

REPORT TO THE EDUCATION AND ECONOMY SCRUTINY COMMITTEE

Committee:	Education and Economy Scrutiny Committee
Date:	21 November 2019
Title:	The Education Department and the Economy and Communities Department's savings proposals to meet their share of the potential £2m budget gap for 2020/21, as well as offering alternative schemes to address the lack of current savings schemes for the Education Department.
Purpose:	Scrutinise the proposals of the Education Department and the Economy and Communities Department to find the amount of savings and consider what those, or the alternative options, would mean.
Contact Officer:	Head of Education Department – Garem Jackson Head of Economy and Community – Sioned E Williams
Cabinet Member:	Education Department – Cemlyn Williams Economy and Community Department - Gareth Thomas

1. Introduction / Background

Over the past 12 years, the grant we receive from the Welsh Government has not been sufficient to meet inflation, which has led to a financial situation where the Council has had to make significant savings.

It is not possible at this time to give assurances on the financial position of 2020/21, as it is premature to confirm the pay agreement, financial settlement, the level of grant for 2020/21, as well as a number of other factors. However, we considered how we are going to cope with the situation, and the possibility that our settlement might not be adequate.

A report on coping with the 2020/21 financial position was presented to Cabinet on 23/7/19, which stated that the Council needed to plan on the basis of a financial gap with a range of between £2m and £7m. It was decided to plan on the basis that a £2m gap (the most optimistic situation) needed to be met by asking departments to find their share to address that amount, which corresponds to the resource deficit the Council is likely to face due to inflation.

If the gap faced by the Council exceeds £2m, the intention is to use balances and/or set a higher increase on Council Tax to give us time to find a permanent solution.

2. Proportion to be found by Departments

The Council's accountants have apportioned the £2 million between departments, on the basis of a standard share of 0.78% of gross budgets, having adjusted for grants, etc. Departments were informed of their share of the sum to be found in July 2019, with the relevant amount for the Education Department being £728,080 (Education Department £120,030 and Schools £608,050) and the Economy and Communities Department being £66,910.

Departments can identify part of the savings by not adding inflation in full or in part to some of the budgets that can be managed and reduced, such as travel costs, office supplies, etc. In addition, it is permissible to identify a new stream of income as a source, but it is not possible to raise the level of fees and charges to find the savings.

3. Departmental Proposals

See **Appendix 1** which contains the departmental proposals to meet the required amount, together with the implications of using the source as savings on the Department.

4. Alternative Schemes

The Education Department has two historical saving schemes that have previously been approved where the Department now recognises that the savings cannot be realised. Details of the relevant historical schemes, together with an alternative scheme suggested by the Department to replace the historical schemes, can be found in **Appendix 2**.

5. Recommendations

Ask Members to:

- Approve departmental proposals to meet their share of relevant savings
- Approve the recommended alternative scheme by the Education Department to replace two of their historic schemes where the savings cannot be realised.

Appendices

Appendix 1 – Education Department and Schools Savings Proposals List

– Economy and Community Department's Savings Proposals List

Appendix 2 – Education Department's Historical Schemes to be replaced by an Alternative Scheme

Education Department and Schools Savings Proposals List

Amount £	Budget Heading and Proposals	Impact on Residents
Schools		
£31,620	Allowance per head - not to add inflation fully	A relatively small reduction in the educational resources available to pupils, and thus a need for the schools to be more efficient in their use of resources.
£112,530	'Integration - Individual Development Plan (IDP)/Statements' - following the forewarning given to Schools along with their three year financial projections in November 2018, the heading 'Integration - Other' was deleted from schools' financial distribution for 2019/20. The reason for deleting the heading was to finance the continued overspend seen recently in the field of 'Integration - Individual Development Plan (IDP)/Statements'. With the latest statistics suggesting that the IDP/Statements overspend is less than expected, it would be possible to transfer the free part of the budget to contribute to the schools' savings target.	The schools have already had to cope with losing this sum from their allocation for 2019/20. The impact of this was a reduction in the budget the school usually received for supporting pupils with additional learning needs, who are not the subject of an IDP/Statement. This means less support for the pupils at a School Action and School Action Plus level (i.e. the provision a School arranges for its pupils).
£463,900	Allocation Formula - the remainder of schools' savings target is to be funded by increasing the 'Pupil Teacher Ratio' in the allocation formula. The sum was split based on primary school pupils aged 3-10 and secondary school pupils aged 11-15 in accordance with the weighting given to the age of pupils in the allocation formula.	This action will lead to a reduction in the number of teachers and/or a reduction in the number of ancillary staff, and this could have an impact on educational standards.
£608,050	Sub-Total	

APPENDIX 1

Education Department		
£17,630	Various - not to add inflation fully on non-staff resources.	No impact on residents based on the fact that officers will cope with the saving by being more efficient in their use of resources.
£55,900	A reduction in the annual contract cost of the WJEC - the cost reduction has already been achieved by a combination of joint efforts between WJEC, the Welsh Local Government Association and the Association of Directors of Education in Wales to identify financial efficiency savings.	No impact on residents.
£46,500	Reduce the development fund - the Education Department has a (relatively small) development fund, worth £89,710 prior to the implementation of this saving. The fund allows the Department to invest in one-off priorities in a timely manner outside of the Council Plan. Following an assessment of the Education Department's budget and a prioritisation exercise, the consensus is that it would be possible to reduce the development fund. However, it is emphasised that this will not be the option we turn to, should there be a need to identify further savings in the future.	Reduces the Education Department's ability to fund some priorities outside the Council Plan, which could lead to a relatively small impact on residents.
£120,030	Sub-Total	
£728,080	Total	

