

MEETING	Education and Economy Scrutiny Committee
DATE	12 December 2024
TITLE	School Revenue Budgets
REASON TO SCRUTINISE	To ensure the Scrutiny Committee's input and understanding of the impact of cuts, demography and grants on school revenue budgets
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1. Why it needs scrutiny?

1.1 This report is submitted in response to a request from members of the Education and Economy Scrutiny Committee to receive a report on School Revenue Budgets.

2. What exactly needs scrutiny?

2.1 The purpose of this report is to present information on the situation of School Revenue Budgets and the impact that any reduction in the revenue budget will have on Gwynedd Schools.

3. Summary of the Key Matters

3.1 This report summarises the difficult situation facing Gwynedd Schools as a result of the current financial climate, and the impact of cuts, changes in demography, and potential changes to grants on school revenue budgets. Any reduction to school revenue budgets has an impact on all aspects of the school including staffing levels, standards and increasing work pressures on staff, educational resources and experiences, maintenance, risk management, as well as staff's ability to run the schools.

4. Background / Context

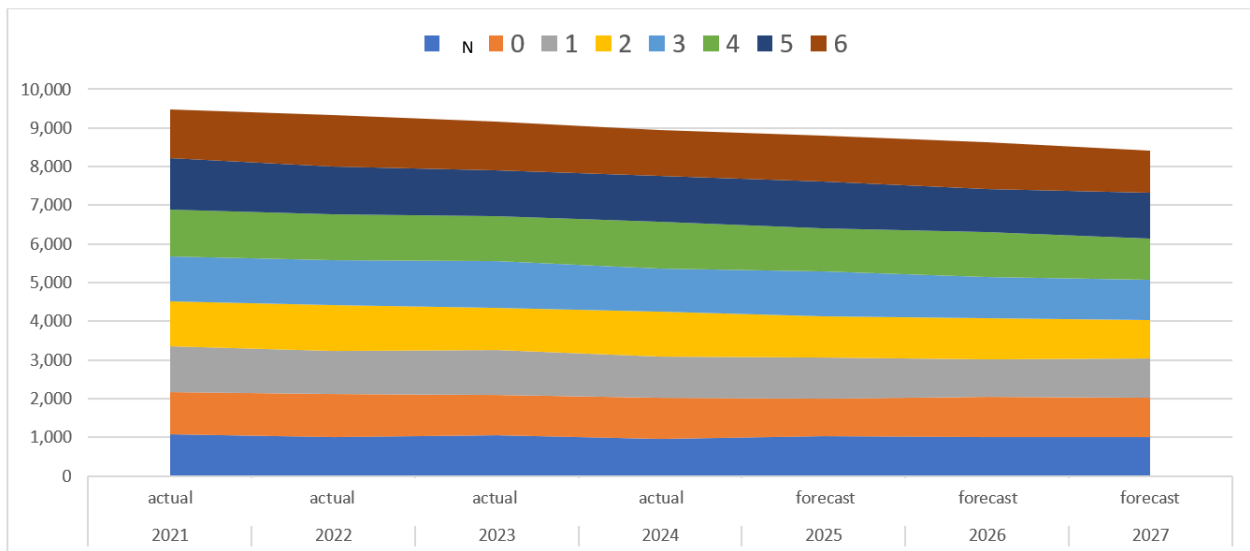
4.1 The Impact of Reducing School Budgets

4.1.1 What is the impact of cuts on school budgets in Gwynedd?

4.1.2 With the Council's financial situation intensifying, the Council had to implement a cut of 2%, which is £1.965 million over 2 years, namely 2023/24 and 2024/25 on the schools' revenue budget. The impact of this cut on schools is further detailed in point 4.3 of this report.

4.1.3 What is the impact of demography changes on school budgets in Gwynedd?

4.1.4 The number of learners in **primary** schools in Gwynedd has continuously declined over the past 5 years, with a projected 1,060 fewer primary learners in our schools between 2021 and 2027, as the table below shows:

