

include any unspent grants that the school hold (that they are allowed to carry forward into the next accounting year), capital balances, balances relating to extended school activities or funds any school may hold on behalf of a consortium of schools. The DfE benchmarking tends to focus upon all school balances. Only Local Authority maintained school data is used in this analysis which means that Academy schools are not included.

We have used the latest DfE benchmarking data showing school revenue balances as a percentage of the total planned budget (including all grant income) for all Local Authority maintained schools and schools converting to Academy status up to the point of conversion.

The latest available information shows that the national level of total revenue balances held by schools continued to decrease in cash terms from £2.12Billion to £2.09Billion by the end of March 2016, which is the same trend seen in North Tyneside this year.

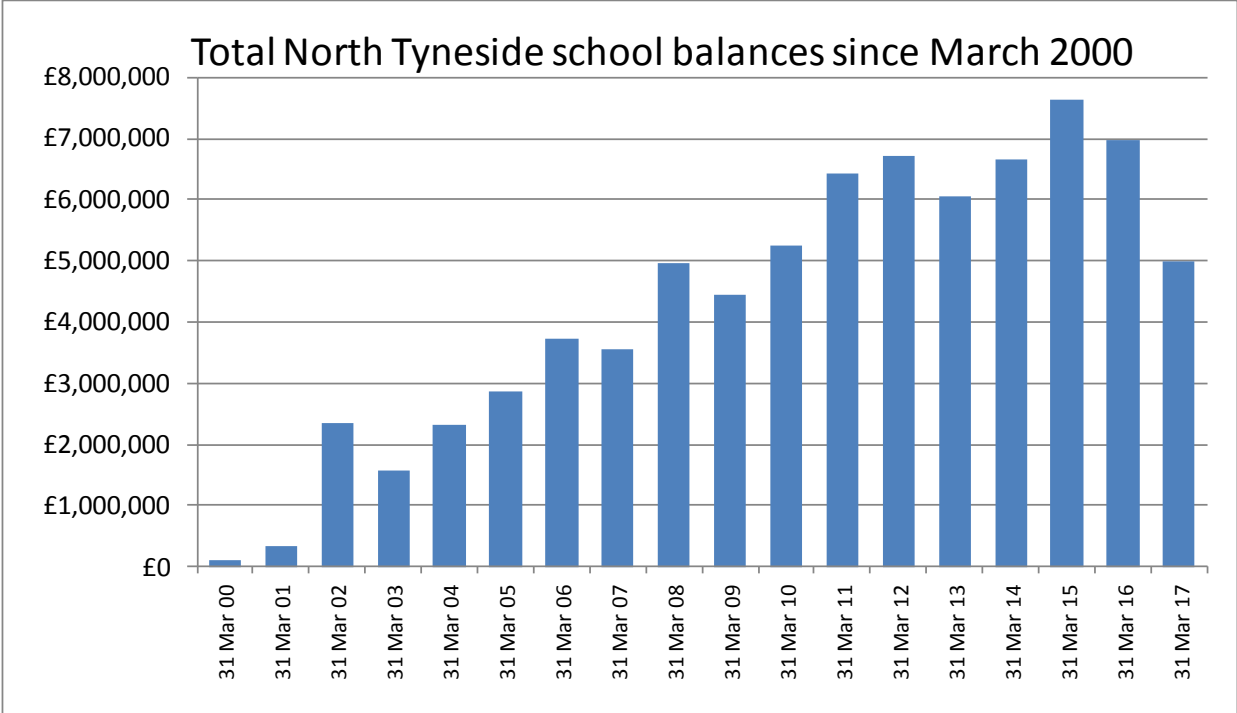
2. School Balances in North Tyneside as at 31st March 2017

The data is only currently available to make national comparisons of school balances up to March 2016 but we can show the school balances in North Tyneside up to March 2017.

Appendix A contains the list of school balances at March 2017 by phase.

The key messages are:

- **Overall School Balances in North Tyneside have continued to decrease and balances have fallen from £6.982m at March 2016 to £4.986m at March 2017.** This is the figure reported in the accounts and used in National Government benchmarking.

