 North Tyneside Council	North Tyneside Council SCHOOLS FORUM
	Wednesday 13 July 2022 - 12:30 – 14:30
	The meeting will be held virtually and will be live streamed at the following link: https://youtu.be/rNE8zc3ls_Y

AGENDA

1.	Apologies for Absence	Chair
2.	Attendance Register / Membership / Roles & Responsibilities	Chair
3.	Virtual Public Meeting / Observers (*)	Chair
4.	Declaration of Interest	Chair
5.	Minutes of the last meeting Pages 5-10	Chair
6.	Matters Arising: Verbal Update	
6.1	Finance Update Circulated - Pages 11-17	CE
6.2	Reports from Services for 2023/24 Financial Year Proposal Verbal Update	Chair
6.3	Catering Services Update Verbal Update	ML
7.	Future meeting dates / arrangements Circulated – Page 19	
8.	Any Other Business	
This is to give notice of the intention to consider item 9 below in private. Observers will be excluded from the meeting for the following items of business on the grounds that the report contains information relating to the financial or business affairs of any particular person (including the authority holding the information).		
9.	Annual Update – Redundancy Costs (Schools) Reports Circulated	CP
10.	Date of Next Meeting – Wednesday 21 September 2022 (TBC)	

North Tyneside Schools Forum Member Roles & Voting								
de-delegation Primary	de-delegation Secondary	scheme for financing schools	consultation on funding formula	General Duties	Retained Duties	all other matters	<i>last updated September 2019</i>	
1	2	3	4	5	6	7		
Voting							Phase	Role
School Members								
x		x	x	x	x	x	First	Head
x		x	x	x	x	x	Primary	Head
	x	x	x	x	x	x	High	Head
	x	x	x	x	x	x	Middle	Head
	x	x	x	x	x	x	Secondary	Head
Other School Members Non Locality Based								
x		x	x	x	x	x	Primary/ First	Governor
	x	x	x	x	x	x	Secondary/Middle	Governor
		x	x	x	x	x	Nursery	Head
		x	x	x	x	x	PRU	Head
		x	x	x	x	x	Special	Head
			x		x	x	Academy	Other
Non Schools Members Non Locality Based								
		x	x			x	16-19 Providers	Other
			x			x	EY PVI	Other
						x	C of E Diocese	Other
						x	RC Diocese	Other
						x	Trades Union	Other

North Tyneside Council Schools Forum,
Financial Services, Quadrant, The Silverlink North, Cobalt Business Park,
North Tyneside, NE27 0BY. Tel: (0191) 643 5991

Timetable & Forward Plan 2021/22

Date	Activity	Responsible
22 September 2021	<u>Schools Forum Meeting</u> 1. To include appointment of Chair and Vice Chair 2. Review of the Constitution and supporting documents 3. Responsibilities for Redundancy & Early Retirement Costs – Annual Update	Schools Forum
7 October 2021	School Census Day	DFE/ESFA
11 October 2021	Application for submitting disapplication requests	Local Authority
24 November 2021	<u>Schools Forum Meeting</u>	Schools Forum
19 November 2021	Deadline for submitting disapplication requests	Local Authority
19 November 2021	Deadline for submitting disapplication requests if wish to move more than 5% of the Schools block	Local Authority
3 November 2021	School census database closed. Checks and validation commences	DFE/ESFA
12 January 2022	<u>Schools Forum Meeting</u>	Schools Forum
	Submit final proposals re APT	Local Authority
21 January 2022	Deadline for submissions of final 2022 to 2023 APT to ESFA	Local Authority
7 February 2022	Cabinet Meeting for approval of 22/23 Schools Funding	Local Authority
21 February 2022	Cabinet Meeting	Local Authority
28 February 2022	Deadline for confirmation of Schools budget shares to mainstream maintained schools.	DFE/ESFA
23 March 2022	<u>Schools Forum Meeting</u> 1. Dedicated Schools Grant update 2. Scheme for Financing Schools – Annual Update (and review if required)	Schools Forum
TBC April 2022	Cabinet Meeting	Local Authority
13 July 2022	<u>Schools Forum Meeting</u> 1. Reports from Services for 23/24 Financial Year Proposal 2. Schools Finance Update 3. Responsibilities for Redundancy & Early Retirement Costs – Annual Update 4. Catering Services Update	Schools Forum

