

WIRRAL COUNCIL

WIRRAL SCHOOLS FORUM 19th January 2021

REPORT OF THE DIRECTOR OF CHILDREN, FAMILIES AND EDUCATION

School Balances 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, whilst budgets remained flat for a number of years. Additional funding has been included in the Dedicated Schools Grant (DSG) for 2020-21 and there will also be further funding increases in 2021-22 financial year, additional costs due to Covid-19 has provided further uncertainty going forward and projections at period 6 although better than at budget setting are still conservative.

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, but the effect of the additional funding has slowed this down.

In March 2021, the expected balances are £7.1m, which is much better than the position reported in September (£5.9m). This is due to more information being provided by the ESFA on 2021-22 funding and the more details of how the Teachers Pay Grant (TPG) and Teachers Pension Employers Contribution Grant (TPECG) would be incorporated into the DSG. This has provided more certainty for some schools in future years, however, there are still concerns around special schools and maintained nursery school budgets.

Table 1 – Position at Period 6 Monitoring

	Actual Balances at 31st Mar 2020	Expected Balances at 31st Mar 2021	Expected Balances at 31st Mar 2022
Nursery	340,638	78,699	-238,486
Primary	6,428,693	6,570,850	4,820,400
Secondary	-352,809	-266,829	-334,172
Special	1,506,892	758,466	-1,107,658
Total	7,923,414	£7,141,186	£3,140,084

1. 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.

Based on table 1 the number of schools who may have a deficit budget as at March 2022 if no action is taken would increase to 31, each school with an average deficit of £174k (£125k in March 2020). The position continues to worsen in the special schools.

Table 2 – expected deficits in March 2022 compared to Actuals in March 2020

	Number of schools	Actual no. of Schools in deficit as at Mar 2020	% schools with a deficit Mar 2022	Expected no. of schools in deficit as at Mar 2022	% schools with a deficit Mar 2022
Nursery	3	0	0%	2	67%
Primary	78	17	22%	19	24%
Secondary	4	2	50%	2	50%
Special	11	2	18%	8	73%
	96	21		31	48%

2. Action Taken to Date

- A Notice of Concern is in place at 6 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.
- LMS Bursars continue to support Headteachers and governors with more detailed projections.
- The TPG & TPECG have been budgeted for the financial year 2020-2021 as they will continue to be grants until March 2021 after which they will be built into the DSG.

3. Future Action

- Continue to review of financial plans at period 9 to ensure that, where possible, schools budgets are sustainable going forward.
- Ensure budgets and projections are based on latest possible known information, and where this is not possible that assumptions are clear and reasonable.
- LMS Bursars to support Schools to take action before they move into a deficit position, as it is much more difficult to make saving once in that position.
- Write to schools with projected deficits in 2021-22 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 2021-22 and the amalgamation of the TPG & TPECG into the DSG.
- Consider the potential impact of the MFG being set at +1.25% in 2021-22.

RECOMMENDATIONS

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

Paul Boyce
Corporate Director of Children, Families and Education