

WIRRAL COUNCIL

WIRRAL SCHOOLS FORUM 15th May 2019

REPORT OF THE CORPORATE DIRECTOR FOR CHILDREN'S SERVICES

Delegated School Balances as at 31st March 2019 Indicative Balances for 2019-20 and 2020-21

EXECUTIVE SUMMARY

This report advises the Forum of the level of school balances as at 31st March 2019, together with an indication of balances for the financial years 2019-20 and 2020-21.

1. School Balances

School balances at 31st March 2019 are £8.9m. This is a reduction of just under £1.06m from the previous year after academy conversions during 2018-19 have been excluded from the balances.

	31.3.2018 Balances	31.3.2019 Balances	Difference	Change
Nursery	138,517	188,833	50,316	Increase
Primary	7,668,056	7,004,918	-663,138	Reduction
Secondary	136,460	-15,204	-151,664	Reduction
Special	2,010,264	1,711,265	-298,999	Reduction
Total	£9,953,297	£8,889,812	£-1,063,485	Reduction
Academy Conversions	273,647			
Total	£10,226,944			

The average school balance for a primary is £89,806 compared to £94,544 in 2017-18. The overall secondary school balance has, for the first time, moved into a deficit position with 3 out of 5 in deficit and working through agreed licenced deficits.

There were six primary school academy conversions in 2018-19.

Deficit Budgets

There are 15 schools that have ended the financial year with a deficit balance (compared to 16 in 2017-18). This is made up of 1 nursery, 9 primary schools, 3 secondary schools and 2 special schools. In most cases schools are managing this position in year, however, there are 5 licenced deficits and 3 notices of concern. These may increase as we move towards budget setting.

2. Monitoring School Balances 2019-20 and 2020-21

The projections at the Period 9 review in February indicated that school balances would reduce significantly over the next 2 years as illustrated below. Balances reduce to £3.7m and would become an overall deficit of -£7.2m by March 2020.

Balances as at	Period 9	Actual
31/03/2019	£7.2m	£8.9m
31/03/2020	£3.7m	To be confirmed
31/03/2021	(£7.2m)	To be confirmed

The actual position for March 2019 is £1.7m better than anticipated. The position for the next 2 years will be clearer after budget setting in July. However, to date no additional funding has been indicated by the Department for Education so the broad trend is likely to continue.

Period 9 estimates confirm continuing difficulties for schools over the medium term, with 74 schools indicating a deficit position in 2020-21. Whilst balances improve over the year at period 6 and 9 budget monitoring as schools try to reduce costs, this is becoming more difficult with pay awards and the large increase of the Teacher's Pension Grant from 16.48% to 23.68% with no confirmation as yet that this will be covered in the next spending review.

3. Action Taken to Date

- During the spring term letters have been sent to a number of schools with expected deficit budgets in 2019 and 2020 to request details. There have in addition been meetings with some schools and governors.
- Where schools are reviewing staffing levels this is in a number of cases leading to consideration of redundancies.
- A Notice of Concern is in place at 3 schools.
- LMS and HR continue to work with schools to balance budgets and plan any reduction in 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.

4. Future Action

- Contact schools with 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 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. That the Forum notes the report.
2. That schools balances continue to be monitored.

Paul Boyce
Corporate Director for Children's Services