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North Tyneside Council

Minutes

Meeting Schools Forum **Date** Wednesday 23 March 2022

Location Via Microsoft Teams

Present

✓ Present
D Deputy
A Apologies
O Absent

Name	Organisation	Representing	12.01.22	23.03.22
Anthony Gollings	St Thomas More	RC Diocese	N/A	✓
Andrew James	St Aidan's Primary	Academy	✓	✓
Angi Gibson	Hadrian Park Primary	Primary	✓	✓
Candida Mellor	Trade Unions	Trade Unions	✓	N/A
Collen Ward	Coquet Park First School	Primary	✓	✓
David Bavaird	Norham High School	Governor - Secondary	✓	A
David Watson	St Thomas More	Academy	✓	✓
Finn Wilcock	Southridge First School	Primary	✓	✓
Gavin Storey	Cullercoats Primary	Primary	✓	✓
Jill Wraith	Benton Dene Primary	Primary	✓	✓
Joanne Thompson	Holystone Out of School	Early Years PVI	✓	✓
John Croft	Sir James Knott	Nursery	✓	✓
John Newport	Marden Bridge Middle School	Middle	✓	✓
Karen Croskery	North Tyneside Student Support Service	PRU	✓	✓
Kelly Holbrook	Longbenton High School	Secondary	✓	✓
Kerry Lillico	Grasmere Academy	Academy	A	✓
Laura Baggett	Monkhouse Primary	Primary	✓	✓
Louise Bradford	Diocese	C of E Diocese	✓	✓
Marie Flatman	Tyne Met	16-19 Provider	✓	O
Mark Teale	Trade Unions	Trade Unions	N/A	✓
Matt Snape	Marden High School	Secondary	✓	✓
Michael Young	Spring Gardens Primary	Primary	✓	✓
Paul Johnson	Churchill Community College	Secondary	✓	✓
Peter Gannon	Silverdale School	Special	✓	✓
Peter Thorp	Redesdale Primary	Governor - Primary	✓	✓
Philip Sanderson	Kings Priory	Academy	✓	✓
Rob Harker	Carville Primary	Primary	N/A	✓
Stephen Baines	Holystone Primary	Primary	✓	✓
Steve Wilson	Whitley Bay High School	High	✓	A
<u>In Attendance:</u>				
Mark Longstaff	Director of Commissioning & Asset Management	NTC	✓	✓
Claire Emmerson	Senior Manager - Finance Strategy & Planning	NTC	✓	✓
Noel Kay	Senior Business Partner, Finance	NTC	N/A	N/A
Diane Thompson	Finance	ENGIE	✓	✓

Christina Ponting	Senior Manager - Schools HR	ENGIE/NTC	✓	✓
Mary Nergaard	PA to Director of Commissioning & Asset Management	NTC	✓	✓
Kevin Burns	Senior School Improvement Officer (Vulnerable Learners)	NTC	✓	N/A
Julie Firth	Assistant Director Safeguarding and Children's Services	NTC	✓	N/A

Item		Action
1.	Apologies for Absence	
	See table above	
2.	Attendance Register / Membership / Roles and Responsibilities	
	<p>CP provided an overview of the changes to the current membership as follows:</p> <ul style="list-style-type: none"> • Michael Young reconfirmed as the rep for Primary/First Schools • Still a vacancy for Secondary Governor. Work has been carried out with Secondary schools and 2 nominees have now come forward. Reminder issued to forum to get their votes in • David Watson confirmed as the new Academy rep • Kerry Lilico confirmed as the ongoing Academy rep • Andrew James has now been appointed to one of the new Academy positions • Rob Harker has replaced Andrew James as the South West Primary rep • John Croft, Karen Croskery, and Peter Gannon are all reconfirmed in their positions • Anthony Gollings has been appointed as the new rep for the RC Diocese • Mark Teal replaces Candida Mellor as the Trade Union rep • John Newport's term coming to an end in May. JN to work with his locality on the post from June onwards • PG welcomed the new reps to Schools Forum 	
3.	Public Meeting / Observers	
	The Chair welcomed the public to the meeting.	
4.	Declaration of Interest	
	Peter Thorpe – High Borans	
5.	Minutes of the last meeting	
	Minutes agreed as an accurate record of the meeting.	
6.	Matters Arising	
	<p>Page 3, Item 6.1 – Council Financial Position: Outstanding debt</p> <ul style="list-style-type: none"> • ML noted that a letter was sent to all schools from Tracy Hunter on 4 February followed by an email from Mark Longstaff on 7 February outlining the work being carried out. As advised, it is hoped that with Janice we will be able to report back the outcomes of the review and some suggested ways forward following the Easter break. 	

