

## APPENDIX 5

### DEALING WITH THE SCHOOLS' BUDGET IN 2019/20

1. Whilst developing a savings strategy and draft budget for 2019/20, a way ahead was agreed in order to avoid transferring a further savings target for Gwynedd schools again this year.
2. The schools' budget will increase this year due to the usual "demography" adjustments, which derive from changes in the number of pupils. The actual number of pupils in September 2018 is used to calculate 2019/20 allocations. The position varies from school to school, but on the whole the effect of an increase in pupil numbers means that the schools' budget in its entirety will increase £418k, which includes a reduction -£260k primary, an increase +£617k secondary, and +£61k for special schools. Against this year's £617k increase, the secondary sector achieves a saving of £299k in 2019/20, following a decision to defer for two years from 2017/18, when the secondary demography was negative.
3. It can be seen in the 'bids' part of this report (Appendix 2) that there is a recommendation to agree to fund bids worth £593k for the Education Department, towards the transport (£400k) and integration (£193k) budgets, which means that the cost of 'Education' increases substantially between 2018/19 and 2019/20. However, there is a reduction of £247k in schools allocations in accordance with the Additional Learning Needs and Inclusion Strategic Review. Certainly, having taken inflation of over £4m into consideration, the schools' budget will be much higher in 2019/20 than the 2018/19 level.
4. Also, there are a number of Welsh Government specific grants in the Education field. Whilst it appears that there will not be a "cash" reduction for these grants this year, it seems that the Government doesn't add inflation to their grants. Therefore, with costs (teachers' salary and pension inflation) increasing 5%, schools will perceive the position of some of the Government's grants as a cut in "real" terms. However, our schools will receive a new grant from the Government towards teachers' training.
5. The Westminster Government have increased the Teachers' Pension Scheme employers' contribution rate from 16.5% to 23.6% from September 2019. This will cost £1.6m for the 7 months in 2019/20, and the full year effect by 2020/21 will be £2.8m. It is 7% of the teachers' pay bill, but a 40% increase in employers' pension contributions.

While drafting this budget, it was assumed that the Welsh Government will fund the 2019/20 teachers' pension increase through a specific grant. In January 2019, the Department for Education have consulted with the education sector mentioning "fully funding" the cost (£910m) for schools in England. A consequential allocation to the Welsh Government is anticipated, and in turn that would be passed on to local authorities, and then on to schools.

If there is no specific grant funding, or if the grant is far from being sufficient, at that time the Council will revisit this and discuss with schools how to deal with the one-off pressure in 2019/20.