

WIRRAL COUNCIL

WIRRAL SCHOOLS FORUM 15th January 2020

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 and 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 small increase recently to offset some of these costs. This report does not take into consideration the extra funding that will be allocated to the 2020-21 school budgets.

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 school that has converted to Academy since March 2019 have been separated from the March balance so an accurate comparison can be made.

In March 2020 the expected balances are £5.9m, slightly worse than the position reported in September (£5.6m), but with a further reduction of £7m by March 2021, however this does not include the extra funding due in 2020-21 financial year.

Table 1 – Position at Period 6 Monitoring

	Actual Balances at Mar 2019	Expected Balance at 31st Mar 2020	Expected balances at 31st Mar 2021
Nursery	188,833	229,993	-34,639
Primary	7,004,918	5,111,100	118,555
Secondary	-232,118	-316,433	-445,807
Special	1,711,265	920,548	-778,671
Total	8,672,898	£5,945,208	£-1,140,562
Academy Conversions since Mar 19	216,914		
Total	£8,889,812		

1. Individual School Deficits

There are currently 5 schools with licenced deficits and agreed budget plans. In addition there are 7 schools with a Notice of Concern.

Based on table 1 the number of schools who may have a deficit budget as at March 2021 would increase to 46 (15 in March 2019), each school with an average deficit of £130k.

Table 2 – expected deficits in March 2021

	Number of schools	Expected number of schools with a deficit	% schools with a deficit
Nursery	3	1	33%
Primary	78	37	47%
Secondary	4	2	50%
Special	11	6	55%
	96	46	48%

2. Action Taken to Date

- A Notice of Concern is in place at 7 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.
- The Teacher's Pension Employers Contribution Grant and Teachers Pay Grant have been budgeted for the financial year 2020-2021 as they will continue to be grants until March 2021 when they are likely to be built into the DSG.

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 effect of the additional funding on school balances for the financial year 2020-21
- Consider the potential impact of the change from the Wirral funding formula to the National Funding Formula elements with effect from April 2020.

RECOMMENDATIONS

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

Paul Boyce
Corporate Director for Children