	<p>Page 3, Item 6.1 – Council Financial Position: Catering Update</p> <ul style="list-style-type: none"> MN confirmed that this has been added to the agenda for the July meeting. <p>Page 5, Item 6.2 – Finance Update: National Funding Formula</p> <ul style="list-style-type: none"> Report was recirculated after the meeting to include the updated figures. <p>Page 6, Item 6.2 – Finance Update: Services in receipt of funding</p> <ul style="list-style-type: none"> MN confirmed that this has been added to the agenda for the July meeting. <p>Page 7, Item 6.2 – Finance Update: High Borans</p> <ul style="list-style-type: none"> Survey was circulated. Schools opted not to approve the contribution therefore, High Borans will now operate on a fully commercialised model. <p>All other actions are covered on the agenda</p>	
6.1	<p>Finance Update Claire Emmerson</p> <p>CE talked through the presentation on screen. Main points to note as follows:</p> <p>Second Termly Monitoring Position for 2021/22</p> <ul style="list-style-type: none"> Outturn for 2020/21 showed a positive balance of £3.722m against a forecast deficit of £6.755m. Budget plan for 2021/22 forecast a deficit of £5.993m. This improved to £3.902m at the monitoring 1 and there has been some further improvement at monitoring 2 with the deficit now forecast at £3.585m. A movement of £2.408m This includes one additional school which is now forecasting an unauthorised deficit over £5,000 in 2021/22 with a deficit of £0.013m at monitoring 2. Work is ongoing with the school to see what can be done to improve the position to reach an in-year balance <p>Existing Deficit in Schools</p> <ul style="list-style-type: none"> There were 6 schools already in deficit as shown in Table 3 of the report (shown on screen) one of which is identified as in structural deficit. All bar one of these schools are showing improvements which reflects the plans put in place to mitigate the deficit Overall improvement of £1.032m against the budget bring the forecast deficit down from £13.799m to £12.768m Work continues with all schools in deficit in effort to improve this position further before year end <p>High Needs Block</p> <ul style="list-style-type: none"> Forms part of the DSG which is ring fenced and does not form part of the General Fund Accumulative deficit of £13.4m which made of the historic deficit of £8.880 and the in-year deficit of £4.533. The pressures are in line with the national and regional picture The LA has submitted a draft recovery plan to the ESFA and we have received a letter to say we have been invited to be part of the safety valve programme. This is the second tranche of this programme. Further detail to be submitted to the ESFA Meeting scheduled on 8 April with Head Teachers to go into further detail around the High Needs Block and to set up those workstreams that we need to take this work forward 	

	<ul style="list-style-type: none"> Also taking a presentation to North Tyneside Council's Finance Sub-Committee on 29 March <p>Budget Tool Update</p> <ul style="list-style-type: none"> CE noted that an update on the new budget tool is provided in the report. Finance team are rapidly working to implement the tool Training being rolled out as part of the finance SLA from week commencing 21 March, with schools needing to prepare and submit budgets by the May 2022 deadline. <p>Recommendations Schools Forum is asked to:</p> <ul style="list-style-type: none"> Note the forecast position for schools after the second termly monitoring process; Noted Note the latest position for the High Needs Block as reported in February; Noted Note the update on the new Budget tool for use in the 2022/23 to 2024/25 budget planning cycle. Noted 	
6.2	<p>Special Leave SLA</p> <p style="text-align: right;">Christina Ponting</p> <p>CP provided a verbal update. Main points to note as follows:</p> <ul style="list-style-type: none"> At December we were forecasting as expected for the year for Part 1 (Maternity, Paternity, Adoption, Shared Parental Leave, Jury Service) January and February claims have come in slightly more than anticipated so we're now looking at a forecast of £0.010m over the total pot at this point in time compared to 20/21 Part 2 (Trade Union Facility Time) is always paid at 100% and we originally forecast Part 1 to come in at 90%. We now anticipate that this could come in at almost 100% and there may even be a small surplus to carry over depending on the outcome of the March claims Previously reported that there is usually a pattern of one peak year followed by two lower years. If this pattern continues this is the second lower year so we would anticipate that next year could be a peak year Still waiting for final claims for TU facility time but these are forecasting as expected Pay award – there has not been a pay award for Teachers in September 21, although pay progression has taken place for those staff that are eligible. The fact that a pay award has not been granted has resulted in the claims being therefore lower than in previous years. Further update to be provided in July on the final figures Forum need to be mindful of the potential to go into a peak year and the impact of the recent academy conversions, combined with an expected higher pay award being forecast for September 22 for teaching staff Current charge is £27 for the combined SLA (£21.97 Part 1 and £5.03 Part 2) Already agreed these figures for the next financial year, but would need to monitor this for future years Always pay Part 2 first as agreed by Schools Forum 	

