



Report to: Schools Forum

Date: 7th May 2020

Subject: Three Year Budget Forecasts – 2020/21 to 2022/23

Report of: Eleni Ioannides – Interim Director Children and Families

Contact officer: John McDonald – Strategic Finance Manager
Anthony Meehan – Group Finance Manager

Summary: To inform Schools Forum of the outcomes of the three-year budget exercise and the forecasted deficits of schools over the longer term.

Recommendation(s): For Schools Forum to note the contents of the report.

Implications:

*What are the **financial** implications?* n/a

*What are the **staffing** implications?* n/a

Risks: n/a

1. Introduction

- 1.1 In the Autumn Term 2019, maintained schools were asked to complete a three-year budget forecast for the period 2020/21 to 2022/23 and submit this to the LA's finance team.
- 1.2 Forum members have previously requested information on the outcome of the three-year budget exercise and the deficits forecasted by Wigan schools. The purpose of this report is to summarise the 3 year budget returns and provide an overview of the forecasted position for the next 3 years.

2. 3 Year Position

- 2.1 At the time of writing this report, we have received returns from 92 of our 99 maintained schools. We continue to request copies of the three year budgets from those schools that have not yet provided this data.
- 2.2 The figures used in this report have been based on school submissions, however, some values have been adjusted to take account of any materially significant errors identified through our budget checks and to take account of the £4,000 minimum funding levels for Primary Schools in 2021/22.
- 2.3 Provided below is a summary of the deficits projected by Wigan maintained schools and the overall projected out-turn (accounting for both projected surpluses and deficits).

Table 1 – Maintained Schools Three Year Summary

| Year | No. forecasting deficits | Total value of deficits (£) | Total projected out-turn (£) |
|---------|--------------------------|-----------------------------|------------------------------|
| 2020/21 | 32 | -£1,954,465 | £4,427,276 |
| 2021/22 | 53 | -£8,441,277 | -£3,165,802 |
| 2022/23 | 69 | -£19,987,846 | -£15,713,445 |

- 2.4 A further detailed analysis of the figures is included in Appendix 1 of this report, both in relation to the forecasted deficit's and the overall projected out-turn for the next three years, split by sector.
- 2.5 In producing the three year budgets schools were advised to include 3% increases on teachers pay and 2% increases on support staff pay year on year together with inflationary increases on non-pay spend. We also recommended that schools included a 0.5% uplift on funding adjusted for changes in projected pupil numbers which aligns with the lower threshold for the Minimum Funding Guarantee in 2020/21. Whilst this could prove to be on the low side, given the lack of clarity on the impact of future funding increases at a local level and also the split of the increase between schools block and high needs block, it was felt sensible to keep any projected funding uplift to a prudent level.
- 2.6 Most schools are forecasting year on year reductions in balances even if they are not yet in a deficit position. There are, however, some exceptions for

example in some Secondary Schools balances are forecasted to increase due to projected increases in pupil numbers.

- 2.7 Whilst the figures above are a significant cause for concern, it is anticipated that the position will improve over time as ultimately forecasts are often produced on a worst case scenario and schools often make savings in year which improves their financial position. By way of comparison when this exercise was completed in 2018/19, 70 schools were forecasting deficits in 2020/21 with a total value of £10.606m, however, as outlined above, in the 2019/20 exercise, this has reduced to 32 schools, forecasting a total deficit of £1.954m

3. Academy three-year budgets

- 3.1 At a previous forum meeting, it was noted that Academies would be asked to share their three-year budgets for order to provide the full picture of the financial pressures being faced by Wigan schools.
- 3.2 A number of requests for this information have been made to Academies for this information, however, to date we have only received a response from 5 of the 29 Academies. A summary of responses is provided below:

Table 1 – Academy Three Year Summary

| Year | No. forecasting deficits | Total value of deficits (£) | Total projected out-turn (£) |
|---------|--------------------------|-----------------------------|------------------------------|
| 2020/21 | 0 | 0 | £2,638,092 |
| 2021/22 | 0 | 0 | £2,144,151 |
| 2022/23 | 2 | -£99,263 | £509,873 |

- 3.3 Similar to maintained schools, the academies who have provided a response are forecasting 'in year' deficits year on year and it is only as a result of their accumulated reserves that they are able to balance their budgets.

4. Recommendations

- 4.1 Forum are asked to note the information within the report and the future forecasted deficits.
- 4.2 Forum to advise if any further information is required.