

## APPENDIX 5

### DEALING WITH THE SCHOOLS' BUDGET IN 2021/22

- Background:** It was reported to the 25 January 2021 meeting of the Schools Finance Forum on relevant elements of the Council's draft budget for 2021/22, where it was noted that there would be a normal increase in the quantum of Gwynedd schools this year, as the Council (unlike some local authorities) would honourably fund inflation, salary increments, and demography.
- Inflation:** While the Chancellor of the Westminster Government is urging a pay freeze for staff in other services from April 2021, the schools' budget will increase this year by **£1.1m** by adding provision for teacher's pay inflation. This will cover the cost of an average increase of 3.1% for the 5 months April - August, being the full year effect of the September 2020 pay agreement. Of course, schools' allocations for energy will also rise with the relevant level of inflation.
- Staff Salary Increments:** £262k is added to the Council's budget for 2021/22 due to net increments of staff turnover. **£212,500** of this addition will go to school budgets: £116,500 for the Primary sector and £96,000 for the Secondary sector.
- Demography (pupil numbers):** The schools budget will increase this year due to the usual "demography" adjustments, resulting from changes in pupil numbers. The actual September 2020 pupil numbers will be used to calculate the 2021/22 allocations. The situation differs from school to school, but on the whole the effect of increasing pupil numbers means that the overall schools budget would rise by **£187k**, which includes a reduction -£260k for the Primary sector and an increase of +£447k for the Secondary sector.
- Bids Recommended for Approval:** It can be seen in the bids section (Appendix 2) of this report that there is a recommendation to agree funding of 2021/22 permanent 'bids' for the Education Department to the total value of **£495k**, to fund the higher cost of taxi and trains transport for pupils (£145k permanent and a further £145k one-off), free school meals (£124k) and to strengthen early years additional learning needs provision (£226k).
- Additional Requirements for Additional Learning Needs (ALN):** I understand that the Education Department is considering consulting schools on the possibility that the delegated cash quantum funds **£163,080** worth of departmental budget for the ALN field, being £63,580 for a 'Co-ordinator / ALN Quality Officer', and £99,500 for 'ALN Resolving Disagreements'. £163,080 is equivalent to about 0.2% of the delegated cash quantum, so by 2020/21 there should be no significant change to the current pupil:teacher ratio in the school budget allocation formula as a result of this.

7. **No New Savings:** Once again this year, in developing the Council's budget for 2021/22, a way forward was agreed to avoid asking Gwynedd's schools for additional new savings. Between 2015/16 and 2021/22, Gwynedd Council will have realised £31m of savings schemes, of which £4.3m (14% of the savings) has been harvested from the schools (which represents 30% of the Council's net expenditure).
8. **Historical Savings:** Among £966,720 (gross total) of historic savings that the Council hopes to realise in 2020/21, the Education Department has **£65,000** of 'further organisation savings' to come out of the 2021/22 schools budget. This £65k contributes to the £4.3m savings decided upon in 2016 as a financial strategy for the three years 2016/17 - 2018/19. These savings were based on the priorities set out in the 'Gwynedd Challenge' public consultation, when Gwynedd, like most councils in Wales, faced a significant funding gap. Rather than cutting all school allocations, in 2016 this element of the £4.3m savings was allowed to be deferred until after 2018/19, to be harvested now when the organisational efficiency is available. This £65,000 efficiency saving now stems from the modernisation of schools in the Bala area.
9. **Post-16 Grant:** By 2021/22, generally, there will be quite a significant increase in post-16 grant allocations to Gwynedd secondary schools with 6<sup>th</sup> forms. The Welsh Government has been funding the 6<sup>th</sup> form directly for some time now, and Gwynedd's favourable increase this year follows some recent years when these grant allocations have been less favourable to our relevant secondary schools.
10. **Education Specific Grants:** It appears that specific Welsh Government grants will continue in Education in 2021/22 at a similar level to 2020/21.
11. **General Conclusion:** Having taken all the above factors into consideration, the schools budget will be significantly higher in 2021/22 than the 2020/21 'cash' level, but quite similar in 'real' terms.