

## **MEDIUM-TERM FINANCIAL PLAN** **SAVING PROPOSAL ASSESSMENT**

**DIRECTORATE:** Education  
**SERVICE AREA:** Education (Schools)

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### **1. GENERAL INFORMATION**

**SAVING PROPOSAL TITLE:** Schools ISB (Individual School Budget)  
**BUDGET AREA:** Schools Related – Individual Schools Budget (Formula Funding)  
**TOTAL BUDGET FOR THIS AREA:** Revised Budget 2022/23 £123m  
**% OF TOTAL BUDGET IN SAVINGS PROPOSAL:** 2%  
**TOTAL SAVING:** £2.528m

**Please provide a brief description of how the saving will be achieved:**

In 2023/24 the total estimated cost pressures for schools is estimated at £12.928m, it is proposed that additional funding of £10.4m is allocated to schools which is an uplift of circa 8.5%. This uplift will support service pressures, the anticipated pay award and general non-pay related inflationary pressures, with the exception of inflationary increase linked to energy costs. The 2023/24 estimated energy cost increases (£5.055m) are proposed to be funded at 50%, schools are asked to manage the £2.528m (50%) estimated pressure as part of their budget planning.

Schools are required under their delegated powers to balance their own individual budgets. How schools manage any financial pressures will vary from school to school.

As part of normal financial planning and projections for future years, it had already been estimated that there could be a 1% reduction on the schools ISB in 2023/24, so whilst this is a greater budget reduction, some of this cost pressure is already built into each school's financial projections for the year ahead.

In 2022/23, due to a change in UK policy, the 1.25% additional national insurance contribution for both employees and employers ended in November 2022. The Authority is not looking to clawback this "saving" in the school's formula allocations for 2022/23, consequently the in-year saving of circa £526k will remain with schools for the period to 31<sup>st</sup> March 2023.

As at 31<sup>st</sup> March 2022, school balances totalled £17m (this must be reviewed cautiously though as balances were not evenly shared across all 85 schools); and no school reported a budget deficit. School balances increased significantly over the period and this was very much linked to circumstances linked to Covid-19. School balances are forecast to reduce by the end of financial year 2022-23 and it is anticipated that there will be a small number in a deficit position. Schools are supported through established processes.

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## 2. PUBLIC IMPACT ANALYSIS

### PLEASE DESCRIBE HOW THE PROPOSED SAVING COULD IMPACT UPON THE PUBLIC:

Consider the 5 ways of working, in particular, *long-term* implications for future generations and *preventative services*. Recognising that savings now may be needed to secure future provision, or may secure provision in another area.

**Long-term guidance:** Consider the importance of balancing short-term needs with the need to safeguard the ability to meet long-term needs.

Since schools are responsible for setting their individual budgets, the impact will vary from school to school

The Authority has established processes in place to support schools and any issues would be picked up as part of normal process.

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**Prevention guidance:** Consider whether the proposed saving is affecting a preventative area that reduces future burdens and supports well-being.

NA

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**DOES THE PROPOSAL HAVE THE POTENTIAL TO IMPACT MORE GREATLY ON PEOPLE WITH PROTECTED CHARACTERISTICS?** (age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation)

\* Yes  No

This will need to be considered at individual school level whilst setting the budget for 2023/24.

**DOES THE PROPOSAL IMPACT ON PEOPLE WHO FACE SOCIO-ECONOMIC DISADVANTAGE?** (low income/income poverty, low wealth/or no wealth, material deprivation, area deprivation, socio-economic background, cumulative impact – information on [Policy Portal](#))

\* Yes  No

This will need to be considered at individual school level whilst setting the budget for 2023/24.

**DOES THE PROPOSAL HAVE AN IMPACT ON THE WELSH LANGUAGE?** (opportunities to use the language, promote the language and/or treating the Welsh language less favourably than the English language)

\* Yes  No

This will need to be considered at individual school level whilst setting the budget for 2023/24.

**NB \*** If **YES** to any of the above, please complete an [Integrated Impact Assessment](#) (IIA). For further advice and guidance please see the [Policy Portal](#). A Saving Proposal Template or an IIA, if relevant, must be submitted to be included as hyperlinks to all decision reports related to the proposed savings. IIAs are not required for nil impact proposals.

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**PLEASE DETAIL ANY CONSULTATION THAT HAS BEEN UNDERTAKEN IN CONSIDERING THIS PROPOSAL.** Summarise any feedback received.

Consider the 5 ways of working, in particular, *involvement*.

**Involvement:** Consider whether you have involved people who have an interest in the service area, including service users and potential service users.

- Headteachers meeting with Director and Senior Officers on Wednesday 21<sup>st</sup> December 2023, presentation circulated to All Schools (All Heads) on the same day.
- Proposals discussed with Education SMT; Director, Head of Financial Services & S151; Cabinet Member and Leader of the Council.
- Consultation as part of the Authority's 2023-24 budget consultation process.

**Consultation on these proposals was undertaken, as part of the Authority's 2023-24 budget consultation process. In general, cuts that will impact on schools and education were not supported, including the proposal that schools will manage 50% of increased energy costs in the next financial year. Since schools are responsible for setting their individual budgets, the impact will vary from school to school**

**The Authority has established processes in place to support schools and any issues would be picked up as part of normal process.**

**IS FURTHER CONSULTATION REQUIRED BEFORE THIS PROPOSAL CAN BE IMPLEMENTED?**

Yes  No

As part of the Authority's 2023-24 Budget Consultation process.

**NB\*** Please seek guidance from Corporate Policy, who can advise on whether a formal consultation is required and adherence to the Gunning Principles.