	<ul style="list-style-type: none"> • CP needs to look at the shift between Part 2 and Part 1 and projected costs for future years, in light of potential peak year and impact of pay award for teaching staff (Part 1) and teaching and support staff (Part 2) • It was noted that due to there being no pay award for teaching staff for Part 1 for September 2021, there has been a difference to the overall value of the claims, as if there had been we wouldn't be carrying the potential slight surplus. However, the DfE have published their proposal earlier this month which is proposing a 3.9% average across the board in 2022/23 and 2.6% in 2023/24 • This will increase the pay bill across the two-years by 6.7% • SF have already agreed that this is a self-funding SLA and the contribution will therefore need to increase in line with inflation which is dependent on the pay award • Support staff pay award has been agreed for April 21 at £1.75%, but is yet to be determined for 2022/23 and negotiations have not yet commenced. Minimum wage has also increased from April 2022. • CP noted that the government is providing a grant to help with employers rising costs for NIC from April 22; but overall Schools Forum were asked to note that whilst the SLA could carry a surplus balance at year end, it would be minded to carry those monies forward to offset potentially higher claims/ 3rd years claims in 22/23 and the potential for a pay award over 22/23 and 23/24 that was no less than 6.7% for teaching staff, which impacts on Part 1 of the SLA which is the higher value / spending area. 	
7.	Any Other Business	
	<p>Future predictions for Schools in Deficit</p> <ul style="list-style-type: none"> • LB asked with the increased staffing costs, pay increases coupled with NI/Pensions and significantly rising energy prices, has any work been done to identify how many schools are likely to be in deficit in future years? • CE noted that the current 3-year budget planning tool has a support and challenge framework. The schools finance team works closely with schools that have potential for becoming schools in financial difficulty. • New budget planning tool is now being launched. • We usually come back to Forum in July to outline the predications for future years • CE noted that it has always been challenging as this process is reliant on individual schools' view of where they are • CE noted that we will be reviewing the position once schools have set their budgets and report back to Forum in July <p>JW raised the following items via email ahead of the meeting:</p> <p>Containment Pot</p> <ul style="list-style-type: none"> • JW noted that there is a containment pot of £0.090m that the Finance Team would be managing and allocating it to those most 'in need'. JW asked if Forum can we have some clarification about this please? • CE provided a recap on the history into this funding which was allocated by the Recovery Coordination Group and was specific to costs linked to covid. Applications were invited by schools and most of the funding was paid out, however, there is some residual funding left 	

	<ul style="list-style-type: none"> CE noted that there will be a fair and equitable process for all schools to apply for some funding but that the detail is still being worked through and methodology for distribution will be based on the requirements of the grant funding for the cost of containment of COVID within schools. <p>High Needs Block Transfer</p> <ul style="list-style-type: none"> JW raised a comment regarding the High Needs Block to ask that we ensure that all HTs are consulted about any transfer and how it may be broken down and not be a choice of 0.5% or nothing. I think this is already on the table. CE noted that we are in a different position to where we were last year. We will be gathering evidence and will be consulting with schools before coming back to Schools Forum in November. Consultation is expected to be different to previous years in view of the work being undertaken with the ESFA on the safety valve programme David Watson queried if the safety valve programme comes with funding. CE confirmed that funding is available. The ESFA will be looking at the recovery plan. Once we have evidence that we have a plan to come back into an in-year balance there may be some funding available to help with the deficit. CE noted that this is likely to be a far more rigid and intense programme CE noted that there is also potential to apply for capital funding that could be put towards the work required to support High Needs children and reduce the pressures <p>Catering Debt</p> <ul style="list-style-type: none"> JW asked if we have an update on catering debt? How debt is currently being managed and what are the plans to wipe out or manage the debt? ML referred to earlier statement (See Item 6, Matters Arising) <p>Energy Management</p> <ul style="list-style-type: none"> JW noted that there was a restructure in energy management for schools and asked, as we are all facing rising utility costs, JW wanted to know what the SLA is offering to support schools and indeed other LA buildings and services to mitigate against this? ML noted that he is liaising with Iain Betham (IB) who is now managing this team/SLA. IB will get a note out to schools in due course 	ML
8.	Date of next meeting	
	Wednesday, 13 July 2022 at 12:30pm, via Teams.	



