

# North Tyneside Council Report to Cabinet Date: 11 November 2013

**ITEM 6(b)**

Title: School Finance

**Portfolio(s):** Children, Young People and Learning Finance

**Cabinet Member(s):** Cllr Ian Grayson  
Cllr Ray Glindon

**Report from Service Area:**

**Commissioning and Fair Access**

**Report Author:**

**Anthony Gollings, Financial Business Manager for Children, Young People and Learning**

**Tel: 643 8071**

**Wards affected:**

**All**

## **PART 1**

### **1.1 Purpose:**

The report covers the financial position of North Tyneside's schools and provides an overview of the variations to the Authority's Local Funding Formula for Schools for the financial year 2014/15.

### **1.2 Recommendation(s):**

It is recommended that Cabinet:

1. notes the change in school balances as detailed in Section 1.5 and Appendix A of this report; and,
2. authorises the Head of Commissioning and Fair Access and the Head of Finance and Commercial Services, in consultation with the Cabinet Member for Children, Young People and Learning, to undertake resource allocations to schools for 2014/15 in line with the school funding arrangements set out in this report.

### **1.3 Forward plan:**

This report has not been identified on the Forward Plan.

### **1.4 Council plan and policy framework:**

The report relates to the Draft Council Plan – Our North Tyneside 2014 – 2018. Priority 1 – Our People Will – Be supported to achieve their full potential, especially our children and young people.

## **1.5 Information:**

### **School balances to 31 March 2013**

- 1.5.1 During 2012/13 overall maintained school balances in North Tyneside reduced from £6.726M at 31<sup>st</sup> March 2012 to £6.054M at 31<sup>st</sup> March 2013. This is reported in the Council's Statement of Accounts for 2012/13 and used in National Government benchmarking.
- 1.5.2 It will be of interest to note that total maintained school balances do not include those of Academy schools. The 2012 figures therefore include Moor Edge balances, but as the school converted to Grasmere Academy during 2012/13 the March 2013 balances do not.
- 1.5.3 The reduction in overall maintained school balances is against the historic trend of rising balances in North Tyneside over 10 years. Benchmarking data on maintained school balances is available through to March 2012 and show that balances as a percentage of planned budget at that point remained lower in North Tyneside than in any other comparator group. This is shown in Appendix A.
- 1.5.4 Although overall balances reduced during 2012/13 this should not necessarily be considered concerning as the national perspective is that school balances across the country are generally too high and should be invested in supporting children in schools today rather than held in reserve.
- 1.5.5 As at 31<sup>st</sup> March 2013 there were 7 schools in deficit. This compares with 5 schools with deficits at 31<sup>st</sup> March 2012, 11 schools at March 2011 and 16 schools at March 2010. Although the number of schools with a deficit rose the total balance of those schools with deficits decreased again to £0.075M falling from £0.206M at March 2012 and £0.522M at March 2011.
- 1.5.6 Detail regarding the nature of each school's balance is provided by each school when completing their final accounts return. All schools collate and report upon their income, expenditure and balances using a nationally prescribed format called "Consistent Financial Reporting" (CFR). This consistency allows schools and other stakeholders to draw comparisons between schools using financial information. The CFR data is used in the annual outturn statement returned under Section 251 of the Apprenticeships, Skills, Children and Learning Act 2009 (previously Section 52 of the School Standards and Framework Act 1998). This return, made by every Authority, details all Education and Children's social care financial data.
- 1.5.7 When using benchmarking data it is always important to recognise the limitations of any judgements that can be made with the data. Benchmarking can often only be used as a prompt and signal to ask further questions. Whilst the CFR and Section 251 data allow comparison between schools, caution should be used before drawing conclusions. For example, some school grants are distributed by the Department for Education (DfE) over an academic year, so it is proper for the school to retain balances to fund activities over the summer term. Other schools may hold higher balances than other schools simply as a result of holding shared funds on behalf of a consortium or cluster of schools. These types of balances are recorded as committed balances in the CFR return.

