



NORTH YORKSHIRE SCHOOLS FORUM

Date of meeting:	Thursday 14 March 2024
Title of report:	Additional DfE Financial Support for Local Authorities Supporting Maintained Schools in Financial Difficulty (2023-24)
Type of report: Delete as required	For information
Executive summary: Including reason for submission	<p>The report provides Schools Forum with an overview of the additional grant funding received by the local authority (LA) from the Department for Education (DfE) in 2023-24 to support LA maintained schools in financial difficulty.</p> <p>The report also outlines the proposed the eligibility criteria and distribution methodology of the additional funding support to LA maintained schools currently in a financial deficit that will be considered by the North Yorkshire Council Executive on 19 March 2024</p>
Budget / Risk implications:	N/A
Recommendations:	That the North Yorkshire Schools Forum notes this report
Voting requirements:	N/A
Appendices: To be attached	None
Report originator and contact details:	Sally Dunn, Head of Schools and Early Years Finance
Presenting officer: If not the originator	<p>Howard Emmett, Assistant Director – Strategic Resources</p> <p>howard.emmett@northyorks.gov.uk</p> <p>01609 532118</p>

1.0 PURPOSE OF THE REPORT

- 1.1 The report provides Schools Forum with an overview of the additional grant funding received by the local authority (LA) from the Department for Education (DfE) in 2023-24 to support LA maintained schools in financial difficulty.
- 1.2 The report also outlines the proposed eligibility criteria and distribution methodology of the additional funding support to LA maintained schools currently in a financial deficit that will be considered by the North Yorkshire Council Executive on 19 March 2024

2.0 BACKGROUND

- 2.1 The DfE announced nationally £40 million additional funding to support schools in financial difficulty in the 2023-24 financial year.
- 2.2 The total national funding allocation of £40m has been split, with £20m being awarded to LA's who have the most significant maintained school budget deficits. The funding has been allocated proportionately among local authorities who have aggregated school-level deficits which represent more than 1% of their total maintained schools' income at the end of the 2022-23 financial year. The remaining £20m has been allocated to the ESFA (Education Skills and Funding Agency) to support academies in financial difficulties.
- 2.3 A total of 35 LA's have been awarded funding. North Yorkshire Council has been identified as being eligible to receive the DfE Schools in Financial Difficulty grant funding. A funding allocation of £972,188 has been received.
- 2.4 The DfE have stated that the funding is available in 2023-24 only and there are no plans for similar additional funding in 2024-25.

3.0 DfE SCHOOLS IN FINANCIAL DIFFICULTY ADDITIONAL GRANT FUNDING 2023-24

- 3.1 The DfE require LAs to use this funding to best support their schools in the individual circumstances in which they find themselves. In this respect, LA's have flexibility in determining the eligibility criteria for the allocation of the funding. The DfE have confirmed that LA's can use this additional grant funding to support schools in the elimination of deficit balances. It is not expected that LAs provide financial support to every school with a deficit. The DfE advises that schools should be supported on a case-by-case basis taking into account the severity of the school's position and prioritising those in greatest need. The DfE state LAs may wish to associate conditions with the allocation of the additional grant funding to individual schools in financial difficulty. This could include mandating the use resource management tools and services including requiring an external finance and resource management review of the school. In the most severe cases the local authority can consider withdrawing delegation.
- 3.2 The DfE Schools in Financial Difficulty grant funding can be used to support maintained primary, middle, secondary, all-through schools, maintained special schools, pupil referral units, and maintained nursery schools.



- 3.3 Maintained schools are responsible for managing their own finances. The role of the LA is to supervise and where necessary provide additional support to schools that are in financial difficulties. Where a maintained school is in financial difficulty, North Yorkshire Council adopts its 'Support, Challenge and Intervention Framework' approach which is responsive to the individual circumstances of the school. Any accumulated budget deficit in a maintained school is required to be approved by the LA and plans developed to recover the financial position of the school.
- 3.4 Local authorities are expected to report to their Schools Forum on how they are using the DfE Schools in Financial Difficulty Grant; the funding is required to be fully utilised in the 2023-24 financial year.
- 4.0 PROPOSALS FOR THE ALLOCATION OF THE DfE SCHOOLS IN FINANCIAL DIFFICULTY GRANT FUNDING
- 4.1 Proposed eligibility criteria have been developed for the allocation of the DfE Schools in Financial Difficulty grant funding based on the following principles:
- The eligibility criteria are transparent and objective
 - The levels of funding allocation are proportionate to the school size and type
 - The funding allocation is broadly scaled to the size of the school deficit
 - The funding allocation seeks to make the financial recovery of the school a realistic and achievable goal.
 - The amount of funding allocated is contained with the overall grant funding allocation
- 4.2 Three options have been developed, based on the above principles, for the funding allocation amounts. In all options it is proposed that the allocation for an individual school will be restricted to the lower of the forecast deficit balance as at 31 March 2024 or the maximum funding allocation detailed in the table below. The pupil numbers used to determine school maximum funding allocation will be the October 2022 census pupil numbers; these are the basis for the 2023/24 school funding allocations.