Briefing note

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

Date: 13 July 2022

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 provisional outturn position for 2021/22 pending the outcome of the external audit which is due to commence on 4 July 2022. A summary of the High Needs budget outturn position is also included and the Early Years Position.
- 1.2 The paper also reviews the progress against additional funding to schools for growth, falling rolls and school in financial difficulty
- 1.3 The paper will cover initial proposals for refinement of the National Funding Formula for 2022/23 and considerations in relation to the review of the free school meal factors.

Schools Outturn Balances in 2021/22

- 2.1 Schools have concluded their 2021/22 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 surplus of £3.721m at the start of the year to a closing surplus of £3.398m. This position is significantly better, by £9.391m, than the forecast at the start of the year when the outturn was expected to be an overall deficit of £5.993m. The most recent monitoring performed with schools during the year and completed in February 2022 showed an overall forecast deficit balance of £3.565m.
- 2.2 The final position for schools is reported in the Authority's statutory accounts and is before any commitments are taken into account, which are in a normal year around £4.5m (the full value of commitments for 2021/22 is still to be confirmed and won't be

known until late July 2022). The reported position across 2021/22 is analysed below in Table 1 by phase:

2.3 Table 1: All Maintained School balance position against plan Surplus/ (Deficit) -

Phase	Outturn 2020/21 £m	Budget Plan 2021/22 £m	Monitoring 1 2021/22 £m	Monitoring 2 2021/22 £m	Provisional Outturn 2021/22 £m	Actual Movement from 2020/21 £m
Nursery	0.124	0.082	0.074	0.089	0.086	(0.038)
First	1.291	0.832	0.910	0.841	1.410	0.119
Primary	5.180	3.061	3.537	3.543	5.816	0.636
New Academies	0.875	0.000	0.000	0.000	0.000	(0.875)
Middle	1.013	0.414	0.506	0.630	1.408	0.395
Secondary	(5.577)	(9.808)	(8.915)	(8.558)	(5.943)	(0.366)
Special / PRU	0.815	(0.574)	(0.014)	(0.110)	0.621	(0.194)
Total	3.721	(5.993)	(3.902)	(3.565)	3.398	(0.323)

