

WIRRAL COUNCIL

WIRRAL SCHOOLS FORUM 16th January 2019

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

Indicative school balances have been updated after monitoring at period 6 and are detailed below. They indicate that the school balances will continue to fall year on year. The balances for the 5 schools that have converted to Academy since March 2018 have been separated from the March balance so accurate comparisons can be made.

In March 2019 the expected balances are £5.9m, slightly better than the position reported in September (£5.5m), but with a further reduction of £4.2m by March 2020.

Table 1 – Position at Period 6 Monitoring

	Actual Balances at Mar 2018	Expected Balance at 31st Mar 2019	Expected balances at 31st Mar 2020
Nursery	£138,517	£13,433	-29,456
Primary	£7,598,866	£5,560,455	2,352,852
Secondary	£136,460	£-560,553	-73,670
Special	£2,010,264	£855,054	-562,818
Total	£9,884,107	£5,868,389	£1,686,908
Academy Conversions since Mar 18	£342,836		
Total	£10,226,944		

1. Individual School Deficits

There are currently 6 schools with licenced deficits and agreed budget plans. In addition there are 4 schools with a Notice of Concern.

Based on table 1 the number of schools who may have a deficit budget as at March 2020 would increase to 36 (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	79	26	33%
Secondary	5	2	40%
Special	11	6	55%
	98	36	36%

2. Action Taken to Date

- 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.

3. Future Action

- Review of financial plans to ensure they are sustainable as part of budget monitoring.
- Write to schools with projected deficits in 2019-20 to request further details of how they plan to keep their budgets in credit.
- 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.
- Consider the effect of the increase in Teachers Employers Pension contributions from September 2019
- Consider the effect of the re-alignment of the lower pay scales for support staff from April 2019 as part of the 2 year pay deal.

RECOMMENDATIONS

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

Paul Boyce
Corporate Director for Children