

# WIRRAL COUNCIL

WIRRAL SCHOOLS FORUM 27<sup>th</sup> September 2017

## REPORT OF THE INTERIM 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 describing the current and projected financial position for schools together with action that is being taken. The position remains challenging.

#### 2. BACKGROUND

There are ongoing cost pressures in schools arising from "flat cash" budgets. There are additional costs arising from pay awards and other inflationary pressures. These costs have not been met from increased budget allocations, instead as in previous years they will need to be found from efficiency savings.

#### 3. Indicative Balances

The final school balances as at 31<sup>st</sup> March 2017 were £10.5m, reflecting a number of difficult decisions taken by schools and governing bodies to restructure and reduce costs.

When schools have set their budget for 2017-18 they also reviewed their financial position for future years. The table below summarises this position and indicates that balances may reduce by £3.5m in 2017-18 and a further £4.8m in 2018-19.

Table 1

	<b>Actual Balances at Mar 2017</b>	<b>Expected Balance at 31<sup>st</sup> Mar 2018</b>	<b>Expected balances at 31<sup>st</sup> Mar 2019</b>
Nursery	£277,421	£15,989	-£158,995
Primary	£7,319,213	£5,684,443	£2,337,179
Secondary	£474,275	-£136,283	-£47,240
Special	£2,000,181	£1,052,528	-381,353
<b>Total</b>	<b>£10,071,090</b>	<b>£6,616,677</b>	<b>£1,749,591</b>
Academy Conversions since Mar 17	£429,451		
<b>Total</b>	<b>£10,500,541</b>		

#### 4. Individual School Deficits

There are currently 3 schools with licenced deficits and agreed budget plans. In addition there are 2 that have projected deficits that the LA cannot licence.

On the basis of table 1 the number of schools who may have a deficit budget as at March 2019 would increase to 37, each school with an average deficit of £60k.

Table 2

	<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	84	25	30%
Secondary	6	3	50%
Special	11	7	64%
	<b>104</b>	<b>37</b>	<b>36%</b>

## 5. Action Taken to Date

- During the summer term letters were sent to a number of schools with expected deficits in 2018 requesting further details. Information from this exercise provided greater clarity on the projected financial position. Where needed there were also meetings with Headteachers and governors.
- Licenced deficit plans have been agreed with 3 schools that cannot set a balanced budget in 2017-18.
- A Notice of Concern is in place at one school and will shortly be issued to another.
- LMS and HR continue to work with schools to balance budgets and plan any reduction in staff numbers or hours. Where schools are reviewing staffing levels this is in a number of cases leading to a consideration of redundancies
- There are briefings and discussions with headteachers and school finance staff.
- School Bursars continue to support Headteachers and governors with more detailed projections.

## 6. Future Action

- Review of financial plans to ensure they are sustainable.
- Contact schools with large projected deficits in 2018-19 to discuss plans.
- Schools requesting a licenced deficit are required to demonstrate how the budget will come back into balance within 3 years (4 years in exceptional circumstances).
- Where agreement cannot be reached a Notice of Concern will be issued, requiring an immediate action plan to be agreed by governors.
- Consider the potential impact of the National Funding Formula on school budgets.

## RECOMMENDATIONS

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

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