

PWYLLGOR CRAFFU ADDYSG A PHLANT

25^{ain} Tachwedd 2019

Adran Addysg a Gwasanaethau Plant – Diweddariad Cyllideb

Pwrpas: Rhoi diweddariad i Aelodau mewn perthynas â sefyllfa bresennol cyllidebau dirprwyedig ysgolion.

Ystyried a rhoi sylwadau ar y materion canlynol:

- Trosolwg o sefyllfa ariannol gor-wariant
- Y Cynllun Gweithredu / dull i fynd i'r afael â sefyllfa'r diffyg
- Trafod yr ysgolion a dderbyniodd lythyr ac ymateb hyd yma

Rhesymau:

Mae Cofnod 7.3 o Gofnodion Drafft y Pwyllgor Craffu Addysg a Phlant a gynhaliwyd ar 15 Hydref 2109 yn nodi -

7.3: y dylai'r Pwyllgor dderbyn diweddariad ar orwariant a ragwelir yn yr Adran Addysg a Gwasanaethau Plant, yn y cyfarfod nesaf ar 25 Tachwedd 2019

I'w cyfeirio at y Bwrdd Gweithredol / Cyngor: NA

EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:- Cllr Glynog Davies

Y Gyfarwyddiaeth:

Addysg a Phlant

Awdur yr Adrodiad:

Gareth Morgans

Chris Moore

Swyddi:

Cyfarwyddwr Addysg a
Gwasanaethau Plant

Cyfarwyddwr Gwasanaethau
Corfforaethol

Cyfeiriadau E-bost:

edgmorgans@carmarthenshire.gov.uk

cmoore@carmarthenshire.gov.uk

EXECUTIVE SUMMARY

Education and Children's Services Scrutiny Committee

25th November 2019

Schools Delegated Budgets- To provide Members with an update in regard to the current position of school budgets.

Background

The UK public sector has undergone a decade of austerity, with Local Authorities having borne year on year real term cuts to central funding, whilst demographics and demand for services has further widened the budget gap over this time. Carmarthenshire has bridged a £120m gap over this time through a combination of £30m from Council Tax increases and £90m budget reductions.

Within this context, Schools Delegated Budgets were treated differently to other council departments. The previous Welsh Government administration mandated protection to schools delegated budgets, to a level 1% above its own settlement from Westminster. For the last 3 Annual Budgets, the council has provided a cash neutral budget to schools, meaning that individual schools have needed to deliver efficiencies to balance their own funding position, taking into account distribution changes largely driven by individual fluctuations in pupil numbers. During 2018-19, school balances have fallen from +£1.5million to -£0.4m, suggesting that that schools have in effect overspent by nearly £2million.

2019/20 Financial year (Corporate Budget Report, 20th February 2019 County Council)

Schools Delegated Budgets

The draft budget was constructed on the basis of a cash neutral funding settlement to schools. This recognised forecast inflationary pressures of £2.6m, and therefore a need to schools to deliver efficiency savings to this value. Departmental allocation of pay spine costs has resulted in increased pressure of £251k to schools, which has therefore been added as a cash sum to delegated budgets. In addition, the budget honours the additional funding transferred into the Revenue Support Grant for Teachers pay. Taken together, increases to core budgets and grants will be a cash increase of £2.6m to schools funding, as shown below:

Additional RSG	£497k
Pay spine validation	£251k
Teachers Pay	£922k
Professional development	£900k (est)
TOTAL	£2,570k

Current Position

The year-end position for schools in 2018/19 resulted in a net deficit on school reserves of £373k which is a significant change from the historical situation of holding healthy school reserves within the balance sheet. Currently schools' working budgets are predicting a net overspend in year of approximately £3m. Furthermore, the current budget plans for 2020-21 envisage the continuation of the current cash neutral approach.

In light of the current forecast of a potential significant overspend, Chief Officers and Heads of Service continue to critically review budgetary positions and implement appropriate mitigating actions to deliver services within the allocated budgets.

Considerations

Unchecked, school budgets have the potential to put at risk the financial stability of the Council. As such immediate action must be taken both to address the current overspend position as well as prevent recurrence in future years. The position is being addressed by the Directors in liaison with Portfolio Members, and an Action Plan with corrective actions has been developed.

To date the following actions have been undertaken-

1. A detailed Action Plan has been developed by officers from both the Education Department and Corporate Financial Services.
2. At the end of September, the Director of Corporate Services sent a letter to schools with deficit budgets (6 Secondary, 1 Special and 23 primary schools). The letter outlined the current challenges, critical financial position for schools and the requirement for immediate action to reduce the projected overspends.
3. Two meetings have been held between Secondary Headteachers and the Chief Executive and Directors to discuss the current position and to consider strategies to address the position.
4. A meeting has been held with the Primary Headteachers and Directors to discuss the current position and to consider strategies to address the position.
5. Allan Carter, Senior Manager- TIC Schools has developed a toolkit for schools to compare spend on specific areas of provision. This has been piloted with 2 schools and will now be used across all Secondary Schools. A primary school model is also being developed.
6. The Headteacher/Chair of Governors of each school contacted were requested to arrange a meeting with senior officers to discuss, develop and progress an action plan specific to their school. These meetings have now commenced.
7. Themes to explore/develop which derived from the meetings with Headteachers and individual school meetings will be progressed.
8. Regular updates will be provided to the Executive Board and Corporate Management Team.

DETAILED REPORT ATTACHED?	YES
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IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed:



Director of Education and Children's Services

Policy, Crime & Disorder and Equalities NONE	Legal YES	Finance YES	ICT NONE	Risk Management Issues NONE	Staffing Implications YES	Physical Assets NONE
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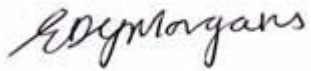
Legal- Implementation of recommendations will need to comply with schools regulations – legal department to be consulted.

Finance- Failure to take significant and urgent action could result in a large overspend

Staffing Implications- Given that the majority of school budgets are staffing related, schools will need to review staffing structures

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below



Signed:

Director of Education and Children's Services

1. Local Member(s)

2. Community / Town Council

3. Relevant Partners – Meetings with Headteachers and Chairs of Governing Bodies are being held/planned to discuss individual challenges.

4. Staff Side Representatives and other Organisations