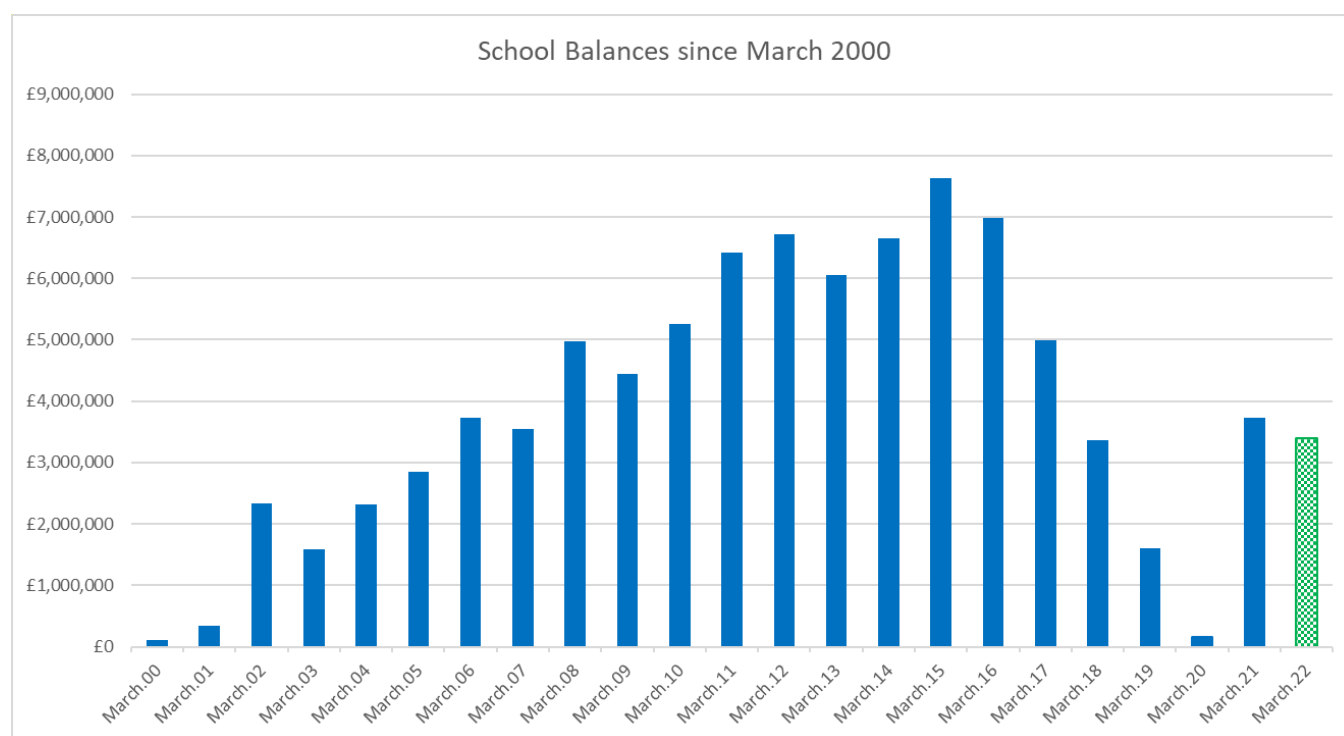
2.4 In 2021/22 seven schools transferred to the Bishop Bewick Catholic Education Trust (BBCET), becoming academy schools and as such are not reported in the 2021/22 outturn for maintained schools. These schools left the Authority with a combined outturn balance of £1.081m. The outturn for these schools in 2020/21 was £0.875m, as included in Table 1. Excluding these schools from the balances shows that the remaining maintained schools have ended 2021/22 with an increase in balances of £0.552m bringing total maintained school balances to £3.398m (see table 2):

2.5 Table 2: Remaining Maintained School balance position against plan Surplus/ (Deficit)

Phase	Outturn 2020/21 £m	Budget Plan 2021/22 £m	Monitoring 1 2021/22 £m	Monitoring 2 2021/22 £m	Provisional Outturn 2021/22 £m	Actual Movement from 2020/21 £m
Nursery	0.124	0.082	0.074	0.089	0.086	(0.038)
First	1.291	0.832	0.910	0.841	1.410	0.119
Primary	5.180	3.061	3.537	3.543	5.816	0.636
Middle	1.013	0.414	0.506	0.630	1.408	0.395
Secondary	(5.577)	(9.808)	(8.915)	(8.558)	(5.943)	(0.366)
Special / PRU	0.815	(0.574)	(0.014)	(0.110)	0.621	(0.194)
Total	2.846	(5.993)	(3.902)	(3.565)	3.398	0.552

- 2.6 Forum will be aware that, under legislation, schools retain a high degree of autonomy when setting budgets unless they are in a deficit position. Therefore, whilst the Authority can advise schools on the adequacy of balances, it cannot intervene. Schools have been reminded of the need to forecast as accurately as possible so that decisions are taken in the light of accurate budget projections.
- 2.7 The outturn position for 2021/22 is significantly better than predicted during the year, this is now the second year since 2015 that school balances have improved in North Tyneside. In 2020/21 the main reason for the improvement was due to reduced investment and operational costs with schools being partially closed and attributable costs being funded by Covid grants. These balances then flowed into 2021/22 and schools are still catching up with investment, which will be included in the commitment values identified in July. Chart 1 below sets out the long-term trend, the March 2022 position does not include the £1.081m balance of the seven academies created in 2021/22.