- 1.5.8 North Tyneside Council has held a School excess surplus balances policy since March 2007. Whilst it is no longer a mandatory requirement of the Department for Education, in September 2012 the School Forum agreed to maintain the excess surplus balances policy in North Tyneside.
- 1.5.9 Excess balances are those uncommitted balances over 5% for middle and secondary schools and over 8% for first, primary and special schools. As at 31<sup>st</sup> March 2013 there were no schools in North Tyneside considered as having an excess surplus balance. In consultation with the School Forum it has therefore been agreed that there will be no claw back of funds from schools in 2013/14.
- 1.5.10 An extract of the Section 251 return detailing individual North Tyneside school balances at 31<sup>st</sup> March 2013 is attached at Appendix B.

### **School budget plans for 2013/2014**

- 1.5.11 Maintained mainstream schools received their individual budget share (delegated budget) from the Local Authority on 31 January 2013 and submitted their 3 year revenue budget plans (starting 2013/14) by 31<sup>st</sup> May 2013 as required.
- 1.5.12 Four schools requested deficit approval for 2013/14 budgets, an improvement on the seven schools who had made a similar request in 2012/13. The Finance team, supported by School Improvement and the North Tyneside School Forum, met with these schools in June, providing both challenge and support to each of their budget plans, in order to determine if they may be granted a deficit budget for 2013/14. Deficit approval does not constitute a commitment to provide additional funding over the school's individual budget share, only a recognition that the school needs to temporarily enter into deficit, whilst continuing to balance its financial position over the longer period.
- 1.5.13 The deficit meetings included consideration of each school's detailed 3 year budget plans, pupil projections, pupil teacher ratios, procurement decisions and financial benchmarking data on all North Tyneside schools. Following this process the four schools received deficit approval for 2013/14. As shown in Table 1 below, this compares favourably in number with approvals over recent years, although the value of the deficit approved has risen slightly from 2012/13.

**Table 1: Recent history of school deficit requests and approvals**

	07/08	08/09	09/10	10/11	11/12	12/13	13/14
Schools requesting deficit approval	25	31	32	19	11	7	4
Schools granted deficit approval	25	31	29	18	9	7	4
Value of deficit approval granted	£2.30M	£1.61M	£2.06M	£1.41M	£0.75M	£0.36M	£0.49M

1.5.14 It is important to recognise that the deficit approval figure is only one aspect of the deficit agreement. Perhaps the more significant part is to ensure the underlying reasons behind the deficit are identified and addressed. This requires work from both the school and support from the local authority over the year. As the overall number of schools in North Tyneside with a deficit balance has reduced significantly over the last few years the Authority can now focus more attention and support to those schools remaining in deficit. There is also an increased scrutiny from all stakeholders, including the School Forum, in the longer term financial health of the school.

### **School Funding 2014/2015**

1.5.15 Member have been kept informed regarding the position on 2014/15 schools funding through the Financial Management reports to Cabinet.

1.5.16 Following consultation conducted by the Department for Education (DfE) earlier this year (published in the document Review of 2013/14 School Funding Arrangements) the DfE outlined its proposed changes to **mainstream school funding** from 2014/15 on 5<sup>th</sup> June 2013 in the paper "School funding reform: findings from the review of 2013 to 2014 - arrangements and changes for 2014 to 2015".

1.5.17 The impact of prescribed changes to the mainstream funding formula for 2014/15 are minimal for North Tyneside in that our current formula meets most of the new 2014/15 requirements. It should be noted however this tightening of the framework continues the transition towards a national school funding formula.

1.5.18 CYPL and Finance officers have been in discussion with North Tyneside Schools Forum since 3 July regarding the 2014/15 mainstream funding formula. Following a consultation with all schools in North Tyneside in early October, and further discussion with the Schools Forum on 23 October, the changes to the formula for 2014/15 are:

- a) The eligibility criteria for the Low cost high incidence SEN element of the formula will change in line with the DfE requirement;
- b) We will introduce a factor for "pupil mobility" which will ensure those schools who experience the additional administrative burden of integrating a significant number of pupils joining school through the year (outside of the normally entry dates of Aug/Sept, or Jan for reception) will receive additional funding to support this;
- c) We will retain £0.250m to support schools with temporary falling rolls in exceptional circumstances;
- d) We will not change basic entitlement rates unless we are required to do so as a result of changing demographics that would make the overall formula unaffordable if we did not.

