

# WIRRAL COUNCIL

WIRRAL SCHOOLS FORUM 18<sup>th</sup> January 2017

## REPORT OF THE DIRECTOR OF CHILDREN'S SERVICES

### School Budgets and Indicative Deficits Balances

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#### 1. EXECUTIVE SUMMARY

This report is one of a series that have been considered by the Forum. It updates the Forum on the latest financial information received in respect of maintained schools after budget monitoring at period 6.

#### 2. BACKGROUND

There are increasing 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 position previously reported is shown below and is based on projections made at the start of the year. They show that the expected schools balances continue to fall year on year.

Table 1

<b>Budget Setting</b>	<b>Actual Balances at Mar 2016</b>	<b>Expected Balance at 31<sup>st</sup> Mar 2017</b>	<b>Expected balances at 31<sup>st</sup> Mar 2018</b>
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
	<b>11,738,511</b>	<b>7,394,050</b>	<b>3,668,771</b>

At Period 6 the projections have been updated. In March 2018 the revised estimates indicate that the overall position for primary schools has improved while the outlook for nursery and secondary schools has deteriorated.

Table 2

<b>Period 6</b>	<b>Actual Balances at Mar 2016</b>	<b>Expected Balance at 31<sup>st</sup> Mar 2017</b>	<b>Expected balances at 31<sup>st</sup> Mar 2018</b>
Nursery	604,737	229,155	-171,709
Primary	7,410,417	5,489,241	3,781,919
Secondary	1,606,472	503,939	-163,024
Special	2,116,885	1,392,050	410,412
	<b>11,738,511</b>	<b>7,614,385</b>	<b>3,857,598</b>

#### 4. Individual School Deficits

There are currently 3 schools with licenced deficits and agreed budget plans. On the basis of table 2 the number of schools who may have a deficit budget as at March 2018 would increase to 26, each school with an average deficit of £80k. The expected number of schools in deficit has reduced since budgets were set, however the average deficit has increased.

Table 3

	<b>Number of schools</b>	<b>Expected number of schools with a deficit</b>	<b>% schools with a deficit</b>
Nursery	3	2	67%
Primary	88	19	22%
Secondary	5	1	20%
Special	11	4	36%
	<b>107</b>	<b>26</b>	<b>24%</b>

#### 5. Action Taken to Date

- Letters have been sent to a number of schools with expected deficit budgets in 2018 and beyond to request plans to manage the deficit position.
- 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.

#### 6. Future Action

The position will be updated again as schools review their 2016-17 budget at period 9 (December) 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 will 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.

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