

WIRRAL COUNCIL

WIRRAL SCHOOLS FORUM 18th January 2022

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 within schools arising from general increases in goods & services, additional costs in respect of continuing Covid issues and incremental rises for staff. Increases in employers national Insurance costs from April 2023 of 1.25% have been built into future years costs.

Additional funding has been included in the Dedicated Schools Grant (DSG) for 2021-22 and there will be further funding increases in 2022-23 financial year. Projections at period 6 monitoring tend to be more pessimistic until confirmation of funding and expected costs are provided.

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 and the unexpected increase in balances at 31st March 2021 has slowed this down.

In March 2022, the expected balances are £11.4m, which is better than the position reported in September (£9.8m). This is due to more information being provided by the ESFA on 2022-23 funding which has provided better estimates for budget allocations in 2022-23. This has provided more certainty for mainstream 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 2021	Expected Balances at 31st Mar 2022	Expected Balances at 31st Mar 2023
Nursery	289,322	165,820	-33,143
Primary	11,141,744	9,745,692	7,513,315
Secondary	-115,295	122,687	218,884
Special	1,934,152	1,407,744	-126,926
Total	£13,480,523	£11,441,944	£7,572,130

1. Individual School Deficits

Although the overall balances increased in March 2021 the number of schools in deficit has remained static. There are currently 6 schools with licenced deficits and agreed budget plans. In addition, there are 5 schools with a Notice of Concern. However, this has reduced the number of schools with expected deficits in future years.

Based on table 1 the number of schools who may have a deficit budget as at March 2023 if no action is taken is 21, each school with an average deficit of £162k (£200k in March 2021). The position continues to worsen in the special schools.

Table 2 – expected deficits in March 2023 compared to Actuals in March 2021

	Number of schools	Actual no. of Schools in deficit as at Mar 2021	% schools with a deficit Mar 2021	Expected no. of schools in deficit as at Mar 2023	% schools with a deficit Mar 2023
Nursery	3	1	33%	1	33%
Primary	77	6	8%	13	17%
Secondary	4	2	50%	2	50%
Special	11	2	18%	5	45%
	96	11	11%	21	22%

2. Action Taken to Date

- The Notice of Concern process has been reviewed and it is expected that 5 schools will be in this 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 briefings and discussions with Headteachers and school finance staff.
- LMS Bursars continue to support Headteachers and governors with more detailed projections.
- 5 schools are currently in the process of a DfE School Resource Management Assessment, which will provide schools with support and advice to reduce cost pressures and manage resources.

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.
- 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 2022-23.

- Consider the potential impact of the MFG being set at +1.25% in 2022-23.

RECOMMENDATIONS

Forum Notes the report

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