

WIRRAL COUNCIL

WIRRAL SCHOOLS FORUM 28th September 2016

REPORT OF THE DIRECTOR OF CHILDREN'S SERVICES

School Budgets and Indicative Deficits Balances

1. EXECUTIVE SUMMARY

This report is one of a series that have been considered by the Forum. The final school balances as at 31st March were a significant improvement to that initially reported. However moving into 2016-17 the position remains difficult in a number of areas. This report updates the Forum on the latest information received in respect of maintained schools.

2. BACKGROUND

There are continued cost pressures in schools arising from "flat cash" budgets. There are additional costs arising from pay awards, pension increases and national insurance changes (adding about 5% to school pay bill in the 2016-17 financial year). These costs have not been met from increased budget allocations, instead they will need to be found from efficiency savings.

3. Indicative Balances

The final school balances as at 31st March 2016 were better than expected at £11.7m, reflecting a number of difficult decisions taken by schools and governing bodies to restructure and reduce costs. When schools have set their budget for 2016-17 they also reviewed their financial position for future years. The table below summarises this position and indicates that that balances may reduce by £4m in 2016-17 and 2017-18. The overall total balances would reduce to £3.7m by March 2018 net of a potential nursery school deficit of £130,000.

Table 1

	Actual Balances at Mar 2016	Expected Balance at 31st Mar 2017	Expected balances at 31st Mar 2018
Nursery	604,737	216,322	-133,739
Primary	7,410,417	5,487,859	3,348,957
Secondary	1,606,472	589,562	295,914
Special	2,116,885	1,100,307	157,639
	11,738,511	7,394,050	3,668,771

4. Individual School Deficits

There are currently 3 schools with licenced deficits and agreed budget plans. On the basis of table 1 the number of schools who may have a deficit budget as at March 2018 would increase to 32, each school with an average deficit of £56k.

Table 2

	Number of schools	Expected number of schools with a deficit	% schools with a deficit
Nursery	3	2	67%
Primary	88	24	26%
Secondary	6	1	17%
Special	11	5	45%
	108	32	30%

5. Action Taken to Date

- LMS and HR work with schools to balance budgets, this includes planning for the reduction of staff numbers or hours.
- Briefings and discussions with headteachers and school finance staff.
- School Bursar support working with Headteacher and governors to provide more detailed projections at budget setting.

6. Future Action

The position will be updated again as schools review their 2016-17 budget at period 6 (September) and indicate the position over the next 3 years.

Future work will:

- Review school financial plans to ensure they are sustainable.
- Discuss school plans to deal with projected deficits.
- Schools requesting a licenced deficit will be required to demonstrate how the budget will come back into balance within 3 years.
- Where agreement cannot be reached a Notice of Concern may be issued, requiring an immediate action plan to be agreed by governors.

RECOMMENDATIONS

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

Julia Hassall
Director of Children's Services