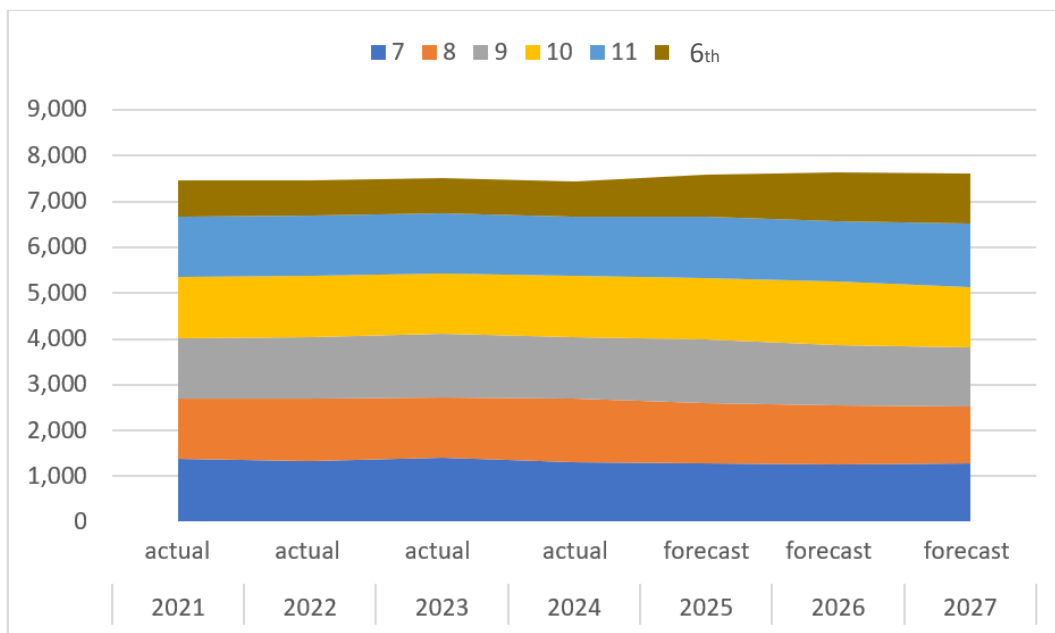


4.1.5 Between September 2023 and September 2024 there were 182 fewer learners in the primary sector resulting in a reduction of £338,000 in the total funding (based on learner numbers) devolved to Gwynedd primary schools in 2025/26.

4.1.6 Furthermore, the primary schools themselves anticipate a further reduction of 144 pupils in the primary sector by September 2025, and a further reduction of 134 pupils by September 2026. This further reduction of 460 learners in the primary sector between September 2024 and September 2026, will result in a reduction of approximately £1.2million in the budget devolved to Gwynedd primary schools over the period.

4.1.7 In the secondary sector there is a different funding model for KS3 and KS4 although the two key stages are funded by Cyngor Gwynedd, with the 6th form in 6 secondary schools in Arfon and Ysgol Godre'r Berwyn being funded by a body new MEDR. Between September 2023 and September 2024, there are 75 fewer learners in the secondary system, leading to a reduction of £248,000 in the total funding (based on learner numbers) that will be devolved to Gwynedd secondary schools in 2025/26.

4.1.8 However, **secondary** schools are forecasting a 166 increase in their numbers over the subsequent two years (September 2026 and September 2027) as the table below shows:



However, we want to give the secondary schools a further opportunity to revise their forecasts given the reduced primary sector learner numbers that will feed into the secondary over the next few years. As a result, over the next period, we will work with the schools to improve the basis of the projections to ensure more reliable information in terms of forward planning.

4.1.9 The 6th form in 6 secondary schools in Arfon and Ysgol Godre'r Berwyn are funded by the new MEDR body. There were 23 fewer post-16 pupils in the 6th form between September 2023 and September 2024 resulting in a budget reduction of £92,000 for 2025/26. Again, the secondary/all-through schools anticipate an increase in post-16 learner numbers over the subsequent two years (September 2026 and September 2026), but as with KS3 and KS4 numbers, we will re-visit this. Based on the above, therefore, secondary schools face a total of £340,000 less in the budget in 2025/26.

4.1.10 In the all-through sector, learner numbers are a combination of primary and secondary, with 32 fewer pupils between September 2023 and September 2024, resulting in a £56,000 reduction in available funding in 2025/26. Similarly, we will re-visit the secondary age forecasts of the all-through schools as noted above.

4.1.11 There has been an increase in the intensity of pupils' needs in the special schools in the last two years. An increase in learner numbers means that the special schools have not seen the effect of changing demographics in the same way as the rest of the system's schools. In general, the special schools are protected from any financial cuts by the Council. As a result, the financial situation of the special schools has been more stable over a period of time compared to the rest of the system.

