

WIRRAL COUNCIL

WIRRAL SCHOOLS FORUM 13th June 2023

REPORT OF THE DIRECTOR OF CHILDREN, FAMILIES AND EDUCATION

Delegated School Balances as at 31st March 2023 and Deficit Budgets Review

EXECUTIVE SUMMARY

This report advises the Forum of the level of school balances as at 31st March 2023, the decrease in balances and actions required for schools with a deficit budget.

1. School Balances

School balances at 31st March 2023 have reduced to £13.5m. This is a reduction of £2.5m after the 2021-22 balance has been adjusted for 3 academy conversions during the year.

School Phase (no of schools)	31.3.2022 Balances £	31.3.2023 Balances £	Difference £	Change
Nursery (3)	336,203	132,411	-203,792	Decrease
Primary (74)	12,265,146	10,251,887	-2,013,258	Decrease
Secondary (4)	1,142,929	2,123,946	981,017	Increase
Special (11)	2,231,930	1,008,493	-1,223,437	Decrease
Total (95)	15,976,208	13,516,737	-2,459,470	Decrease
Academy Conversions (3)	331,192			
Total	16,307,399			

The average school balance for a primary school has reduced to £138,539 compared to £163,589 in 2021-22. The overall secondary school balance is an increasing net surplus position, with only 1 of the 4 schools remaining in a, much reduced, deficit position.

2. Deficit Budgets

There are 16 schools that have ended the financial year with a deficit balance (compared to 12 in 2021-22). The overall value of the deficits has increased by £889k from £1.9m to £2.8m.

- There is 1 Nursery School in deficit, which has increased during the year. The LA are working with them to reduce their costs.
- There are 11 Primary Schools in deficit
 - 2 schools that had deficits in 2021-22 have moved into a credit position.
 - There are 7 schools who have moved into a deficit position this year.

- Of the 4 schools still in deficit since last year, 2 of them have increased their deficits, whilst 2 have reduced their deficits significantly. 1 has a notice of concern and the others will continue to work towards their licenced deficit plans.
- There is now only one secondary school in deficit, but they have reduced their deficit by £328k through the year and are working through an agreed licenced deficit plan.
- 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 2022-23 and 2023-24**

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 £11.4m in 2023-24 and a further £14.7m in 2024-25 into an overall deficit position.

Balances as at	Period 9	Actual
31/03/2023	£11.6m	£13.5m
31/03/2024	£2.1m	To be confirmed
31/03/2025	-£12.6m (deficit)	To be confirmed

The actual position for March 2023 is £1.9m 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.

Period 9 estimates confirm continuing difficulties for schools over the medium term, with 69 (out of 92) schools indicating a deficit position in 2024-25 if no action is taken to make savings.

Monitoring budgets has been made more difficult with inflation, utility costs and pay awards being difficult to estimate over the last 12 months, with continuing difficulties into this financial year.

4. **Action Taken to Date**

- Letters have been sent to schools who finished the year in deficit to inform them of the process going forward if a balanced budget cannot be set.
- There have already been meetings with some schools and governors to review and consider the financial position going forward, with more planned.
- Where schools are reviewing staffing levels this is, in a number of cases, leading to reduction of fixed term staff or even the 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 SLA 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 2024-25 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