

WIRRAL COUNCIL

WIRRAL SCHOOLS FORUM 29th September 2020

REPORT OF THE DIRECTOR OF CHILDREN, FAMILIES AND SCHOOLS

School Budgets and Indicative Deficit 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, even with additional funding received in 2020-21 DSG.

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 significant increase in funding for 2020-21, with funding for Teachers Pay Grant (TPG) and Teachers Employers Contribution Pension Grant (TPECG) to cover additional Teacher pay costs. The effects of Corona Virus, particularly during the Summer term has made it difficult to predict some income and expenditure whilst setting school budgets.

3. Indicative Balances

The final cumulative school balances as at 31st March 2020 were £7.9m, reflecting a number of difficult decisions taken by schools and governing bodies to restructure and reduce costs. When schools set their budget for 2020-21 they also review their financial position for future years. The table below summarises this position and indicates that balances may reduce by £2m in 2020-21 and a further £8.3m in 2021-22, leaving a negative balance at this time.

At budget setting there was a conservative provision built in for TPG and TPECG after 31st March 2021, as at the time it was confirmed that it would be added to the DSG, with no clarity on how it would be distributed through the formula budget. Since then it has been confirmed that £180 will be added the Pupil Entitlement for mainstream schools to ensure TPG & TPECG is re-allocated appropriately through the formula.

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

Table 1

	Actual Balances at Mar 2020 £	Expected Balance at Mar 2021 £	Expected balances at Mar 2022 £
Nursery	340,638	144,602	-143,683
Primary	6,428,693	5,840,181	181,505
Secondary	-352,809	-596,648	-883,296
Special	1,506,892	491,470	-1,557,898
Total	7,923,414	5,879,605	-2,403,372

4. Individual School Deficits

There are currently 6 schools with licenced deficits and agreed budget plans. In addition, there are 6 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 2022 would increase to 52 (21 in March 2020), each school with an average deficit of £102k.

Table 2 – expected deficits in March 2022

	Number of schools	Expected number of schools with a deficit	% schools with a deficit
Nursery	3	1	33%
Primary	78	41	53%
Secondary	4	2	50%
Special	11	8	73%
	96	52	54%

The position for Primary Schools and Nursery schools have improved slightly since last year, but challenges still remain for Special Schools.

5. Action Taken to Date

- Licenced deficit plans have been agreed with 2 further schools that cannot set a balanced budget in 2020-21, with 4 schools still working through their plans.
- A Notice of Concern is in place at 6 schools. 4 of these are new since July 2019.
- There are 2 schools still working with the LA to set their budgets, but it is likely that they will move into a notice of concern category.
- 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 continued discussions with Headteachers and school finance staff where budgets are not balancing in future years.
- School Bursars continue to support Headteachers and governors with more detailed projections.

6. Future Action

- Contact schools with large projected deficits in future years to discuss ways to reduce in year deficits going forward.
- 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 additional funding in National Funding Formula elements on the schools' funding formula for 2021-22. This may ease the budget pressures for some schools.

RECOMMENDATIONS

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

Paul Boyce
Director of Children, Families and Education