Economy and Community Department's Savings Proposals List

Amount £	Budget Heading and Proposals	Impact on Residents
£17,530	Not add inflation fully or partly on headings that can be managed - supplies and services headings mainly	Marginal savings on the headings that can be managed - these savings are not expected to have an effect on citizens
£8,290	Not add inflation fully or partly on budgets that contribute to renewal funds. Maritime and Leisure Funds specifically	Involves a reduction in the investment to renew equipment in future that could impact on the quality of service and on income targets
£1,920	Not add inflation on the Grants to the Arts heading	Involves a reduction in the grant we are able to distribute to partners to promote the arts in the future
£12,820	Delete the Leisure Service's reserve budget. With the transfer of the management of the leisure service to Cwmni Byw'n Iach on 1/4/19, a budget was set up for unexpected expenditure outside the Department's control. For example, this year urgent maintenance work was carried out at Glaslyn Centre as a result of a leaking water-pipe which has resulted in a higher than expected cost on the "water purchase" budget	No direct impact on residents but this proposal means that the Department has no source to finance unexpected issues out of our control and will therefore result in overspend
£2,650	Archives Service Savings - by using digital methods to reproduce photographs and promote events	Efficiency savings therefore no effect on Gwynedd residents

APPENDIX 1

£7,200	Savings by deleting the Libraries Service Digital Co-ordinator post. This is a vacant post and as a result of the Ffordd Gwynedd review the service has reconsidered its priorities and is proposing to delete part of the post as a cut with no direct effect on the digital provision field	Efficiency savings therefore no effect on Gwynedd residents
£1,000	Savings on the "Community Arts" budget	Reduction in the arts activities arranged for Gwynedd residents. These are activities which specifically target health, welfare and learning needs
£4,000	Savings at Parc Padarn due to restructuring staffing arrangements undertaken following the efficiency savings target and the early retirement of the Park Manager back in 2014/15	Efficiency savings therefore no effect on Gwynedd residents
£500	Department Management Savings - stop purchasing daily newspapers	Efficiency savings therefore no effect on Gwynedd residents
£2,000	Maritime Service Crown Estate lease savings. The Council has entered into a "composite lease" contract with the Crown Estate for the Gwynedd coast. Discussions have started to adapt the Hafan lease to be based on current turnover rather than historical turnover. The current contract commits the Council to expenditure of £144,990 at Hafan, Pwllheli. The current budget is £153,200 but as yet there is no information regarding what will be owed in the future. However, it is anticipated that there is sufficient scope to provide £2,000 as savings	Efficiency savings therefore no effect on Gwynedd residents

APPENDIX 1

£6,000	Reduce expenditure on several business support team headings including office, marketing, networking, subscription costs, etc	The cut will reduce the Service's capacity to engage with businesses by reducing the number of marketing and networking campaigns
£3,000	Reduce the expenditure on several headings within the Tourism, Marketing and Events Service mainly specific budgets for marketing and external events.	There will be a reduction in the support available for local businesses with fewer marketing campaigns and sessions to engage with the sector
£66,910	Total	

Education Department's Historical Schemes to be replaced by an Alternative Scheme

Historical Schemes that will not realise savings

Amount £	Savings Schemes	Difficulties in realising
Education Department and Schools		
£100,000	Reduce the time and/or charge a fee for the care element within the Free Breakfast scheme in primary schools - fee of £0.80 per day.	<p>The scheme was originally based on an estimate that this would attract income fees of £190,000 from parents, with an increase of £90,000 in expenditure, mainly due to the costs associated with moving over to an online payments system for parents/guardians (with the system also allowing online payments for school meals and a number of other financial transactions between parents/guardians and the school) Changing to an online payment system has facilitated school payment arrangements for parents/guardians.</p> <p>The estimate was based on the belief that the scheme would attract income worth £190,000, following a research with parents suggesting that the demand for care (which was already established under the Free Breakfast scheme) would reduce by 45% in raising a fee of £0.80. In reality, the demand has reduced by nearer to 62%.</p>
£10,000	Increase the fee for the preschool care club from £0.80 to £1.00 per day. A net saving of £43,000 was estimated.	Consideration has not been given to the unexpected drop in demand noted above.
£110,000	Total	

Alternative Scheme to replace Historical Schemes

Amount £	Budget Heading and Proposals	Impact on Residents
Education Department and Schools		
£110,000	Use of the 'Integration - IDP/Statements' reserve budget - established in the 2019/20 budget by deleting the 'Integration - Other' heading from the schools' allocation formula (see Appendix 1 for a full explanation).	<p>The schools have already had to cope with losing this sum from their allocation for 2019/20. The impact of this was a reduction in the budget the school usually received for supporting pupils with additional learning needs, who are not the subject of an IDP/Statement. This means less support for the pupils at a School Action and School Action Plus level (i.e. the provision a school arranges for its pupils).</p> <p>It is intended to continue to review the care provision and the wider 'Free Breakfast' scheme, including forewarning schools of the intention to withdraw the provision where the cost per pupil is high due to unreasonably low take-up. Should this lead to savings it would be possible to consider re-investment in the additional learning needs field if financial circumstances allow.</p>
£110,000	Total	