1.5.19 It should be noted that:

- a) All mainstream schools will continue to be protected from any significant reduction in funding in 2014/15 through the Minimum Funding Guarantee – meaning no school will lose more than 1.5% per pupil in 2014/15 from their 2013/14 per pupil allocation.
- b) The Pupil Premium (which provides additional support for children in deprivation, looked after children and service children) remains outside of the mainstream funding formula and in addition to, the formula outlined above. The Pupil Premium is currently £900 per pupil in 2013/14. The value in 2014/15 has yet to be announced.

1.5.20 There are no changes required to **Early years funding** by the DFE/ Education Funding Agency (EFA) and therefore the early years funding formula in North Tyneside for 2014/15 remains unchanged from 2013/14.

1.5.21 Operational guidance for 2014/15 relating to **High Needs SEN** (Special Educational needs) funding was issued on 18 July by the EFA. There are limited changes to the funding arrangements for 2014/15 as the DfE look to let the system settle from the major changes implemented in 2013/14. EFA state they are not planning significant changes to the overall high needs funding system beyond 2014/15, but will need to keep the arrangements under review as the national funding formula for schools is developed. The key change they currently envisage is that place-led funding in special schools and academies, special units in mainstream schools and academies, post-16 high needs provision, and alternative provision in PRUs (Pupil Referral Units) and academies, will be adjusted automatically on the basis of school and Post 16 provider census data. Submissions from Local authorities and institutions would be exceptional.

1.5.22 The key dates which must be met in setting 2014/15 school budgets are shown in the table below. Members will be updated throughout using the Financial Management reports to Cabinet.

31 Oct 2013	LAs submit provisional Schools formula to the EFA
27 Nov 2013	Schools census database closed
10 Dec 2013	EFA issue pupil data and formula factors to LA
18 Dec 2013	EFA confirms School block DSG allocations for 2014-15
23 Dec 2013	LAs submit 2014-15 academic year High need SEN place numbers
21 Jan 2014	LAs submit final data for Schools Budget pro forma
28 Feb 2014	LAs confirm 2014-15 budget to maintained schools
31 Mar 2014	EFA confirm 2014-15 high needs SEN funding

## **1.6 Decision options:**

Cabinet could:

1. Determine not to agree to the proposals regarding school funding for 2014/2015 and beyond, as outlined in section 1.5 and as required by national statute; or,
2. Agree to fund schools for 2014/15 and beyond in line with the proposals outlined in Section 1.5 of this report.

Option 2 is the preferred option.

## **1.7 Reasons for recommended option:**

The proposed process is compliant with all current relevant legislation and has been established following detailed consultation with North Tyneside's schools.

## **1.8 Appendices:**

Appendix A: The trend of total school balances as a percentage of total planned budget  
Appendix B: Details of individual North Tyneside School balances at 31 March 2013

## **1.9 Contact officers:**

Anthony Gollings - Financial Business Manager supporting Children, Young People and Learning, tel. 8071  
Mark Longstaff - Head of Commissioning and Resources, Children, Young People and Learning, tel. 8089

## **1.10 Background information:**

The following background papers and research reports have been used in the compilation of this report and are available for inspection at the offices of the author.

- 2012/13 Section 251 Outturn Statement. [Section 251](#)
- Department for Education's benchmarking of school balances using Section 52 and 251 data to 31<sup>st</sup> March 2013. [School balances - Schools](#)
- Department for Education papers on School Funding reform available on the DfE website. [Schools revenue funding - Schools](#)
- School Budget Shares (Prescribed Purposes) (England) Regulations 2013; Schools Forums (England) Regulations 2013; School Finance (England) Regulations 2013. [Finance Regulations and legal framework - Schools](#)

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

Changes outlined in this report relate to the formula for allocating funding to individual schools and are all within the Dedicated Schools Grant (DSG). The changes do not place an additional resource requirement on the Local Authority, but will require many of the services the Authority provides to schools to operate in a more responsive way to school needs as schools may choose to purchase their support from other providers.