4.1.12 When planning for 2025/26 and onwards, it must be considered that schools have used £3.784million worth of balances to set their budgets for this year. As a result, it will be a significant challenge for schools to set a budget for 2025/26 if no staff/resource cuts have occurred in 2024/25. Therefore, other than if a school anticipates an increase in learner numbers to maintain or increase the financial allocation it is due, it is inevitable that schools will have to use any remaining balances if any cuts are to be postponed from 2025/26. It is recognised that this situation is not sustainable in the mid/long term.

4.1.13 Changes in grants are also having an impact on school budgets. Learner numbers is the main driver in the formula and an increase or decrease in learner numbers can have a significant impact on the amount of grants allocated to an individual school. Welsh Government grants are also driven by learner numbers. The impact of learner numbers on school allocations and grants for 2025/26 shows a reduction of £1.177million including everything we are currently aware of, and can be broken down by sector as follows:

- Primary - £848,000
- Secondary - £176,000
- All-through - £144,000
- Special - £10,000

4.1.14 Neither the Council's settlement nor school grants for 2025/26 have been confirmed as yet. There is also no guarantee that all grants will continue or increase/decrease for 2025/26. The Welsh Government will announce its budget on 10 December 2024 and the local council settlement will follow.

4.1.15 In light of the recent regular messages about the Council's financial situation, it is inevitable that schools will face cuts in 2025/26. However, there is no decision on the level of cuts for schools as yet.

4.2 Impact on Staffing Levels

4.2.1 **What will be the implications of cuts on school staffing levels? What will be the impact of this on the children?**

4.2.2 Concern is expressed regularly by Headteachers about the impact and implications of funding cuts on staffing levels within their schools. A number of Gwynedd schools went through some form of redundancy and staff restructuring process last year due to budget shortfalls.

4.2.3 In the primary sector, a large percentage of Headteachers report being unable to offer specialist provisions e.g. ELSA, extra reading and numeracy interventions to meet learners' needs as they do not have the staff to undertake the work.

4.2.4 Cuts in staffing levels can also have an impact on the schools' ability to maintain their schools safely e.g. fewer staff out in the playground, fewer staff making it harder for schools to be able to provide off-site experiences / trips to enrich learning.

4.2.5 This will definitely have a negative effect on the quality of teaching and on learners in the schools e.g. if a child is having difficulties with aspects of their development - reading, emotional, the school may not be able to ensure sufficient time or a contact person to provide a specific programme to meet this need.

4.2.6 The table below shows the effect of cuts on teacher numbers:

equivalent number of teachers @ £60k per head

	Full year	7/12th	5/12th
£500,000	8	5	3
£1,000,000	17	10	7
£1,500,000	25	15	10
£2,000,000	33	19	14
£2,500,000	42	24	17
£3,000,000	50	29	21
£3,500,000	58	34	24

4.2.7 The table below shows the number of schools that have used balances to set their budget in 2024-25

Schools	Number of schools	Use of balances	%
Primary	78	68	87%
Secondary	12	9	75%
All-through	2	2	100%
Special	2	2	100%
Total	94	81	86%

4.2.8 The table below shows the number of schools in deficit at the end of the 2023-24 financial year

Schools	Number of schools	Number of Schools with a Deficit	%
Primary	78	3	4%
Secondary	12	3	25%
All-through	2		0%
Special	2		0%
Total	94	6	6%

4.2.9 What happens to schools that get a large number of incomers at once?

4.2.10 There has been one case fairly recently where an additional class had to be created in a school due to a large number of incomers. Additional funding was provided to the school for the period September-March (7/12th), before new year funding started.

4.3 Redundancies

4.3.1 How many schools have gone through redundancy because of the cuts?

4.3.2 The number of schools that have had to formally initiate the redundancy process over the past 5 years is as follows:

2024	2023	2022	2021	2020
18	10	4	6	4

4.3.3 This is only part of the picture, and we will be discussing in January with all schools where the financial situation for the year ahead looks fragile. Those numbers over the last 5 years are as follows:

2024	2023	2022	2021	2020
39	28	11	11	10

4.3.4 As you can see the number between 2020 and 2022 was quite constant but there was a significant increase in 2023 and again this year in 2024. Grants due to COVID-19 have been received by the Welsh Government with Gwynedd schools receiving +£3.8million in 2020/21, +£6.3million 2021/22, +£1.9million in 2022/23 and +£1.7million in 2023/24, a total of £13.7million over the period. This enabled schools to employ additional teachers and assistants to support learning during and

following the pandemic. Now that these grants are reducing, schools have used balances over the years to set budgets there has been, and will continue to be, a reduction in the level of staffing in our schools, be it through redundancies, staff leaving or not renewing/extending temporary contracts.

