

WIRRAL COUNCIL

WIRRAL SCHOOLS FORUM 26th September 2018

REPORT OF THE CORPORATE DIRECTOR FOR CHILDREN

School Budgets and Indicative Deficits Balances

1. EXECUTIVE SUMMARY

This report is a regular report presented to Schools 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 pay awards, other inflationary pressures and changes in pupil numbers. School budgets have been held at flat cash for a number of years, however, there has been a small increase in funding for 2018-19 to offset some of these costs.

3. Indicative Balances

The final cumulative school balances as at 31st March 2018 were £10.2m, reflecting a number of difficult decisions taken by schools and governing bodies to restructure and reduce costs.

When schools have set their budget for 2018-19 they also reviewed their financial position for future years. The table below summarises this position and indicates that balances may reduce by £4.6m in 2018-19 and a further £5.2m in 2019-20.

Table 1

	Actual Balances at Mar 2018	Expected Balance at 31st Mar 2019	Expected balances at 31st Mar 2019
Nursery	£138,517	£-51,595	-188,450
Primary	£7,782,655	£5,505,465	1,778,442
Secondary	£136,460	£-562,162	-385,564
Special	£2,010,264	£605,786	-992,334
Total	£10,067,896	£5,497,494	£212,094
Academy Conversions since Mar 18	£159,048		
Total	£10,226,944		

4. Individual School Deficits

There are currently 5 schools with licenced deficits and agreed budget plans. In addition there are 4 schools with a Notice of Concern.

On the basis of table 1 the number of schools who may have a deficit budget as at March 2020 would increase to 38 (8 in March 2018), each school with an average deficit of £60k.

Table 2 – expected deficits in March 2020

	Number of schools	Expected number of schools with a deficit	% schools with a deficit
Nursery	3	2	67%
Primary	82	26	32%
Secondary	6	3	50%
Special	11	7	64%
	102	38	36%

5. Action Taken to Date

- Licenced deficit plans have been agreed with 3 further schools that cannot set a balanced budget in 2018-19.
- A Notice of Concern is in place at 4 schools.
- 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 as part of budget monitoring.
- Contact schools with large projected deficits in 2019-20 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.

Paul Boyce
Corporate Director for Children