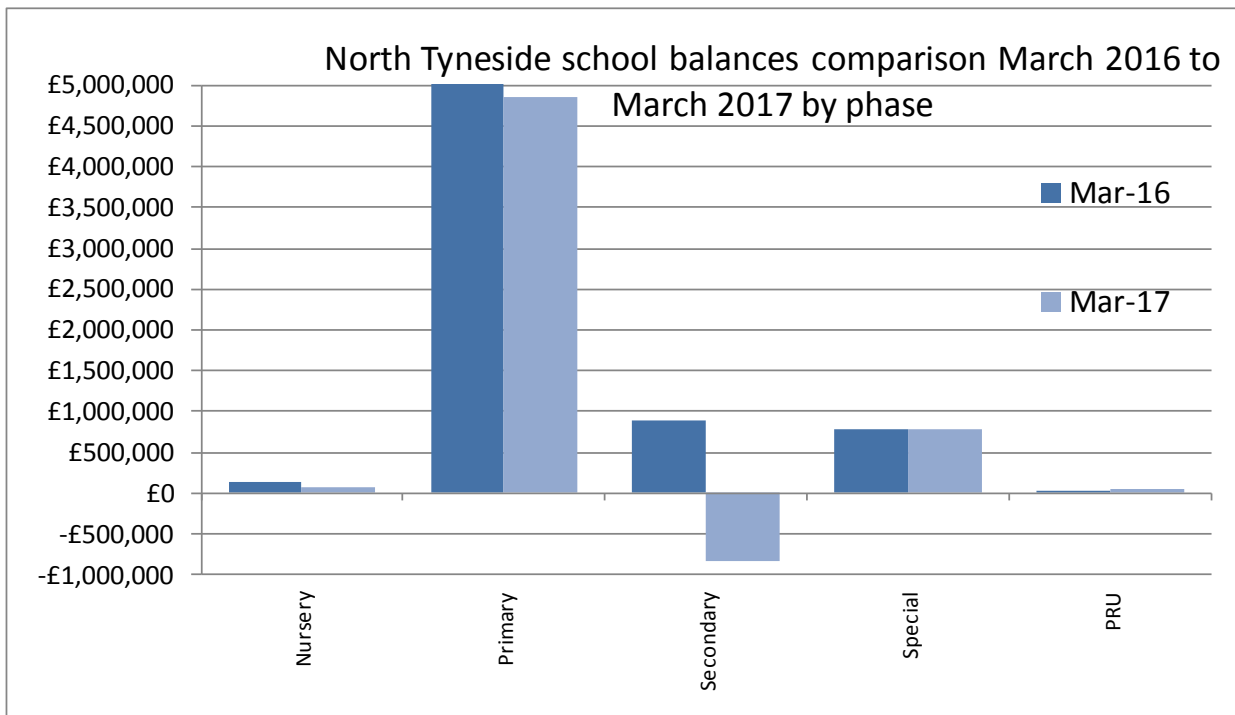


- Within this total the uncommitted balances have decreased from £3.339m at March 2016 to £1.158m at March 2017.

- School Revenue balances by **phase of school** are shown in the table below (this is calculated by using the total cumulative balance by phase and dividing this by the number of schools in each phase) :

Year	Average total revenue balance (£ per school)				
	All schools	Maintained Nurseries	Maintained Primaries	Maintained Secondaries	Maintained Specials
North Tyneside 2016-17	£65,806	£75,474	£90,060	-£59,444	£157,003
North Tyneside 2015-16	£92,792	£126,140	£95,180	£64,012	£156,064

- The total balance by **phase of school** is shown in the chart below.



- The table below shows the percentage of total balances by phase as a % of total funding as at March 2017.

	School Balance March 16 as a % of 2015-16 Funding/Income	School Balance March 17 as a % of 2016-17 Funding/Income
Nursery	27.3%	17.5%
Primary	7.2%	6.7%
Secondary	1.5%	-1.4%
Special	6.1%	6.0%
PRU	0.9%	2.4%
TOTALS FOR ALL SCHOOLS	4.7%	3.3%

- As at **31st March 2017** there were **9 schools with an overall deficit**. This compares with 7 at March 2016. Of the schools in deficit, 8 had deficit approval. The deficit balances can be seen below:

School Name	School Balance March 2016	School Balance March 2017	Uncommitted Balance March 17	School Balance March 17 as a % of 2016-17 Income/Funding	Uncommitted Balance March 17 as a % of 2016-17 Income/Funding
Fordley Community Primary School	-12,956	-71,489	-77,022	-4.9%	-5.3%
Ivy Road Primary School	20,334	-27,839	-37,453	-3.7%	-5.0%
King Edward Primary School	-43	-2,499	-2,815	-0.1%	-0.1%
Longbenton Community College	-345,327	-514,130	-546,060	-10.1%	-10.7%
Marden High School	-236,031	-359,767	-359,767	-9.3%	-9.3%
Monkseaton High School	-626,025	-1,309,370	-1,309,370	-41.2%	-41.2%
Norham High School	-445,209	-827,689	-835,083	-26.9%	-27.2%
Seaton Burn College	-183,649	-484,197	-509,279	-15.3%	-16.1%
Whitley Bay High School	49,642	-347,294	-349,107	-4.2%	-4.2%
TOTALS FOR ALL SCHOOLS	1,779,264	-3,944,276	-4,025,957		

- **Excess school balances** are those uncommitted balances over 5% for middle & secondary schools and over 8% for first, primary and special schools. Appendix B contains North Tyneside's policy on Surplus balances.

No school had a surplus balance in excess of 5% for middle & secondary schools and over 8% for first, primary and special schools at March 2017.

3. 2017/18 deficit clinic process

In June 2017, 10 schools indicated that they needed the Authority's agreement to set a deficit budget for 2017/18. Meetings were held in June and July.

The deficit meetings were attended by Angela James, Jo Suddes, Lisa Rodgers, Allan Holbrook and Jonathan Chicken from School Improvement and were supported by representatives from Finance and HR.

In advance of the deficit meetings Finance colleagues supported the school in preparing the deficit information packs. For each School the pack included:

- Summary of historic balances, pupil numbers and headroom allocations
- 3 year summary projections of balances and pupil numbers
- School organisation analysis detailing class organisation and the use of teachers and support staff across these classes (Primary schools only)
- Detailed 3 year budget plans
- Pupil teacher ratios and graphical representation of the 3 year plans
- A School HT report on the background behind the deficit situation
- Completed Model of Reasonableness (Primary schools only)
- Additional Staffing information (Secondary schools only)
- Class size information (Secondary schools only)

In addition to this, information was shared on benchmarking for all North Tyneside school budgets (not just those requesting deficit) and pupil number forecasts for secondary schools to allow informed discussion on all areas of the budget.

Following the meetings we met with a sub group of the School Forum on 29th June to:

1. Provide assurance to the Forum and wider school community that the deficit approvals agreed are reasonable and that deficit schools are taking reasonable action to manage within their budget.
2. Allow the group to use their experience to suggest to the Authority any potential further actions that it would be reasonable to expect from any school in deficit.

All deficit information packs were available to the sub group.

A further meeting was arranged on 18th July with Jacqui Old (Head of Health, Education, Care and Safeguarding) and Janice Gillespie (Head of Finance) to review each budget plan and the schools proposals to address the deficit both this year and in future years. Officers shared the concerns of School Forum regarding the size of the overall deficits. Following this meeting an email was sent to all deficit schools advising them a further meeting was to be scheduled after the summer break before deficit approval was granted. These meetings are scheduled during September.

Although the number of schools seeking deficit approval has increased slightly from 2017/18, the overall value of the deficits approved has increased significantly. The recent history of deficit requests and approvals is summarized below:

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Deficit Approval Request	32	19	11	7	4	4	6	9	10
Deficit Approved	29	18	9	7	4	4	6	8	10
Total Approved Deficit £	£2.06M	£1.41M	£0.75M	£0.36M	£0.49M	£1.48M	£2.52M	£4.81M	£6.88M

A full list of these schools for 2017/18, the deficits requested are shown in the table.