2.8 Chart 1: Long-Term Trend in School Balances within North Tyneside



School Deficits

- 2.9 Schools Forum will recall from the previous finance updates that some individual schools expected to face significant financial challenges. During the year, the Authority and Schools Forum paid particular attention to those schools with approved deficits.
- 2.10 There were six schools identified with planned deficits in 2021/22, including two classed as structural deficits, which were supported with a total approved deficit value of £13.799m. Schools Forum and senior officers worked closely and collaboratively with these schools during the year, with all schools improving their closing position against

their budgeted deficit and contributing to an improved outturn of £11.832m, a movement of £1.967m. The progress of individual schools is outlined in Table 3 below:

2.11 Table 3: Provisional Outturn – Schools in deficit

Deficit School Positions 2021/22	Deficit Approval £m	Provisional Outturn £m	Improvement £m
Greenfields	(0.084)	(0.065)	0.019
Ivy Road	(0.198)	(0.139)	0.059
Longbenton	(2.618)	(2.095)	0.523
Monkseaton High	(5.689)	(5.328)	0.361
Norham	(3.969)	(3.684)	0.285
Beaconhill	(1.241)	(0.521)	0.720
Total	(13.799)	(11.832)	1.967

- 2.12 Schools Forum should note that all six schools are expected to remain in deficit for 2022/23. In addition to these schools with planned deficits in 2022/23, an additional three schools have informed the Authority that they expect to need to apply for a licenced deficit agreement in 2022/23. Consequently, nine schools are expected to request deficit approval in 2022/23.

The Education and Skills Funding Agency (ESFA) have offered support to schools in the form of School Resource Management Advisors (SRMAs). For the four schools new to deficit, along with Beacon Hill and Monkseaton High School, the SRMAs will work through the schools' finances and management structure to then provide a report to these schools and the Authority in the autumn term. Initial deficit challenge sessions for these schools will then take place in September to October 2022.

Initial deficit challenge sessions will have taken place for the remaining three schools with established business plans during June and July 2022. Full details of deficit approval applications will be reported to Schools Forum as part of financial management reports during 2022/23

2021/22 Dedicated Schools Grant (DSG) Outturn

- 2.13 After allowing for school allocations, the 2021/22 DSG account of £157.061m (after removing academy funding) is showing a net deficit balance of £12.851m. This compares to a deficit of £7.932m in 2020/21. Forum will recall that in 2019/20 the DfE issued guidance that any shortfall in dedicated schools grant should not be supported using funds from the General Fund. However, this was a temporary statutory override to ring-fence DSG deficits from authorities' wider financial position in their statutory accounts. As it stands, this ring-fence is due to end after the accounts for the financial year 2022/23, at which point authorities will need to demonstrate their ability to cover DSG deficits from their available reserves. This poses a significant risk to the Authority which will have to be managed across all blocks of the DSG.

- 2.14 Within the individual blocks of the DSG, the closing balance on the High Needs block is a pressure of £13.512m, which increased by £4.792m in 2021/22 from £8.720m in 2020/21. This is partially offset by an underspend of £0.533m on de-delegated items which mainly relates to the headroom, growth funding and falling roles funding. As the DSG is currently a ringfenced account, any balance is carried forward into the next financial year.

High Needs Block

- 2.15 Schools Forum will recall that the High Needs block outturn in 2020/21 was an adjusted overspend of £8.720m. This pressure has continued in 2021/22 with the provisional in-year outturn of £4.792m giving an overall deficit of £13.512m. Schools Forum should note that the High Needs block forms part of the DSG, which is ringfenced and does not form part of the General Fund.
- 2.16 This overall pressure in the High Needs block is in line with the national and regional picture and results from additional places required in special schools, out of borough placements and in relation to top up payments as outlined in Table 4 below;

2.17 Table 4: Breakdown of High Needs Pressures at March 2022

Provision	Budget £m	Provisional Outturn Variance £m	Comment
Special schools and PRU	15.571	2.019	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	1.604	Pressures in mainstream top-ups
Out of Borough	2.890	1.006	Additional costs of the most complex children currently not able to be supported in the Borough
Commissioned services	3.888	0.163	
Subtotal	26.469	4.792	
2020/21 brought forward balance		8.720	
Cumulative Outturn		13.512	

- 2.18 The Department for Education (DfE) guidelines state that Schools Forum can approve a transfer of up to 0.5% of the School Block to support other blocks. Transfers have been made to the High Needs Block from the Schools Block in previous years. The Authority did discuss a transfer for 2021/22 with Schools Forum which was not supported pending the completion of the Dedicated Schools Grant Management Plan.

Dedicated Schools Grant Management Plan

- 2.19 The ringfenced Dedicated Schools Grant (DSG) is received from the Government and administered by the Authority and is the main source of income for the schools' budget. The DSG first fell into deficit during 2017/18 and it is an important element of the financial management of the Authority that the DSG is not in a deficit position. As a result, there has been action to address the deficit working collaboratively with Schools Forum although increasing numbers of children with special needs entering the education system has offset some of the progress.