### **2.2 Legal**

The Financing of Maintained Schools Regulations 1999 require a Local Authority to consult with schools on any proposed changes to the funding formula. These changes have also been considered by the School Forum.

## **2.3 Consultation/community engagement**

2.3.1. Internal consultation has been undertaken with the Cabinet Member for Children, Young People and Learning, the Strategic Director for Children, Young People and Learning and the Strategic Director of Finance and Resources throughout the process.

2.3.2. External consultation with the public, other organisations and stakeholders

Consultation with schools, school Governors and the School Forum has been undertaken in accordance with the process outlined in paragraphs 1.5.15 to 1.5.22 of this report.

## **2.4 Human rights**

There are no issues arising.

## **2.5 Equalities and diversity**

Any amendments to the formula will be made with consideration towards narrowing of the performance gap in deprived areas for vulnerable groups as measured against the borough average and, where appropriate, national average. This will include the use of data such as free school meals, deprivation indices at post code level, pupils' prior attainment, looked after children statistics and individual pupil special educational needs.

## **2.6 Risk management**

There are no issues arising.

## **2.7 Crime and disorder**

There are no issues arising.

## **2.8 Environment and sustainability**

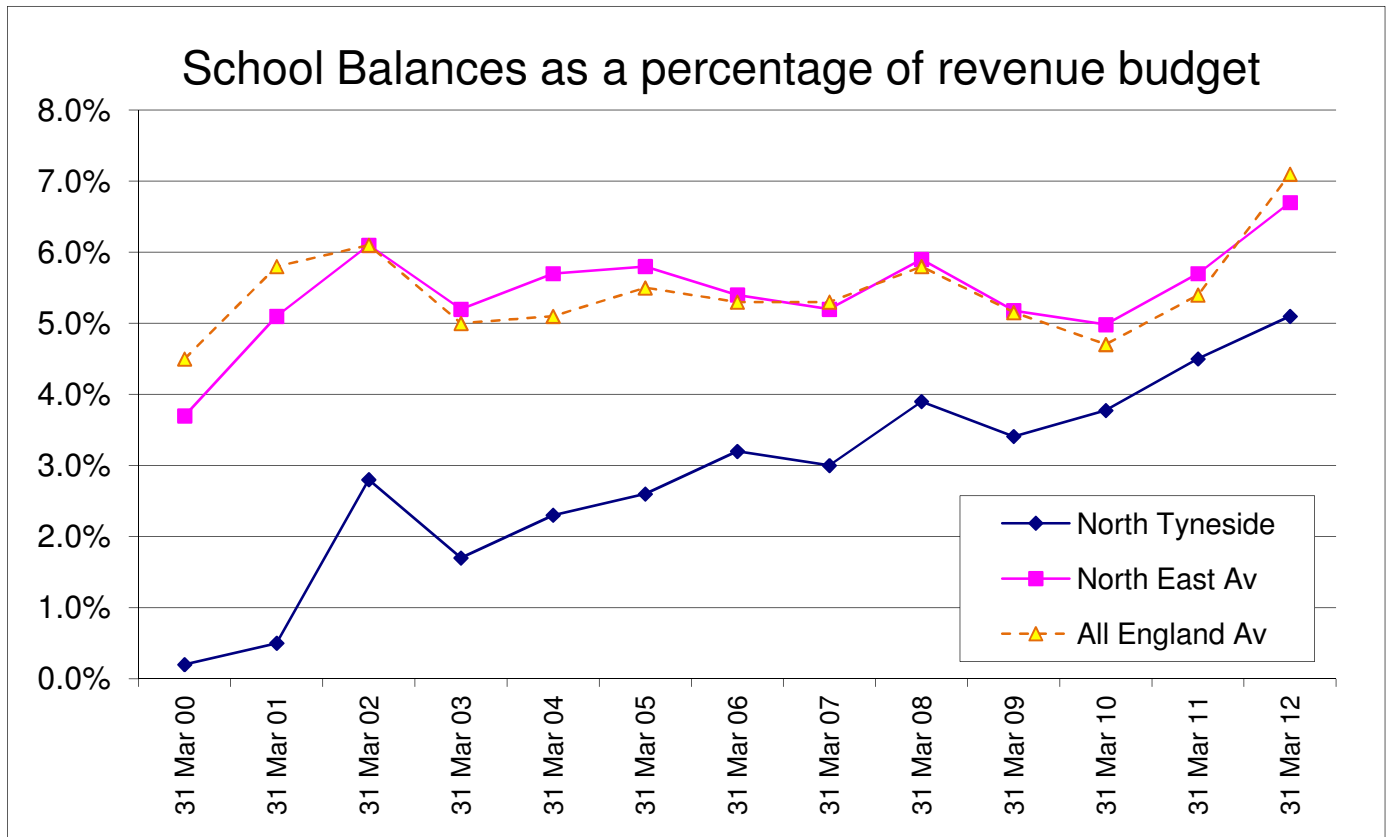
There are no environment and sustainability implications directly arising from this report.