School	Deficit approval requested 2017/18
Fordley	-80,811
Ivy Road	-137,472
Marden Bridge Middle	-27,241
Monkseaton Middle	-33,728
Marden	-478,183
Norham	-1,224,280
Longbenton	-1,025,567
Monkseaton High	-2,586,784
Seaton Burn	-667,858
Whitley Bay	-618,256
	-6,880,180

Next steps in relation to deficit schools

Each School will meet with the Head of Health, Education, Care and Safeguarding and the Chief Finance Officer to discuss their submitted budget plan before deficit approval is granted. Each school in deficit will be subject to additional financial scrutiny across the year. Some of the deficit schools are scheduled to meet with the Local Authority officers again in the Autumn term to discuss and review current positions.

The sub group of the Schools Forum proposed that they receive a further update on deficit schools following these meetings with Finance Officers to review the progress by each deficit school and the information provided during the year.

In keeping with previous years' experience we are anticipating the value of deficits at year end being less than the deficit approval since:

- Schools will continue to scrutinize their budgets and realise savings through the year
- We will distribute the funds for supporting schools in Financial difficulty in 2017/18

Funds available to support schools in financial difficulty in 2017/18 are shown below:

	£
Budget for Schools in Financial difficulty 2017/18	131,491
add unused headroom brought forward from 2016/17	11,200
Sum allocated to fund school procurement officer	-28,000
Total Headroom available 2017/18	114,691

4. Schools forecast balances

It was reported at the July meeting that the overall school balance for 2017/18 is -£2.896m. This position is forecast to worsen significantly over the next three years, without intervention. The table below shows the overall schools balances over the next three years.

Phase of school	Actual Schools Balance 2016/17	Forecast Schools Budgets 2017/18	Forecast Schools Budgets 2018/19	Forecast Schools Budgets 2019/20
	£	£	£	£
Nursery	75,474	20,304	-68,419	-163,491
Primary	4,910,045	2,129,703	-357,297	-3,909,340
Secondary	-832,211	-5,478,570	-8,894,648	-12,235,620
Special	788,946	426,721	-34,363	-654,416
PRU	43,901	5,458	-4,096	-45,610
TOTALS FOR ALL SCHOOLS	4,986,155	-2,896,384	-9,358,823	-17,008,477

The above information is based on the schools submitted 2017/18 3 Year budget plans.

Recommendations

Schools Forum is asked to note:

1. At March 2017 in North Tyneside overall balances have decreased along with uncommitted balances.
2. The number of schools reported with a deficit balance in North Tyneside at March 2017.
3. There are no excess school surplus balances at March 2017 to be clawed back in 2017/18.
4. There has been an increase relating to the number of schools requesting deficit approvals for 2017/18 compared with the previous year and the size of this deficit has risen significantly.
5. Further discussions will be arranged with Head of Health, Education, Care & Safeguarding, the Chief Finance Officer and deficit schools.
6. Note the overall projected balance forecast for all schools.

Appendix A: List of school balances at March 2017 by phase

(excluding Capital balances)

School Phase	School Balance March 2016 (excluding Capital balances)	School Balance March 2017 (excluding Capital balances)	Uncommitted Balance March 2017	School Balance March 17 as a % of 2016-17 Funding/Income	Uncommitted Balance March 17 as a % of 2016-17 Funding/Income
Nursery	126,140	75,474	14,180	17.5%	3.3%
Primary	5,139,700	4,863,237	3,306,907	6.7%	4.5%
Secondary	896,163	-832,211	-2,728,915	-1.4%	-4.5%
Special	780,318	785,016	522,360	6.0%	4.0%
PRU	17,051	43,901	43,901	2.4%	2.4%
TOTALS FOR ALL SCHOOLS	6,959,372	4,935,417	1,158,432	3.3%	0.8%

Add Capital balance 50,738

4,986,155	1,158,432
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Appendix B: The Balance Control mechanism

The regulations define the surplus balance as;

A

The balance, if any, held by each school as at the 31 March.
(the balance is the recurrent balance as defined in the
Consistent Financial Reporting Framework)

Minus

B

Any amounts for which the school has a prior year commitment
to pay from the surplus balance

Minus

C

Any amounts which the governing body of the school have
declared to be assigned for specific purposes permitted by the
authority, and which the authority is satisfied are properly
assigned.

= School Balance

If the result of steps A, B and C is a sum greater than 5% of the schools budget share for secondary schools, 8% for primary and special schools, or £10,000 (where that is greater than either percentage threshold), then the authority shall deduct from the current year's budget share an amount equal to the excess.