



North Tyneside
Council

Item 7

Briefing Notes

To: Schools Forum

Author: Jane Cross

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**Purpose of
the Paper:**

Information	✓
Consultation	
Decision	

Title of Briefing: Finance Update

1. Purpose of Paper

- 1.1. This paper provides an update on progress against 2024/25 Budget Monitoring 1 for schools.
- 1.2. It will cover initial proposals for consultation on the National Funding Formula for 2025/26.
- 1.3. The paper also includes an update on the High Needs budget position for 2024/25 and the safety valve intervention programme.

2. 2024/25 Schools Budget Monitoring 1

- 2.1. As previously reported to Schools Forum, schools submitted their three-year budget plans in line with the Scheme for Financing Schools and the Authority's timetable. The projected year end deficit was £9.707m across all schools an increase of £6.777m from the reported £2.930m year-end deficit for 2023/24. Schools will now work closely with the Schools Finance team to complete Budget Monitoring 1 in line with the agreed deadlines of 31 October 2024.
- 2.2. Schools who submitted a deficit budget plan for 2024/25 have all been contacted to arrange additional support and initial deficit clinics were held in July 2024. The remaining sessions will be held throughout September with Schools Forum Finance Sub-group meeting to consider applications for Schools in Financial Difficulty Funding on 30th September 2024.

- 2.3. Schools have continued to work with Local Authority staff across both Finance and ICT to implement two new financial system updates, 'ARBOR' migration and 'SBS2'. Good progress is being made on the new look SBS financial system but there remains a lot of challenges to allow the budget monitoring deadline to be achieved with accurate information.

3. 2025/26 Consultation – National Funding Formula (NFF)

- 3.1. 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 2025/26. The formula will apply directly to maintained schools for the financial year, and for academies it will form the basis for their funding. 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.
- 3.2. Previously, in consultation with Schools Forum and the Authority's maintained schools, the Authority made the decision to leave the Local Funding Formula (LFF) 100% in line with the NFF. For 2025/26 the funding formula will again be set by the Authority at a local level, with the intention of continuing to mirror the NFF factors.
- 3.3. The Authority will be seeking the views of Schools Forum on proposals to allocate the 2025/26 school funding at the November meeting. This will then be fed into the Authority's budget planning considerations in setting the budget for 2025/26. The Authority will also seek approval from Schools Forum relating to a 0.5% school block transfer to the high needs block.
- 3.4. In line with the approach taken in previous years, the Authority will first seek the opinions of all schools via a consultation process, in setting the Local Funding Formula (LFF) for 2025/26. It is proposed that this consultation will ask schools to consider the following areas:
 - Continued use of factors in line with NFF, funding permitting
 - Allowing the Authority to set an MFG and capping, based on affordability
 - Setting the growth funding and falling rolls de-delegated values at the amounts calculated in the NFF

- In line with the DSG Safety Valve plan, transfer 0.5% from the schools funding to high needs funding.

- 3.5. The consultation will be via an online survey, which will be provided to schools by Monday 7th October and will run to Friday 25th October. Schools will have the opportunity to attend additional briefings on the consultation in the run up to this deadline. The survey results will then be presented to Schools Forum on 13 November 2024, along with recommendations based on the results, to be voted on.
- 3.6. No modelling has been under-taken at this stage as the Authority expected an indicative funding allocation towards the end of July 2024, however a government announcement was released as follows:

Information: National funding formula indicative allocations for 2025 to 2026

Due to the timing of the general election, the department will not be in a position to publish indicative schools and high needs national funding formula (NFF) allocations for 2025 to 2026 to the usual timescale in July. Across government, budgets for 2025 to 2026 are still to be agreed; this includes the 2025 to 2026 schools' budget, which, as usual, the department will need to agree across government. This means our annual funding cycle will differ from previous years. For example, the Education and Skills Funding Agency (ESFA) will not publish the schools and high needs operational guides in July. We will confirm the new timelines following decisions on the core schools budget settlement for 2025 to 2026.

- 3.7. There have been no further updates received but as soon as the 2025–26 schools budget information has been issued, the key changes to the NFF will be communicated with schools and this will also form part of the consultation process.

4. High Needs Block Update

- 4.1. Schools Forum will recall that the High Needs block ended 2023/24 with a pressure of £10.494m, which included Safety Valve funding of £9.750m received up to 31 March 2024. 2024/25 is the second year of the Safety Valve intervention and the forecast for the High Needs Block is an anticipated pressure of £0.279m against the original DSG Management Plan. A breakdown of the in-year pressure is shown in Table 1.

Table 1: Breakdown of High Needs Pressure at July 2024

Provision	2024/25 Budget £m	July 24 Forecast £m	Forecast Variance £m
Special Schools and PRU	22.819	23.022	0.203
ARPS / Mainstream Top-ups	6.182	6.580	0.398
NMSS/ISP	4.169	4.732	0.563
Commissioned Services / Other EOTAS	2.894	2.144	(0.750)
TOTAL	36.064	36.478	0.414
DSG High Needs Funding	(34.615)	(34.772)	(0.157)
0.5% Transfer from Schools Block	(0.753)	(0.753)	0.000
In-Year Planned Deficit	0.696	0.952	0.257
2023/24 Balance Brought Forward	10.494	10.516	0.022
2024/25 Safety Valve Funding	(1.950)	(1.950)	0.000
	9.240	9.496	0.279

- 4.2. After the completion of the first year of Safety Valve, the DSG Management Plan is being updated and remodelled to reflect the first year's progress. As part of the remodelling there are savings which were originally planned for 2024/25 which will now be delivered in subsequent years. This was due to:

- Necessary delays in the review of funded commissioned services.
- Higher numbers of EHCPs maintained than forecast (note that the growth in EHCPs for 2022 and 2023 were lower than regional and national).
- Higher numbers of children and young people educated in maintained special school provision (note that the Authority is now in line with regional but higher than national).

- 4.3. On 28 August 2024 the Authority submitted the first report to the Department for Education (DfE) for 2024/25 on progress against the DSG Management Plan. Despite the delayed savings for 2024/25 the Authority is still on track to reach a positive in year balance on its DSG High Needs Block by the year end 2027/28. The first payment for 2024/25 will be received by 30th September 2024 and the next reporting deadline is 27 November 2024.

5. Recommendations

- 5.1. Having read this report and clearly understanding the information provided, Schools Forum is asked to:
1. acknowledge the pressure on schools and the update on budget monitoring 1
 2. acknowledge the plans for consulting with schools on the 2025/26 National Funding Formula; and
 3. acknowledge the pressure on the High Needs block and the update for the Authority's Safety Valve Intervention Programme.