

# WIRRAL COUNCIL

WIRRAL SCHOOLS FORUM 14<sup>th</sup> June 2022

## REPORT OF THE DIRECTOR OF CHILDREN, FAMILIES AND EDUCATION

### Delegated School Balances as at 31<sup>st</sup> March 2022 and Deficit Budgets Review

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#### EXECUTIVE SUMMARY

This report advises the Forum of the level of school balances as at 31<sup>st</sup> March 2022, the increase in balances and actions required for schools with a deficit budget.

#### 1. School Balances

School balances at 31<sup>st</sup> March 2022 have increased to £16.3m. This is a further increase of £2.8m from the previous year.

School Phase (no of schools)	31.3.2021 Balances £	31.3.2022 Balances £	Difference £	Change
Nursery (3)	289,332	336,203	46,871	Increase
Primary (77)	11,141,744	12,596,338	1,454,594	Increase
Secondary (4)	115,295	1,142,929	1,027,634	Increase
Special (11)	1,934,152	2,231,930	297,778	Increase
<b>Total (95)</b>	<b>13,480,523</b>	<b>16,307,400</b>	<b>2,826,877</b>	<b>Increase</b>
Academy Conversions (0)				
<b>Total</b>	<b>13,480,523</b>			

The average school balance for a primary school has increased to £163,589 compared to £144,698 in 2020-21. Although the overall secondary school balance is in a net surplus position, 2 out of the 4 schools remain in a deficit position.

#### 2. Deficit Budgets

There are 12 schools that have ended the financial year with a deficit balance (compared to 11 in 2020-21). However, the overall value of the deficits have reduced by £323,843 from £2.2m to £1.9m.

- The Nursery School in deficit has reduced its deficit by £25k and is working towards further reducing the deficit by sharing costs with a primary school.
- There are 6 Primary Schools in deficit
  - 2 schools that had deficits last year have credit balances this year.
  - The 2 new schools with deficits this year are expected to set a balanced budget for 2022-23 financial year, as their deficits are within the .5% deficit allowed, without a licenced deficit plan.
  - Of the 4 schools still in deficit since last year, 3 of them have increased their deficits this year, whilst 1 has reduced their deficit, but

is struggling with falling rolls. 1 has a notice of concern and the others will continue to work towards their licenced deficit plans.

- The 2 secondary schools in deficit have reduced their deficits by £464k in total. 1 school is expected to set a balanced budget for 2022-23
- There are 3 special schools with deficit budgets. They all have a Notice of Concern and the LA are working with them to reduce costs.

### 3. **Monitoring School Balances 2021-22 and 2022-23**

Projections from the Period 9 review in February indicated that school balances would reduce significantly over the next 2 years, as illustrated below. On this basis balances are projected to reduce by £5.0m in 2022-23 and a further £7.2m in 2023-24.

<b>Balances as at</b>	<b>Period 9</b>	<b>Actual</b>
31/03/2022	£13.4m	£16.3m
31/03/2023	£8.4m	To be confirmed
31/03/2024	£1.2m	To be confirmed

The actual position for March 2022 is £2.9m better than anticipated at Period 9 monitoring. The projected reduction in balances in future years is dropping more rapidly than identified in previous years. The position for the next 2 years will be clearer after budget setting in July, as current year budget and projections will be based on more up to date information.

The period 9 estimates took into consideration the 2022-23 budgets for mainstream schools as follows,

- The updated per pupil elements to be used in the 2022-23 mainstream budget allocations.
- where the Minimum Funding Guarantee (MFG) was set at +1.25%
- Salary estimates included the 1.25% increase in Ers NI contribution, but pay awards were only built in at only 1%
- Estimates did not include the supplementary grant payable in 2022-23, which will be incorporated

Period 9 estimates confirm continuing difficulties for schools over the medium term, with 50 (out of 95) schools indicating a deficit position in 2023-24 if no action is taken to make savings.

### 4. **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.
- LMS and HR continue to work with schools to balance budgets and plan any reduction in staff numbers or hours.
- LMS Bursars through the Financial Support LSLA are working with Headteachers and governors to provide more detailed projections, particularly where schools have falling rolls.

## **5. Future Action**

- Ensure schools who cannot set a balanced budget agree a licenced deficit plan with the LA before Governors sign off the budget. Schools will be 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.
- Review Schools projections completed as part of the budget setting process. Contact schools who are likely to move into a deficit position in 2023-24 and discuss any remedial actions to prevent this from happening.

## **RECOMMENDATIONS**

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

**Simone White**  
**Director of Children, Families and Education**