financial year, and for academies it will form the basis for their funding, distributed by the DfE, for the year starting 1 September 2026. The local formula must comply with statutory guidance, but within these confines the final decision on the formula rests with the Authority after consultation with schools and Schools Forum.
- 9.2 Previously, in consultation with Schools Forum and all mainstream schools, the Authority made the decision to leave the Local Funding Formula (LFF) 100% in line with the NFF.
- 9.3 No modelling has been under-taken for 2026/27 at this stage, but the Authority are expecting an indicative funding allocation towards the end of July. Once this allocation has been received the Authority will begin modelling potential options for capping and maximising Minimum Funding Guarantees.
- 9.4 Recommended modelling scenarios will be presented to Schools Forum in September, in advance of the formal consultation with schools during October/November 2025.

10. Schools Business Services (SBS) Migration

- 10.1 Following communication to all schools on the 21 February 2025, and at the Schools Forum meeting on 19 March 2025, Local Authority officers met with the Managing Director of SBS to seek assurances on behalf of North Tyneside Schools. The following documents were discussed with the Managing Director and acknowledgement was made of the difficulties schools and the LA have encountered post migration.

1. A formal statement of commitment and support to NT Schools
2. Service Level Agreement (SLA) document
3. North Tyneside Issues Log
4. Link to development roadmap

10.2 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 before any longer-term agreement is signed. As a goodwill gesture and in recognition of the problems encountered SBS have offered a discount on the licence renewal. Renewal options are:

- 1-year contract renewal with 10% discount (£756/school)
- 3-year commitment at 50% through G17 procurement platform (£420/school per year)

10.3 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.

11. Recommendations

11.1 Schools Forum is asked to:

1. acknowledge the provisional 2024/25 outturn position on all DSG balances;
2. acknowledge the school budget plans overall summary position;
3. acknowledge the pressure on schools, the High Needs block and the Authority's progress in the DfE's Safety Valve Intervention Programme;
4. note the plan for funding consultation for 2026/27; and
5. acknowledge the Schools Business Services (SBS) update.