

WIRRAL COUNCIL

WIRRAL SCHOOLS FORUM 13th January 2016

REPORT OF THE DIRECTOR OF CHILDREN'S SERVICES

School Budgets and indicative deficits balances

1. EXECUTIVE SUMMARY

Financial projections indicate that over half of schools may need to set a deficit budget in 2016-17 as a result of increasing cost pressures. This report is an update to that previously considered by the Forum in July 2015.

2. BACKGROUND

There are increasing cost pressures in schools arising from "flat cash" budgets. The additional costs arising from pay awards, pension increases and national insurance changes (adding about 5% to next years school pay bill) will not be met from increased budget allocations, instead they will need to be found from efficiency savings. With the exception of Pupil Premium the funding available for schools has not increased since 2011. These cost pressures are causing significant difficulties for schools across the country and Wirral is no exception.

3. Indicative Balances for Future Years

The position previously reported is shown below and is based on projections made at Budget Setting. They show that the expected school balances could reduce from £10.7m to an overall deficit of £3.4m by March 2017.

July Forecast	Actual Balances at 31 st Mar 2015	Expected Balances at 31 st Mar 2016	Expected balances at 31 st Mar 2017
Nursery	676,607	322,356	28,697
Primary	6,268,671	4,027,006	-798,529
Secondary	2,208,899	356,292	-1,553,097
Special	1,570,256	745,778	-1,038,659
	10,724,433	5,451,432	-3,361,588

At Period 6 the projections have been updated. These revised estimates indicate school balances would reduce to an overall deficit of £2m in 2017. Although this is a small improvement, it is still not a viable position for schools or the local authority and requires urgent corrective action.

Expected position at 31st March 2017

Period 6	Actual Balances at Mar 2015	Expected Balance at 31 st Mar 2016	Expected balances at 31 st Mar 2017
Nursery	676,607	532,703	-55,620
Primary	6,268,671	4,533,759	-51,787
Secondary	2,208,899	1,030,347	-1,434,444
Special	1,570,256	1,099,340	-476,754
	10,724,434	7,196,149	-2,018,606

All tables exclude academy schools.

4. Schools indicating they would have a Deficit budget

Without remedial action the number of schools who may have a deficit budget as at March 2017 are shown below:

	Number of schools	Expected number of schools with a deficit	% schools with a deficit
Nursery	3	2	67%
Primary	88	49	56%
Secondary	6	3	50%
Special	12	8	67%
	109	62	57%

Within these schools there are 2 primary, 3 secondary and 4 special schools with deficits exceeding £100,000. One secondary school has a projected deficit exceeding £800,000.

5. Action to date

The action taken to date includes:

- Briefings and discussion at Headteacher groups and with support staff
- Briefings through the Governors Forum and their newsletter
- Discussion of proposed changes to the treatment of school redundancy costs.
- School Bursar support as part of the mid-year budget review by headteachers and governors.
- Financial review meetings last term with schools where their projected deficit exceeds £100,000 (8 schools in total) together with a further 6 causing most concern.

6. Future Action

The position will be updated again at Period 9 by which time schools will have a more accurate view on costs in the current year and going forward. Some further improvement to the position can be expected from this work. Other actions are:

- School budgets for 2016-17 will be available earlier. It is expected that the initial budget allocations for 2016-17 will be sent to schools shortly after the Forum meeting
- All schools indicating a shortfall will be contacted before half term. All schools will need to identify what savings or efficiencies they intend to implement before the end of March.
- Where savings are insufficient schools will meet with Finance, School Improvement and HR to agree a course of action.
- There will be further meetings with those schools with the highest projected deficits in order to ensure progress is being made and timescales are being achieved.
- Both teaching and support costs are being reviewed. Schools are encouraged to share costs where possible – back office for example - and to work across clusters
- Nationally there will be assistance with procurement decisions although details are still to be confirmed
- If agreement cannot be reached the authority is likely to issue a “Notice of Concern”. This will require an immediate action plan to be agreed by governors.
- Additional capacity will be included within the LMS team. The resource will support the financial planning undertaken in schools. This post costing £32,000 pa will be funded for 2 years on a fixed term basis from authority reserves.

RECOMMENDATIONS

1. The report is noted and there is a further report to the next meeting.

Julia Hassall
Director of Children’s Services