

WIRRAL COUNCIL

WIRRAL SCHOOLS FORUM 30th June 2020

REPORT OF THE CORPORATE DIRECTOR FOR CHILDREN'S SERVICES

Delegated School Balances as at 31st March 2020 Indicative Balances for 2020-21 and 2021-22

EXECUTIVE SUMMARY

This report advises the Forum of the level of school balances as at 31st March 2020, together with an indication of balances for the financial years 2020-21 and 2021-22.

1. School Balances

School balances at 31st March 2020 are £7.9m. This is a reduction of just under £750k from the previous year after one academy conversion during 2019-20 has been excluded from the balances.

School Phase (no of schools)	31.3.2019 Balances	31.3.2020 Balances	Difference	Change
Nursery (3)	188,833	340,638	151,805	Increase
Primary (78)	7,004,918	6,428,693	-576,225	Reduction
Secondary (4)	-232,118	-352,809	-120,691	Reduction
Special (11)	1,711,265	1,506,892	-204,373	Reduction
Total (96)	£8,672,898	7,923,414	-749,484	Reduction
Academy Conversions (1)	216,914			
Total	£8,889,812			

The average school balance for a primary is £82,419 compared to £89,806 in 2018-19. The overall secondary school balance continues to be in a deficit position, with 2 out of 4 in deficit and working through agreed licenced deficits plans. One secondary school moved back into credit during the year.

There was one secondary school academy conversion in 2019-20.

Deficit Budgets

There are 21 schools that have ended the financial year with a deficit balance (compared to 15 in 2018-19). This is made up of 17 primary schools, 2 secondary schools and 2 special schools. In most cases schools are managing this position in year, however, there are 3 licenced deficit plans in place and 5 notices of concern. This may increase further as budget plans are in the process of being finalised, particularly due to the number of schools who ended the year with a deficit balance.

2. Monitoring School Balances 2020-21 and 2021-22

Projections from the Period 9 review in February indicated that school balances would reduce significantly over the next 2 years, as illustrated below. Balances are projected to reduce by £3.7m in 2020-21 and £10.7m in 2021-22 resulting in an overall deficit of £(8.2)m by March 2022.

Balances as at	Period 9	Actual
31/03/2020	£6.2m	£7.9m
31/03/2021	£2.5m	To be confirmed
31/03/2022	(£8.2m)	To be confirmed

However, the actual position for March 2020 is £1.7m better than anticipated. The position for the next 2 years will be clearer after budget setting in July. The period 9 estimates take into consideration the 2020-21 budget allocations, where the Minimum guarantee was set at +1.84% and a minimum per pupil funding level of £3,750 in primary and £5,000 in secondary schools provided some increased funding to mainstream schools.

Period 9 estimates confirm continuing difficulties for schools over the medium term, with 63 (out of 96) schools indicating a deficit position in 2021-22. Balances are projected to improve over 2020-21 from period 6 and 9 budget monitoring as schools work hard to reduce costs, and information is provided concerning funding for the following year. Whilst schools have received Teachers Pay Grant and Teachers Pension Employers Contribution Grant for 2020-21 financial year, indications are that these will be included in the DSG from April 2021, leaving uncertainty of how the funding will be distributed to schools through the Schools Funding Formula and special schools budgets.

3. Action Taken to Date

- There have been meetings with some schools and governors to review and consider the financial position going forward.
- 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 5 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 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.
- The effect of the DfE proposal to increase the starting salary for newly qualified teachers to £26,000 from September 2020, and the effect on the other mainscale grades to ensure appropriate differentials.

RECOMMENDATIONS

1. That the Forum notes the report.
2. That schools' balances continue to be monitored.

Paul Boyce
Corporate Director for Children's Services