

WIRRAL COUNCIL

WIRRAL SCHOOLS FORUM 15th July 2015

REPORT OF THE DIRECTOR OF CHILDREN'S SERVICES

Schools Budgets 2015-16 and 2016-17

1. EXECUTIVE SUMMARY

This report highlights the need for schools to consider budget plans in the medium term as cost pressures continue to increase.

2. BACKGROUND

There are increasing cost pressures in schools arising from pay awards and inflation. These additional costs require efficiency savings to be identified in schools, since with the exception of Pupil Premium the funding available is flat and has been since 2011. In 2016-17 however there are additional pressures which overall are likely to increase the pay bill by about 5%:

- The Teachers Pension Rate increases in September 2015 from 14.1% to 16.48% of pay
- Employers National Insurance contributions will increase in April from an average of 10.4% to 13.8%
- Teachers and other staff are likely to receive a pay award between 1 and 2%. Schools have been briefed about these changes and plans should be in progress with governors.

3. Indicative Balances for Future Years

The significance of the above is illustrated in the tables below. The first shows an anticipated summary for the current year 2015-16 based on the budgets set by all maintained schools. This shows a reduction in balances of about 50%.

Table 1 - Expected position at 31st March 2016

Sector	Balances b/f 14-15	Income 15-16	Expenditure 15-16	Expected Balance c/f
Nursery	676,607	2,160,048	2,514,299	322,356
Primary	6,268,671	115,657,381	117,899,046	4,027,006
Secondary	2,208,899	35,488,225	37,340,832	356,292
Special	1,570,256	20,401,628	21,226,106	745,778
	10,724,433	173,707,282	178,980,283	5,451,432

These figures do not include academies.

Of the 109 schools 8 currently have licenced deficit budgets and 4 have small deficits at less than 0.5% of delegated budget.

Moving a year forward schools have indicated the initial position for 2016-17 based on current costs and anticipating the changes described above. This shows that if no corrective action is taken then balances would reduce by nearly £9m and there would be an overall negative school balance position.

Table 2 – Expected position at 31st March 2017

Sector	Balances b/f 15-16	Income 16-17	Expenditure 15-16	Expected balance c/f
Nursery	322,356	2,169,065	2,462,724	28,697
Primary	4,027,006	110,628,370	115,453,905	-798,529
Secondary	356,292	29,727,623	31,637,012	-1,553,097
Special	745,778	19,739,771	21,524,208	-1,038,659
	5,451,432	162,264,829	171,077,849	-3,361,588

Of the 109 schools 70 would have a deficit budget. Therefore schools must plan corrective action to address their shortfall since this is not a sustainable position.

4. Moving Forward

This position is not unique to Wirral. Schools and Academies must plan carefully now to ensure a sustainable financial position over the medium term.

There will be further reports to the Forum as the position for schools is updated later in the year.

RECOMMENDATIONS

1. The report is noted
2. The information is used by Forum Representatives for discussion at Headteacher and governors meetings.

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Director of Children's Services