4.3.5 Those who can avoid formally initiating the redundancy process generally do so through a combination of adjusting budgets (e.g. cutting the Allowance per Head or Supply budget), ending temporary jobs and using any balances they have available.

4.3.6 As you can see above, at least half of schools facing a budget deficit are able to avoid the redundancy process in doing so – that is a consistent pattern that we are seeing. However, we have not been collecting exactly how many temporary jobs are being lost annually from doing this.

4.3.7 In terms of those schools formally initiating the redundancy process, the following are the figures in terms of teaching time/teaching assistant hours that have been lost over the last 5 years:

	2024	2023	2022	2021	2020
Teaching Jobs	24.2	4.1	1.2	3.9	4.4
Assistants and Ancillary Staff	519 hours	210 hours	119 hours	74 hours	228 hours

4.3.8 The figures above show that there was consistency this time from 2020 to 2023 but that there was then a huge jump in 2024 in terms of teaching time and teaching assistant hours lost from the 18 schools that had to implement the redundancy process this year.

4.3.9 From the discussions held in early January with individual schools, it is fair to note that several schools now feel they have cut their spending and staffing level to the bone by now.

4.3.10 What is the process of ensuring that support funding goes with a pupil when moving school if they have additional learning needs?

4.3.11 In 2024/25 ALN funding has been 'frozen' based on learner hours allocated in March 2024, so only in exceptional cases would money move from school to school, or additional funding provided to the second school.

4.3.12 There will be a change to the ALN funding base in 2025/26, and funding will be based on the November 2024 IDP score and only in exceptional cases will additional funding be available (there will be no money from school-to-school).

4.4 Support for Schools

4.4.1 What support is there for schools that ensures that the quality of education does not decrease?

4.4.2 At present, schools receive external support from a Supporting Improvement Adviser employed at GwE - the School Improvement Service. There has been a change to the service since April 2024 and it is now a service commissioned by the Authority. The service will end on 31 March 2025 as a result of the Welsh Government's middle tier consultation.

4.4.3 Each Primary school is able to receive up to two Supporting Improvement Adviser visits per term (three in Secondary) which can support the school as they evaluate the quality of teaching through monitoring and evaluation processes. These procedures may include scrutinising books, observing lessons, analysing data or conducting learning journeys, talking to learners, supporting leadership, and leading on training.

4.4.4 For those schools in any Estyn category - significant improvement or special measures, the Primary and Secondary Assistant Headteachers chair and lead on the Management Boards that are established to address the implementation of the Post-Estyn Inspection Action Plan. The Authority is also ensuring a higher level of support for those schools through the commission with GwE and, if necessary, by securing the support of various Additional Learning Needs and Inclusion (ALS) Officers. Support is tailored to the school based on need and recommendations by Estyn.

4.4.5 Some schools have initiated collaboration within their cluster to support each other to evaluate and review evaluation processes and quality of teaching within their schools. These schools receive support from the Supporting Improvement Adviser as they conduct training for the cluster or as they facilitate collaboration arrangements.

4.4.6 This year the Authority has placed an expectation on the Headteacher of each school to complete and submit their strategic plans by the end of the summer term 2024 so that all schools can start to implement their priorities from 1 September 2024. This has ensured that all Supporting Improvement Advisers have been able to support the leadership of the schools during the Summer Term to thoroughly prepare for the academic year ahead. Sound and empowered leadership is the key driver to ensure quality teaching across sectors.

4.5 Impact on Classes

4.5.1 What is the impact of large classes on the quality of education for the children?

4.5.2 Ensuring a high-quality education is based on a number of factors unrelated to large class sizes and large numbers. Here in Gwynedd, we have examples of children in classes with a large number of learners receiving excellent education and also examples of learners in classes with very small numbers of learners receiving unsatisfactory education. It is entirely dependent on the quality of the teacher standing in front of them, ethos, commitment, planning and experiences that are delivered as part of the curricular design of the school. There are also other factors, such as the quality of daily formative assessment and the feedback learners receive to move learning forward.