## **PART 3 - SIGN OFF**

- Chief Executive  X
- Mayor/Cabinet Member(s)  X
- Chief Finance Officer  X
- Monitoring Officer  X
- Strategy Manager Policy & Partnerships  X

**The trend of total school balances as a percentage of total planned budget**

Source: Department for Education's benchmarking of school balances using Section 52 and 251 data to 31<sup>st</sup> March 2012.





## Details of individual North Tyneside School balances at 31 March 2013 (Extracted from the 2012/13 Section 251 return)

School Name	Pupil Focussed Revenue Balance 1st Apr 2012	Community Focussed Extended School Revenue Balance 1st Apr 2012	Capital Balance 31st Mar 2012	Total opening balance 1st Apr 2012	Planned Budget Share 2012/13	Committed Revenue Balance 31st Mar 2013	Uncommitted Revenue Balance 31st Mar 2013	Community Focussed Extended School Revenue Balance 31st Mar 2013	Capital Balance 31st Mar 2013	Total balance 31st March 2013
	£	£	£	£	£	£	£	£	£	£
<b>NURSERY SCHOOLS</b>										
Sir James Knott Memorial	1,761	4,514		6,275	372,035	0	0	0		0
<b>Total Nursery Schools</b>	<b>1,761</b>	<b>4,514</b>	<b>0</b>	<b>6,275</b>	<b>372,035</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PRIMARY SCHOOLS</b>										
Amberley	1,982	0		1,982	1,043,148	-3,077	0	0		-3,077
Appletree Gardens First	107,275	21,147		128,422	957,308	35,898	73,513	1,825		111,236
Backworth Park	68,776	0		68,776	597,573	22,000	48,460	0		70,460
Bailey Green	84,197	0		84,197	1,211,353	0	68,019	0		68,019
Balliol	39,329	0		39,329	864,310	2,935	24,965	0		27,900
Battle Hill	39,333	-667		38,666	1,148,644	1,981	0	-32		1,949
Benton Dene Primary	7,735	0		7,735	1,547,538	17,114	33,134	0		50,248
Burradon Community	61,067	0		61,067	772,521	4,167	55,957	0		60,124
Carville	30,736	0		30,736	687,911	17,953	57,385	0		75,338
Christ Church CofE	59,677	0		59,677	625,503	22,000	40,074	0		62,074
Collingwood	32,720	0		32,720	1,111,688	8,352	14,045	0		22,397
Coquet Park First	57,917	0		57,917	695,943	4,875	37,690	0		42,565
Cullercoats	45,783	0		45,783	1,207,369	30,247	49,774	0		80,021
Denbigh Community	126,504	0		126,504	1,267,029	32,828	82,472	0		115,300
Fordley Community	18,428	0		18,428	1,124,347	4,167	5,001	0		9,168
Forest Hall	56,446	452		56,898	787,342	14,328	44,155	2,278		60,761
Greenfields Community	51,610	0		51,610	1,064,494	1,533	23,434	2,500		27,467
Hadrian Park	70,549	0		70,549	1,042,662	2,506	45,532	0		48,038
Hazlewood Community	17,681	0		17,681	645,977	5,300	14,465	0		19,765
Holy Cross RC	-17,814	0		-17,814	858,576	0	4,319	0		4,319
Holystone	28,691	0		28,691	1,283,585	0	825	0		825
Ivy Road	35,358	0		35,358	758,202	4,167	12,638	0		16,805
King Edward	6,448	4,501		10,949	1,285,058	-14,596	0	3,212		-11,384
Langley First	59,678	0		59,678	1,131,224	27,596	72,092	0		99,688
Marine Park First	119,901	5,000		124,901	1,593,457	28,475	83,169	11,352		122,995
Monkhouse	9,394	0		9,394	711,379	-7,461	0	0		-7,461
Moor Edge	43,468	14,792		58,259	677,520	0	27,172	5,823		32,995
New York	147,222	0		147,222	963,645	64,167	77,592	0		141,759
Percy Main	93,373	0		93,373	886,115	21,800	56,382	0		78,182
Preston Grange	-2,150	0		-2,150	702,998	-10,574	0	0		-10,574