**TAKING ACCOUNT OF THE ABOVE AND THE IMPACT RATING DEFINITIONS, PLEASE INDICATE THE PUBLIC IMPACT RATING APPLICABLE TO THIS SAVING PROPOSAL (please tick):**

Nil       Minor       Moderate       Significant       Critical

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### **3. ORGANISATION IMPACT ANALYSIS**

**PLEASE DESCRIBE HOW THE PROPOSED SAVING COULD IMPACT UPON THE ORGANISATION:**

- Reduce the level of school balances (spent to the benefit of the school which is positive)
  - For those schools with low balances this could mean that the school is reporting a deficit balances position by the end of financial year 2023-24.
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**PLEASE DESCRIBE HOW THE PROPOSED SAVING WILL IMPACT UPON MEMBERS OF STAFF:**

The significant spend in any school is staffing related. Consequently, there could be a need to reduce staff hours / and or the staffing numbers for some. This will be reviewed and determined by each school with established support.

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**NUMBER OF FULL-TIME EQUIVALENT (FTE) STAFF IN BUDGET AREA AFFECTED:**

**NUMBER OF POSTS AFFECTED BY THE PROPOSED SAVING:** Managed by Schools

**PLEASE SPECIFY HOW THIS WILL BE MANAGED:**

**HOW MANY POST(S) .....(please state)**

- ALREADY VACANT:
- VOLUNTARY SEVERANCE:
- RETIREMENT:
- REDEPLOYMENT:
- REDUNDANCY:

**PLEASE PROVIDE DETAILS OF WHEN THIS WILL BE IMPLEMENTED:**

**WILL THE PROPOSED SAVING HAVE AN IMPACT ON ANOTHER DIRECTORATE, SERVICE AREA OR TEAM WITHIN THE COUNCIL?** (please tick)

Yes  No

This proposal could impact a school's decision on how funds are spent, which could impact within the Authority.

**WILL THE PROPOSED SAVING HAVE AN IMPACT ON ANOTHER PUBLIC SECTOR PARTNER, OR VOLUNTARY SECTOR PARTNER?** (please tick)

Yes  No

If **yes**, please consider the 5 ways of working, in particular *integration*.

**DESCRIBE:**

- THE AREA(S) AFFECTED; AND
- HOW THE PROPOSED SAVING WILL IMPACT

**Integration guidance:** Consider how the proposal will impact on other service areas, or partners, and their ability to meet their objectives.

If a school's financial position is such that it is required to find a saving from within its budget allocation, then this could impact spend going forwards.

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**HAVE ANY OPTIONS BEEN CONSIDERED TO MITIGATE ORGANISATIONAL IMPACT?**

**PLEASE PROVIDE DETAILS OF ANY MITIGATION** (e.g. gradual reduction in service, income generation, transferrable skills of staff, commercialisation of the service etc.)

In addition, consider the 5 ways of working, in particular, acting in *collaboration* with other service areas or partners.

Each Head Headteacher & Governing Body will determine the spending plan / budget for the coming financial year. This planning is part of a schools Strategic Development Plan.

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**TAKING ACCOUNT OF THE ABOVE AND THE IMPACT RATING DEFINITIONS, PLEASE INDICATE THE ORGANISATIONAL IMPACT RATING APPLICABLE TO THIS SAVING PROPOSAL** (please tick):

Nil  Minor  Moderate  Significant  Critical

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**4. LINKS TO POLICY AND CORPORATE OBJECTIVES**

**DOES THE SAVINGS PROPOSAL LINK TO ANY OF THE FOLLOWING?**

If so, please specify and state what the implication may be.

**POLICY AREA:** Well-being Objective

**CORPORATE PLAN and WELL-BEING OBJECTIVES (please state which objectives)**

**WHAT IS THE LINK?**

Improving Educational Outcomes for All

**WHAT WILL BE THE IMPACT?**

Impact at School level and will be different for each. Each school will make their own decisions in how they plan and set the budget for the new financial year.

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**POLICY AREA:**

**STATUTORY DUTIES (including the requirement to provide services in Welsh)**

**WHAT IS THE LINK?**

**WHAT WILL BE THE IMPACT?**

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**POLICY AREA:**

**WELSH GOVERNMENT GUIDANCE or STRATEGY**

**WHAT IS THE LINK?**

**WHAT WILL BE THE IMPACT?**

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**5. OTHER RISK(S) AND SENSITIVITIES**

**HAVE ANY OTHER RISKS BEEN IDENTIFIED IN CONNECTION WITH THIS SAVING PROPOSAL?**

Yes  No

IF YES, PLEASE SPECIFY BELOW:

The detail of any risk will be at school level. Schools are notified of their formula funding allocation 5 working days after the Full Council approve the 2023/24 Budget Proposals (late February).

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**PLEASE SPECIFY BELOW ANY OTHER MITIGATION:**

Not all risks can be mitigated. Some may need to be tolerated in the context of budget pressures.

- Managed at school level.
  - Total School Balances as at 31<sup>st</sup> March 2022 totalled £17m.
  - In Year (2022-23) employers national insurance saving retained by schools (£526k), until 31<sup>st</sup> March 2023.
  - Additional pay inflation supported in 2022/23 financial year.
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**6. OTHER RELEVANT INFORMATION**

**PLEASE USE THIS SECTION TO PROVIDE ANY OTHER RELEVANT INFORMATION WHICH YOU FEEL HAS NOT BEEN CAPTURED.**

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**HEAD OF SERVICE:** Head of Education Keri Cole

**DATE OF COMPLETION:** 14 February 2023