

**Report to:** Schools Forum

**Date:** 18<sup>th</sup> March 2021

**Subject:** Three Year Budget Forecasts – 2021/22 to 2023/24

**Report of:** Colette Dutton - Director Children and Families

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**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 2020, maintained schools were asked to complete a three-year budget forecast for the period 2021/22 to 2023/24 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. Assumptions used in Producing the Budgets

- 2.1 When budgeting over a longer period there are a number of unknowns and therefore it is necessary to make certain assumptions to develop the forecasts. Summarised below is the advice provided to schools in respect of the assumptions in producing the longer-term projection:
  - **Funding** – 2021/22 based on indicative budgets, 2022/23 onwards includes 1.5% uplift in funding adjusted for changes in pupil numbers.
  - **Grants** – Assumption that all grants will continue for the three-year period, except for the COVID Catch up premium which is for the Academic Year 2020/21 only.
  - **Teacher Pay** – 0% uplift in 2021/22, apart from unqualified teachers receiving £250 increase. From 2022/23 onwards we have included uplifts to align with Government plans to accelerate the starting salaries to £30,000. Leadership with a 2.5% increase in 2022/23 and 2023/24.
  - **Support Staff Pay** – 0% uplift for basic pay in excess of £24,000, under £24,000 an increase of £250 has been applied. 2.75% increase has then been applied to all pay scales in 2022/23 and 2023/24.
  - **Non-pay Costs and Other Income** – Schools advised to include inflationary increases each year based on local knowledge and inflation factors provided with the annual budgets.

## 3. 3 Year Position

- 3.1 At the time of writing this report, we have received returns from 91 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.
- 3.2 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.
- 3.3 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	% forecasting deficits	Total value of deficits (£)	Total projected out-turn (£)
2021/22	20	22%	-£1,407,318	£5,774,011
2022/23	41	45%	-£5,207,759	-£464,718
2023/24	66	73%	-£12,873,193	-£10,869,693

For comparison purposes, the table below demonstrates the projections schools made in 2019/20 in their longer-term budgets for 2021/22 and 2022/23 compared with the position now, 12 months on:

**Table 2 – Comparison with previous forecasts**

Year	Autumn 2020 Projections		Autumns 2019 Projections	
	No. of Deficits	Value of Deficits	No. of Deficits	Value of Deficits
2021/22	20	-£1,407,318	53	-£8,441,277
2022/23	41	-£5,207,759	69	-£19,987,846

The above highlights an improvement in the overall forecasted position, for which there are likely to be a number of reasons, including:

- Increased funding in 2021/22 of approx. £6m;
- The public sector pay freeze in 2021/22 for staff earning over £24,000;
- Actions taken by school to reduce costs in view of previous projections.

Whilst the position in these forecasts has improved, the number of schools forecasting a deficit position in the medium term is still a cause for concern.

- 3.4 A further detailed analysis of the figures is included in Appendix 1 of this report, both in relation to the forecasted deficits and the overall projected out-turn for the next three years, split by sector.
- 3.5 In 2020/21, we had 6 schools that set a deficit budget, and whilst it is pleasing to note that a number of these schools have addressed the position in year, we have a small number of schools that are struggling to recover their deficit position. In view of the three-year projections, we anticipate that there will be further schools entering a deficit position next year and we will continue to work closely with these schools.
- 3.6 A particular issue in some areas of the borough are falling rolls in our primary schools. Reception intakes for a number of schools were significantly below their PAN last year and projections from our School Organisation team show that this is a trend which is likely to continue over the next few years. This will create further financial pressures in the primary sector in the coming years.

**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.