School type	Maximum Funding Allocation amount		
	Option 1	Option 2	Option 3
Nursery	£25,000	£25,000	£25,000
Primary with less than 200 pupils*	£25,000	£20,000	£20,000
Primary with 200 pupils or more	£50,000	£40,000	£40,000
Secondary	£100,000	£100,000	£120,000
Special	£50,000	£75,000	£50,000



* Plus an additional sum for primary schools with less than 200 pupils with a forecast deficit balance as at 31 March 2024 of more than - £100,000	£25,000	£20,000	£20,000
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4.3 It is proposed that the eligibility criteria for the allocation of the additional funding are as follows:

- The school must have had a deficit balance as at 31 March 2023
- The school must have a forecast deficit balance as at 31 March 2024 and 31 March 2025, based on the 2023/24 Revised budget forecasts submitted to the LA in Autumn 2023.

The latest budget monitoring forecast will also be used to verify the up-to-date 2023/24 financial forecast position for those schools identified as being eligible to receive additional funding support.

4.4 It is proposed that a condition of acceptance for any school that accepts the additional funding is that an external finance and resource management review must be undertaken where a review has not been completed since April 2021.

4.5 Based on the proposed eligibility criteria detailed in 4.3 above, 20 schools would be eligible to receive additional funding. The above funding allocation options (4.2 above) would provide the following grant funding allocations across the different LA maintained schools within North Yorkshire:

Proposed Funding Allocation					
School type	Number of Schools	Option 1	Option 2	Option 3	Notes
Nursery	1	£25,000	£25,000	£25,000	
Primary with less than 200 pupils*	7	£152,180	£122,180	£122,180	One school would receive a restricted allocation (£2.18k)
Primary with 200 pupils or more	5	£220,100	£180,100	£180,100	One school would receive a restricted allocation (£20.1k)
Secondary	4	£400,000	£400,000	£480,000	
Special	3	£150,000	£225,000	£150,000	



* Plus, an additional sum for primary schools with less than 200 pupils and a forecast deficit balance as at 31 March 2024 of more than -£100,000	1	£25,000	£20,000	£20,000	
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Total	20	£972,280	£972,280	£977,280	
NYC Grant Funding Allocation		£972,188	£972,188	£972,188	
Funding Variance		-£92	-£92	-£5,092	

		% of Grant Fund Allocated			Notes
School type	Number of Schools	Option 1	Option 2	Option 3	
Nursery	1	3%	3%	3%	
Primary with less than 200 pupils*	7	18%	15%	15%	One school would receive a restricted allocation (£2.18k)
Primary with 200 pupils or more	5	23%	18%	18%	One school would receive a restricted allocation (£20.1k)
Secondary	4	41%	41%	49%	
Special	3	15%	23%	15%	
	20	100%	100%	100%	

- 4.6 Option 3 would require additional funding of £5,092. If this option were taken forward, it is proposed that this would be funded from the de-delegated budget Schools in Financial Difficulty Fund reserve.
- 4.7 It is recognised that the proposed additional funding allocation, in some instances, may not be proportionate to the level of the budget deficit of an individual school. In developing the proposed eligibility criteria and allocation options, a balanced approach has been adopted in terms of utilising the funding to:

- To support as many schools, as possible, with challenging financial positions to return to an overall budget surplus within 3 – 5 financial years.



- To provide acknowledgment and support to those schools with the most serious and underlying structural budget deficits, typically small rural secondary schools and special schools. It is fully recognised that, in these instances, the additional funding will provide a more limited impact on the school financial position.
- 4.8 It is considered that Option 1 provides the best opportunity, in utilising the grant funding, to return the greatest number of schools to an overall budget surplus position. Based on the 2023/24 Revised Forecasts, under Option 1 nine of the twenty schools proposed to receive a grant funding allocation would be either forecast to return to an overall budget surplus position or have a reduced budget deficit position to c£10k or under within the period to 31 March 2026. Under Options 2 and 3, six schools would be forecast to achieve this position.
- 4.9 The LA will continue to utilise a number of measures to support schools facing financial difficulty:
- the use of a financial risk rating framework to determine the level of support, challenge and intervention undertaken at individual school level
 - the escalation path for financial intervention, including the use of Notices of Financial Concern, where deemed appropriate
 - the undertaking of School Resource Management reviews in individual schools where this has been identified as an appropriate intervention through the risk rating process. The reviews are based on the DfE School Resource Management Adviser (SRMA) model and are undertaken by LA staff, many of whom have the SRMA accreditation
 - review of the Schools Financial Value Standard (SFVS) and Resource Management dashboard in financially challenged schools
 - continuing the promotion of school collaboration and the sharing of best practice in terms of effective resource management between schools
 - continuing to undertake research into small school financial effectiveness to identify and share best practice
 - the provision of Headteacher and Governor finance briefings and training
 - continuing to lobby DfE for fairer funding for North Yorkshire schools, especially in relation to small, rural secondary schools.
- 4.10 The Council's Executive will consider the proposed allocation methodology and the eligibility criteria for allocation of the Additional DfE Financial Support for Local Authorities Supporting Maintained Schools In Financial Difficulty grant funding at their meeting on 19 March 2024.

5.0 RECOMMENDATIONS

- 5.1 The North Yorkshire Schools Forum is asked to note the contents of this report.

STUART CARLTON

Corporate Director – Children and Young People's Service