Such deficits have come under increasing scrutiny from the Department for Education (DfE) and during 2021, the Authority was required to submit a draft DSG Management Plan to the Education, Skills and Funding Agency (ESFA) as its DSG deficit was more than 1% of the total value of the DSG as at March 2021. As a consequence, since then, the Authority's DSG deficit has remained under review.

Liaising with the DfE during 2021/22 the Authority has been working to firm up plans to reduce the DSG deficit and this work is now being overseen by the Strategic Education and Inclusion Board. The Authority submitted a draft DSG Management plan to the ESFA in August 2021 which outlined the main areas of priority that focus on reducing the deficit on the High Needs block of the DSG. As of 2022/23 the Authority has been invited to be part of the ESFA's Safety Valve Intervention programme from September 2022. The Authority has had early discussions with representatives from the ESFA and as plans are firmed up over the coming months the ESFA will continue to challenge and support the Authority through to the Safety Valve process commencing in September 2022.

For 2022/23 £150m of revenue funding is available to support the cumulative deficit position of those authorities who are part of the Safety Valve programme, however, the ESFA have been clear that access to this funding will only be agreed once a robust DSG Management Plan is in place. The current cumulative deficit position on the High Needs block of the DSG at the end of the 2021/22 financial year is £13.512m. This is an increase of £4.792m since March 2021.

A key risk for the Authority is that the statutory override to ring-fence DSG deficits from authorities' wider financial position in their statutory accounts is due to come end after the accounts for the financial year 2022/23. At which point authorities will need to demonstrate their ability to cover DSG deficits from their available reserves. Due to the level of the deficit on the High Needs block of the DSG it is imperative that the Authority's DSG Management Plan meets the ESFA's requirements to ensure the historic deficit can be supported by funding that is available.

- 2.20 North Tyneside is an outlier in terms of the number of Education Health and Care Plans currently in use. The most recent figures suggest that the Authority are around 1% above the national average in terms of whole population. This has a significant impact on all the services that work with our children and young people with additional needs.

Early Years Block

- 2.21 The Early Years block has ended the year with a cumulative deficit of £0.093m. This included a brought forward surplus of £0.198m from 2020/21.

- 2.22 An adjustment to funding takes place in July when the DfE reviews initial funding estimates in relation to the numbers of pupils actually taking place compared to the initial funding estimates based on the January pupil census prior to the financial year.

Falling Rolls, Growth and Schools in Financial Difficulty

- 3.1 The finance sub-group of Schools Forum are meeting on 19 July to discuss falling rolls and growth funding, which will include a discussion on approach for inviting applications from schools in financial difficulties.
- 3.2 An update for funding falling rolls, growth and schools in financial difficulty will be reported to Schools Forum in September, following review by the finance sub-group. At this point Forum will be asked to ratify any decisions taken by the sub-group.


National Funding Formula (NFF) Consultation for 2023/24

- 4.1 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 2023/24. 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 Education, Skills and Funding Agency, for the year starting 1 September 2023. 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 the Schools Forum.
- 4.2 In 2021/22, 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.
- 4.3 No modelling has been under-taken 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 consider modelling potential options for capping and maximising Minimum Funding Guarantees.
- 4.4 Recommended modelling scenarios will be presented to Schools Forum in September, in advance of the formal consultation with schools during October/November 2022.

Recommendations

- 5.1 Schools Forum is asked to:
- acknowledge the provisional 2021/22 outturn position on all DSG balances;
 - acknowledge the school budget plans overall summary position and the Deficit Schools positions for 2021/22;
 - acknowledge the pressure on the High Needs block and the Authority's inclusion in the ESFA's Safety Valve Intervention Programme from September 2022;
 - agree the current position and plans for additional funding sources maintained by Schools Forum; and
 - agree the plan for funding consultation for 2023/24.

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 <p>North Tyneside Council</p>	<p>NORTH TYNESIDE COUNCIL</p> <p>Schools Forum</p> <p>Schedule of Meetings 2022/2023</p> <p>Location TBC: Langdale or Teams</p>
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Date	Time	Location
2022		
Wednesday 21 September	12:30	TBC
Wednesday 9 November	12:30	TBC
2023		
Wednesday 11 January	12:30	TBC
Wednesday 22 March	12:30	TBC
Wednesday 12 July	12:30	TBC