4.5.3 What is more challenging in classes where there are large number of learners is the adult's ability to provide individual attention of a good quality to each learner in turn. Also, the larger the class, the greater the challenge to be able to differentiate tasks for the individual pupil. There are additional challenges to consider in the primary sector in Gwynedd as there are so many smaller schools. There are examples of classes with 32 learners with 4 age ranges taught by one teacher. In such a situation, there will be a wide range of abilities within one class and the teacher is expected to differentiate the teaching for all of those abilities. We also have classes of 30 pupils of the same age. The other side of this is that there are mixed classes of 10 or fewer. Every situation has its challenges, but we are seeing our medium-sized schools facing a financial squeeze and feeling an impact on the classroom floor.

4.5.4 What is the impact of classes with large numbers on teachers and ancillary staff?

4.5.5 In terms of the main impact of large classes on teachers and ancillary staff, the main effect is probably their frustration that they fail to reach each learner every day to pay individual attention to them. Schools often work a rota system to reach all learners within a week.

4.5.6 There is increasing pressure on members of staff to provide feedback to learners at the time during the learning moment – this can prove challenging if there are large numbers in the class.

4.5.7 Some aspects, e.g., listening to children reading in Primary can be challenging and the element of continuous assessment can be very burdensome.

4.5.8 Purposeful planning to respond to learners' individual needs can also be challenging especially if the learner has specific learning needs and no assistant in class to support. Frustration and feelings of unfairness can arise among school staff when you compare a situation of a class with large numbers of learners with that of a smaller school that may have very small numbers of learners in comparison.

4.5.9 How does the department ensure consistency in education in schools with large classes?

4.5.10 The Department's monitoring arrangements are the same with schools with large or small classes. There is no difference in this regard.

4.5.11 As has already been noted, good pedagogy exists in large, medium and small schools, and can likewise be lacking if a school is large, medium or small. Leadership has a key role to play in ensuring the quality of teaching across the school.

4.6 Training

4.6.1 What support and training is available to school staff and governors to ensure their confidence in dealing with the subject?

4.6.2 Regarding the Redundancy process the Headteachers and Chairs of schools with a budget with potential deficit are invited to meet with officers to discuss their individual situation as a school. Beyond that if a Finance Panel specifically asks for support to understand the financial implications and the need to make cuts, the senior accountants can meet with individual panels. Therefore, specific support is offered to each school.

4.6.3 A small part of the Governor's Redundancy training touches on understanding elements of the Budget but there is a need to look at developing wider training on School Finance for Governors.

5. The Well-being of Future Generations (Wales) Act 2015

5.1 The aim of the Well-being of Future Generations (Wales) Act 2015 is to improve the social, economic, environmental and cultural well-being of Wales. The Act places a well-being duty on public bodies which is aimed at delivering the seven well-being goals by following the five ways of working.

5.2 The Act places a welfare duty on the Council to carry out sustainable development work by working in conjunction with the 'sustainable development principle'. This means that the impact on people in the future needs to be considered when making decisions.

5.3 In terms of **collaboration** and **including** others, we have already held engagement sessions recently with all Gwynedd Headteachers on 20/11/24, and then with the Gwynedd Governors Association Forum on 28/11/24 to share information and discuss the projections for school revenue budgets for 2025/26. The Schools' Budget Forum

has also been held where projected revenue for 2025/26 was presented based on September 2024 learner numbers.

5.4 In terms of the **long** term and looking to the future, we are already aware of the changes in demography facing the County and the impact this will have on school revenue budgets. Consequently, we are in the process of creating an Education Strategy for Gwynedd that recognises the challenges and opportunities facing the county and schools over the coming years, on which basis the strategy will set a clear strategic direction for the education system in Gwynedd over the next 10 years.

5.5 In order to **prevent** problems from arising or worsening in the future, we will continue to work in a multi-agency way and evaluate the impact of any change on a regular basis.

6. Impact on Equality Characteristics, the Welsh Language and the Socio-Economic Duty

6.1 An Equality Impact Assessment is not required in response to the impact of demography changes on school budgets and grants. However, we will be expected to create an Equality Impact Assessment on any budgetary decisions made by the Council as part of identifying savings and cuts that could affect the funding available to schools.

7. Next Steps

7.1 The Welsh Government will announce its budget on 10 December 2024 and the settlement for local councils will follow.

7.2 When the financial situation and grant situation for schools is clear for 2025-26, the Education Department along with officers from the Finance Unit (Education) will support schools to plan their budgets appropriately for 2025-26, along with supporting them to follow and implement the redundancy process as needed.