

WIRRAL COUNCIL

WIRRAL SCHOOLS FORUM 9th July 2024

REPORT OF THE DIRECTOR OF CHILDREN, FAMILIES AND EDUCATION

Delegated School Balances as at 31st March 2024 and Deficit Budgets Review

EXECUTIVE SUMMARY

This report advises the Forum of the level of school balances as at 31st March 2024, the decrease in balances and actions required for schools with a deficit budget.

1. School Balances

School balances at 31st March 2024 have reduced to £10.5m. This is a reduction of £2.4m after the 2022-23 balance has been adjusted for 9 academy conversions during the 2023-24 financial year.

| School Phase (no of schools) | 31.3.2023 Balances £ | 31.3.2024 Balances £ | Difference £ | Change |
|---------------------------------|----------------------------|----------------------------|-------------------|-----------------|
| Nursery (3) | 132,411 | -94,958 | -227,370 | Decrease |
| Primary (65) | 9,595,668 | 9,822,473 | 226,805 | Increase |
| Secondary (4) | 2,123,946 | 2,080,587 | -43,359 | Decrease |
| Special (11) | 1,008,493 | -1,317,203 | -2,325,696 | Decrease |
| Total (83) | 12,860,518 | 10,490,899 | -2,369,620 | Decrease |
| Academy Conversions (9) | 656,219 | | | |
| Total | 13,516,737 | | | |

The average balance for a primary school has increased to £151,116 compared to £138,539 in 2022-23. The overall secondary school balance has reduced slightly, but all 4 secondary schools ended the year with a credit balance.

The LA received a one-off grant for Financial Support for Local Authorities supporting maintained schools in financial difficulty totalling £296k. It was allocated to a number of schools based on the DfE guidance that stated the funding is allocated on a case-by-case bases, taking into account the severity of the school's position and prioritising those in greatest need.

2. Deficit Budgets

There are 17 schools that have ended the financial year with a deficit balance (compared to 14 in 2022-23, adjusting for academy conversions during the year). The overall value of the deficits has increased by £1.1m to £3.6m.

- There is 1 Nursery School in deficit as at 31st March 2024
 - One further nursery is likely to set a deficit budget for 2024-25

- The LA are working with them both to reduce their costs.
- There are 11 Primary Schools in deficit at 31st March 2024
 - 2 schools that had deficits in 2022-23 have moved into a credit position by 31 March 24.
 - There are 4 schools who have moved into a deficit position during the financial year.
 - There are 2 schools that have set a balanced budget for 2024-25
 - There are 2 schools that had credit balances that are setting a deficit budget for 2024-25
- All secondary schools finished the year in credit.
- There are 5 special schools with deficit budgets as at 31st March 2024
 - 3 of which have a continuing notice of concern.
 - 1 has been able to set a balance budget for 2024-25
 - There are a further 3 schools that cannot set a balanced budget for 2024-25 and will become a Notice of Concern. The LA are working with them to reduce costs.

3. Monitoring School Balances and Projections

Projections in future years continue to be cautious due to lack of information concerning funding increases from the DfE at the time of budget setting. Where schools are using their carry forward to set their budget and they have a significant in year deficit going forward schools are advised to review their spending going forward. The outcomes are generally better than budgeted as schools are asked to consider a number of areas to review such as:-

- The size of the in-year deficits in future years
- Pupil numbers, taking account of class sizes and falling rolls
- Agency supply costs
- Amount of non-teaching time
- Controllable non-staffing costs

4. Action Taken to Date

- 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.

Elizabeth Hartley
Director of Children, Families and Education