



## Item 6.1

# 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 school's position after the second termly monitoring which took place in January and February 2022. A summary of the High Needs budget monitoring position as at the end of January 2022 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 2021/22

- 2.1 Forum will recall that in 2020/21 it was reported that schools had a year-end outturn of £3.722m, against a forecast budgeted deficit of £6.755m. The first monitoring of 2021/22 reported that a £3.902m deficit was forecast against the initial estimated budgeted deficit position of £5.993m, which was an improvement against budget of £2.001m. It should be noted that 7 schools have joined the catholic multi academy trust in 2021/22 and the figures reported for 2021/22 do not include the budgets or balances for these schools.

The second 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 £3.585m, which is an improvement since the first monitoring of £0.317m. This also reflects an overall improvement against budget of £2.408m.

### 2.3 Table 1: Second Monitoring Results for Schools – 2021/22

Phase	Outturn 2020/21 £m	Budget Plan 2021/22 £m	Monitoring 1 2021/22 £m	Monitoring 2 2021/22 £m	Variance To Budget £m
Nursery	0.124	0.082	0.074	0.089	0.007
First	1.291	0.832	0.910	0.841	0.009
Primary	6.056	3.061	3.537	3.544	0.483
Middle	1.013	0.414	0.506	0.630	0.217
Secondary	(5.577)	(9.808)	(8.915)	(8.559)	1.249
Special / PRU	0.815	(0.574)	(0.014)	(0.130)	0.444
<b>Total</b>	<b>3.722</b>	<b>(5.993)</b>	<b>(3.902)</b>	<b>(3.585)</b>	<b>2.408</b>

2.4 The improvement in the forecast is despite the impact of increasing energy costs within schools, along with the ongoing impact of COVID-19. The improvement in forecast outturns for schools includes one additional school which is now forecasting an unauthorised deficit over £5,000 in 2021/22. This school is currently showing a forecast that is £0.039m worse than budget at the second monitoring, as shown in table 2.

### 2.5 Table 2: Emerging Deficit Schools in 2021/22

School	Budget Plan 2020/21 £m	Monitoring 1 2020/21 £m	Monitoring 2 2020/21 £m	Variance To Budget £m
King Edward Primary	0.026	0.026	(0.013)	(0.039)

2.6 There were six schools with deficits identified at budget setting after considering recovery plans and their current forecasted positions are shown in Table 3 below. One of these schools is identified as in structural deficit. All bar one of these schools are showing improvements reflecting plans put in place to mitigate their deficit positions, showing an overall £1.032m improvement against budget and a favourable movement of £0.121m 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 2022/22

	Budget Plan 2021/22 £m	Monitoring 1 2021/22 £m	Monitoring 2 2021/22 £m	Variance To Budget £m
Greenfields Primary	(0.084)	(0.084)	(0.130)	(0.046)
Ivy Road Primary	(0.198)	(0.175)	(0.190)	0.008
Norham High	(3.969)	(3.819)	(3.863)	0.107
Longbenton High	(2.618)	(2.305)	(2.253)	0.365
Monkseaton High	(5.689)	(5.527)	(5.457)	0.232
Beacon Hill	(1.241)	(0.979)	(0.875)	0.366
<b>TOTAL</b>	<b>(13.799)</b>	<b>(12.889)</b>	<b>(12.768)</b>	<b>1.032</b>

- 2.7 Additional governance arrangements and monitoring meetings have been put in place with the six 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 2020/21 with a pressure of £8.880m. 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 January 2022 for the High Needs block has worsened since the last report with an anticipated in-year pressure of £4.533m (November, £3.673m) 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 January 2022

Provision	Budget £m	Forecast Feb £m	Variance £m	Comment
Special schools and PRU	15.519	17.803	2.284	Pressure on places for children with profound, Multiple Learning Difficulties, Social Emotional and Mental Health problems and Autism Spectrum Disorder
ARPs/Top ups	4.120	5.375	1.255	Pressures in pre 16 top ups e.g. Norham ARP
Out of Borough	2.890	3.735	0.845	Increased number of children placed outside North Tyneside Schools
Commissioned services	3.888	4.037	0.149	
<b>In year Total</b>	<b>26.417</b>	<b>30.950</b>	<b>4.533</b>	
2020/21 b/f			8.880	
<b>Cumulative Total</b>			<b>13.413</b>	

## **Budget Tool Update**

- 4.1 Forum will recall that following demonstrations and a survey of schools' opinions, there was an agreement for the Authority to secure a budget tool on behalf of schools. The Authority contracted with School Business Services to provide a budget tool, which was made available to schools from November 2021 and is to be recharged to individual schools as part of the 2022/23 finance SLA
- 4.2 Initial training on use of the new budget tool has been carried out by the provider, and schools have pre-loaded their budget data as at November 2021 in preparation of budget planning for 2022/23 to 2024/25 3-year budget plans.
- 4.3 Budget training, incorporating the new budget tool, is being rolled out as part of the finance SLA from week commencing 21<sup>st</sup> March, with schools needing to prepare and submit budgets by the May 2022 deadline.

## **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
  - Note the update on the new Budget tool for use in the 2022/23 to 2024/25 budget planning cycle.