School Name	Pupil Focussed Revenue Balance 1st Apr 2012	Community Focussed Extended School Revenue Balance 1st Apr 2012	Capital Balance 31st Mar 2012	Total opening balance 1st Apr 2012	Planned Budget Share 2012/13	Committed Revenue Balance 31st Mar 2013	Uncommitted Revenue Balance 31st Mar 2013	Community Focussed Extended School Revenue Balance 31st Mar 2013	Capital Balance 31st Mar 2013	Total balance 31st March 2013
	£	£	£	£	£	£	£	£	£	£
Priory	45,361	0		45,361	1,220,446	10,249	56,560	0		66,809
Redesdale	48,888	0		48,888	895,398	0	5,360	0		5,360
Richardson Dees	46,182	0		46,182	913,400	22,326	78,038	0		100,364
Riverside	118,508	0		118,508	861,864	77,916	75,215	0		153,131
Rockcliffe First	60,676	12,851		73,527	773,713	16,422	33,808	0		50,230
Shiremoor	64,016	0		64,016	1,335,017	8,426	66,396	0		74,822
South Wellfield First	54,240	0		54,240	958,463	0	62,971	0		62,971
Southridge First	15,619	0		15,619	1,035,132	0	27,811	0		27,811
Spring Gardens	32,192	0		32,192	1,326,778	9,500	40,048	0		49,548
St Bartholomews C of E	21,717	0		21,717	702,976	0	7,051	0		7,051
St Bernadettes RC	132,786	0		132,786	1,156,487	30,840	86,698	0		117,538
St Columbas RC	31,881	0		31,881	815,683	1,643	7,408	0		9,051
St Cuthberts RC	67,377	0		67,377	732,122	35,000	17,689	0		52,689
St Josephs RC	117,627	0		117,627	1,147,538	25,000	74,934	0		99,934
St Marys RC (North Shields)	82,374	0		82,374	748,943	20,000	62,226	0		82,226
St Marys RC (Forest Hall)	8,343	0		8,343	508,254	-27,507	0	0		-27,507
St Stephens RC	169,685	0		169,685	856,491	35,240	92,345	0		127,585
Star of the Sea RC	102,699	0		102,699	1,303,649	105,000	87,119	0		192,119
Stephenson Memorial	68,231	0		68,231	1,250,422	3,917	95,203	0		99,120
Wallsend Jubilee	54,896	0		54,896	1,096,335	4,136	10,600	0		14,736
Wallsend St Peter's CofE	5,148	0		5,148	792,288	4,167	20,789	0		24,956
Waterville	51,834	0		51,834	1,040,983	12,668	34,857	0		47,525
Western Community	108,239	0		108,239	1,419,638	4,167	69,360	6,131		79,659
Westmoor	70,755	0		70,755	1,061,420	14,843	21,614	0		36,457
Whitehouse	88,074	0		88,074	756,618	18,633	67,690	0		86,323
Whitley Lodge First	19,189	0		19,189	896,629	742	16,276	0		17,018
<b>Total Primary Schools</b>	<b>3,187,848</b>	<b>58,075</b>	<b>0</b>	<b>3,245,923</b>	<b>54,861,107</b>	<b>772,011</b>	<b>2,270,331</b>	<b>33,090</b>	<b>0</b>	<b>3,075,431</b>

