

# WIRRAL COUNCIL

WIRRAL SCHOOLS FORUM 25<sup>th</sup> September 2019

## REPORT OF THE CORPORATE DIRECTOR FOR CHILDREN

### School Budgets and Indicative Deficits Balances

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#### 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, teacher pension increases, 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 2019-20 and Teachers Pay Grant and Teachers Pension Grant to offset some of these costs.

#### 3. Indicative Balances

The final cumulative school balances as at 31<sup>st</sup> March 2019 were £8.9m, reflecting a number of difficult decisions taken by schools and governing bodies to restructure and reduce costs.

When schools have set their budget for 2019-20 they also reviewed their financial position for future years. The table below summarises this position and indicates that balances may reduce by £3.1m in 2019-20 and a further £10m in 2020-21, leaving a negative balance at this time.

At budget setting there was no provision for Teachers Pay Grant and Teachers Pension Grant after 31<sup>st</sup> March 2020.

These figures do not take into consideration additional school funding announced in the government spending round.

Table 1

	<b>Actual Balances at Mar 2019 £</b>	<b>Expected Balance at 31<sup>st</sup> Mar 2020 £</b>	<b>Expected balances at 31<sup>st</sup> Mar 2021 £</b>
Nursery	188,833	163,663	-93,190
Primary	7,004,918	5,074,956	-2,560,296
Secondary	-15,206	-680,032	-990,546
Special	1,711,265	1,056,469	-756,210
<b>Total</b>	<b>8,889,810</b>	<b>5,615,056</b>	<b>-4,400,242</b>
Academy Conversions since Mar 19	216,914		
<b>Total</b>	<b>8,672,896</b>		

#### 4. Individual School Deficits

There are currently 4 schools with licenced deficits and agreed budget plans. In addition, there are 5 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 2021 would increase to 59 (15 in March 2019), each school with an average deficit of £113k.

Table 2 – expected deficits in March 2021

	<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	78	49	63%
Secondary	5	2	40%
Special	11	6	55%
	<b>97</b>	<b>59</b>	<b>61%</b>

## 5. Action Taken to Date

- Licenced deficit plans have been agreed with 2 further schools that cannot set a balanced budget in 2019-20.
- 2 schools have worked through their licenced deficit plans and set a balanced budget in 2019-20. With 3 schools still working through their plans.
- A Notice of Concern is in place at 5 schools. 4 of these are new since July 2019.
- There are 3 schools we are still working with to set their budgets.
- 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

- Contact schools with large projected deficits in 2020-21 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 and the consultation on the schools' funding formula for 2020-21 (elsewhere on the agenda).

## RECOMMENDATIONS

1. That Forum notes the report
2. That school budgets continue to be monitored.

**Paul Boyce**  
Corporate Director for Children