

# WIRRAL COUNCIL

## WIRRAL SCHOOLS FORUM 14<sup>th</sup> January 2025 REPORT OF THE DIRECTOR OF CHILDREN, FAMILIES AND EDUCATION

### School Balances and Indicative Deficit Balances

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#### 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 due to increased costs during 2024-25, even with additional funding provided in the financial year.

#### 2. Background

There are ongoing cost pressures in schools arising from pay awards, utilities and other inflationary pressures, and around income levels particularly, changes in pupil numbers. There has been additional funding through the Core School Budget Grant (CSBG) for 2024-25, there was also an additional grant in 2024-25 to provide support towards the increased cost of Teacher Pension employer contribution increases from April 2024 (TPECG), and there was also the full year effect of the Teachers Pay Additional Grant (TPAG) from September 2023 towards the additional cost of Teachers Pay awards in 23/24 academic year. These additional grants will be rolled in to the formula budget for 2025-26.

#### 3. Indicative Balances

The final cumulative school balances as at 31<sup>st</sup> March 2024 were £10.25m, which was a reduction from the previous year of £2.38m, after the 22-23 balance was adjusted for 9 academy conversions, to £12.63m.

The table below summarises the estimated balance position after period 6 monitoring, which indicates that balances may reduce by £8.93m by March 2025 with a further reduction by March 2026. If no action is taken school balances will be in a negative position at this time.

The 2023-24 outturn has been adjusted for schools that have converted to academy during the 2024-25 financial year, so that the balances can be compared like for like.

Table 1

Cost Centre	School Name	Brought Forward 23-24	Expected Balance at 24-25	Expected balance for 25-26
<b>Summary</b>	Nursery	94,958	356,678	587,880
	Primary	-9,822,473	-4,253,236	-234,100
	Secondary	-2,080,587	-1,954,695	-1,454,320
	Special	1,317,203	4,024,721	7,909,000
			<b>-10,490,899</b>	<b>-1,826,531</b>
	<b>Academy conversions (2)</b>	<b>233,889</b>		
	<b>Revised balance</b>	<b>-10,257,010</b>		

However, this position tends to be more pessimistic, or cautious, than the final outturn due to higher-than-expected income received towards the end of the year along with closer monitoring of spend by the school if the budget is moving towards a deficit position.

#### 4. Individual School Deficits

There are currently 2 schools with licenced deficits and agreed budget plans and there will be a number working with the LA to put one in place. In addition, there are 7 schools with a Notice of Concern.

On the basis of table 1 the number of schools who may have a deficit budget as at March 2025 would increase to 24 (17 at end of March 2024), with an average deficit of £263k.

Table 2 – expected deficits in March 2025 if no action is taken

	Number of schools	Expected number of schools with a deficit	% schools with a deficit
Nursery	3	2	67%
Primary	61	13	21%
Secondary	4	1	25%
Special	11	8	83%
	<b>79</b>	<b>24</b>	<b>30%</b>

The deficit position is now increasing for all phases but remains particularly difficult for Special Schools. Those schools with small credit carry forward balances at March 24 are most likely moving into a deficit by March 2025. As stated, earlier figures at period 6 are more cautious, so although an increase in deficit budgets is likely, some schools will be able to make savings to stay in credit.

#### 5. Action Taken to Date

- Licenced deficit plans are being worked on with schools that cannot set a balanced budget in 2024-25, and no sign of improvement for future years, with the other schools still working through already agreed plans.
- The Notice of Concern process is currently being reviewed and it is expected that 7 will be managed within this process.
- 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 continued discussions with Headteachers and school finance staff where budgets are not balancing in future years.
- School Bursars continue to support Headteachers and governors with more detailed projections.

#### 6. Future Action

- To review the position of school balances after Period 6 monitoring, taking account of additional staffing costs already detailed and identify schools who will move into a deficit position.

- Contact schools with large projected deficits in future years to discuss ways to reduce in year deficits going forward.
- 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.

## **RECOMMENDATIONS**

1. That Forum notes the report
2. That school budgets continue to be monitored.

**Elizabeth Hartley**  
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