School Name	Pupil Focussed Revenue Balance 1st Apr 2012	Community Focussed Extended School Revenue Balance 1st Apr 2012	Capital Balance 31st Mar 2012	Total opening balance 1st Apr 2012	Planned Budget Share 2012/13	Committed Revenue Balance 31st Mar 2013	Uncommitted Revenue Balance 31st Mar 2013	Community Focussed Extended School Revenue Balance 31st Mar 2013	Capital Balance 31st Mar 2013	Total balance 31st March 2013
	£	£	£	£	£	£	£	£	£	£
<b>SECONDARY SCHOOLS</b>										
Marden High	80,191	0		80,191	4,222,065	6,500	51,498	0		57,998
Norham High	-31,942	0		-31,942	4,051,622	-5,947	0	0		-5,947
Whitley Bay High	273,345	0		273,345	7,690,301	0	159,246	0		159,246
George Stephenson High	184,468	0		184,468	4,866,065	22,283	102,004	0		124,287
Burnside Business & Enterprise College	329,443	0		329,443	7,248,132	21,700	168,395	0		190,095
Churchill Community College	630,334	0		630,334	5,431,446	376,213	180,404	0		556,617
Monkseaton High	273,353	0		273,353	4,105,403	250,000	189,193	0		439,193
John Spence Community High	468,077	0		468,077	4,111,027	80,864	184,735	0		265,599
Longbenton Community College	94,475	0		94,475	6,007,337	-8,801	0	0		-8,801
Seaton Burn College	-111,254	0		-111,254	3,434,044	0	24,837	0		24,837
Marden Bridge Middle	215,932	0		215,932	1,872,162	74,000	83,990	0		157,990
Valley Gardens Middle	236,952	0	28,077	265,029	2,663,705	60,109	132,111	0		192,220
Monkseaton Middle	243,966	129,540		373,506	1,679,707	152,294	41,625	142,334		336,253
Wellfield Middle	116,109	0		116,109	1,284,308	44,833	34,868	0		79,701
<b>Total Secondary Schools</b>	<b>3,003,450</b>	<b>129,540</b>	<b>28,077</b>	<b>3,161,067</b>	<b>58,667,323</b>	<b>1,074,049</b>	<b>1,352,907</b>	<b>142,334</b>	<b>0</b>	<b>2,569,290</b>
<b>SPECIAL SCHOOLS</b>										
Woodlawn	50,492	0		50,492	1,558,082	21,645	105,176	0		126,821
Southlands	162,552	0		162,552	1,777,361	49,554	63,703	0		113,257
Benton Dene School	-42,663	0		-42,663	2,063,321	2,996	0	0		2,996
Silverdale	71,272	0		71,272	1,219,211	2,764	69,832	0		72,596
Beacon Hill	65,059	3,322	2,533	70,914	3,068,720	49,277	72,366	2,711	1,759	126,112
<b>Total Special Schools</b>	<b>306,712</b>	<b>3,322</b>	<b>2,533</b>	<b>312,567</b>	<b>9,686,695</b>	<b>126,236</b>	<b>311,077</b>	<b>2,711</b>	<b>1,759</b>	<b>441,782</b>
<b>TOTALS FOR ALL SCHOOLS</b>	<b>6,499,771</b>	<b>195,451</b>	<b>30,610</b>	<b>6,725,832</b>	<b>123,587,160</b>	<b>1,972,295</b>	<b>3,934,314</b>	<b>178,135</b>	<b>1,759</b>	<b>6,086,503</b>
Total School balance less balances transferred to Academy status in year (Moor Edge))										6,053,508

**Notes:**

- Committed Balances include:
  - Committed cumulative balance of income less expenditure from revenue funding sources during the financial year and any committed revenue balances from previous years.
  - Any other specific grant balances plus any unspent voluntary income brought into the public accounts in that financial year.
  - Any earmarked public funds (in accordance with the terms of the authorities scheme).
  - Unspent amount of current financial year's revenue grants when they pertain to an academic year.
- Balances relating to Community focussed extended schools and capital allocations are identified separately.
- Uncommitted balances are any residual revenue balance available to the school.