

Meeting of:	<b>Learning and Culture Scrutiny Committee</b>
Date of Meeting:	<b>Thursday, 05 December 2019</b>
Relevant Scrutiny Committee:	Learning and Culture
Report Title:	Initial Revenue Budget Proposals 2020/21 and Revised Budget 2019/20
Purpose of Report:	To inform Scrutiny Committee of the amended revenue budget for 2019/20 and to submit for consultation the initial revenue budget proposals for 2020/21.
Report Owner:	Report of the Director of Learning and Skills
Responsible Officer:	Carys Lord, Head of Finance / Section 151 Officer
Elected Member and Officer Consultation:	The Corporate Management Team has been consulted on this report. The initial budget proposals will be the subject of consultation with Scrutiny Committees. The Trade Unions and Schools Forum will also be consulted.
Policy Framework:	This report is for executive decision by the Cabinet
Executive Summary:	<ul style="list-style-type: none"> <li>• The 2019/20 budget has been amended for internal transfers and technical adjustments. The overall budget for the Directorate has increased by £200k to £105.809m.</li> <li>• The Council is required under statute to fix the level of council tax for 2020/21 by 11th March 2020 and in order to do so, will have to agree a balanced revenue budget by that date.</li> <li>• The Council's provisional settlement has not yet been announced by Welsh Government and is expected this year in December with the final settlement being received in February 2020. Even though this crucial information has not been received, the budget setting and consultation process has to commence in order to meet statutory deadlines.</li> </ul>

## **Recommendations**

It is recommended that:

1. The amended revenue budget for 2019/20 as set out in Appendix 1 be noted.
2. The Initial Revenue Budget Proposals for 2019/20 be considered and any recommendations, including those related to cost pressures and savings, be passed to Corporate Performance and Resources Scrutiny Committee as the lead Scrutiny Committee.

## **Reasons for Recommendations**

1. To note changes to the 2019/20 budget
2. In order that Cabinet can consider the comments of Scrutiny Committees and other consultees before making a final proposal on the budget.

### **1. Background**

- 1.1 The Council's budget is determined largely by the Revenue Support Grant (RSG) settlement set by the Welsh Government (WG). The provisional RSG settlement is expected to be received from WG in December 2019, with the final settlement due to be received in February 2020.
- 1.2 The Council is required under statute to fix the level of council tax for 2020/21 by 11th March 2020 and in order to do so, will have to agree a balanced revenue budget by the same date. To be in a position to meet the statutory deadlines and the requirements for consultation set out in the Council's Constitution, much of the work on quantifying the resource requirements of individual services needs to be carried out before the RSG settlement is notified to the Council.

### **2. Key Issues for Consideration**

#### **Revised Budget 2019/20**

- 2.1 Appendix 1 to this report sets out the amended budget for 2019/20, together with the necessary adjustments to be made to the original budget.
- 2.2 Asset Rents, International Accounting Standard (IAS) 19, Transfers and Recharges - These adjustments have no overall effect on the net budget of the Council. These are accounting adjustments largely outside the control of services. They

reflect charges for the use of capital assets, changes to inter-service recharges and transfers and pensions adjustments to comply with accounting standards.

**2.3** The following table compares the amended budget with the projected outturn for 2019/20. Services are anticipating drawing down from reserves this year with the main areas outlined in the following table.

Directorate/Service	2019/20	2019/20	2019/20	Variance
	Original Budget £'000	Amended Budget £'000	Projected Outturn £'000	(+) Favourable (-) Adverse £'000
<b>Learning and Skills</b>				
Schools	87,806	87,806	87,806	0
Strategy, Culture, Community Learning & Resources	11,128	11,299	11,373	-74
Directors Office	225	225	225	0
Additional Learning Needs and Wellbeing	2,380	2,409	2,988	-579
Standards and Provision	4,070	4,070	3,980	+90
Unplanned use of reserves to fund overspend	0	0	(500)	+500
Additional Saving to be Found	0	0	(63)	+63
<b>Total</b>	<b>105,609</b>	<b>105,809</b>	<b>105,809</b>	<b>0</b>

### Learning and Skills

**2.4** The forecast for Learning and Skills is an overspend of £563k after a planned use of reserves of £136k. The Learning and Skills Directorate is being requested to look at ways of mitigating the projected overspend this year. Currently, there is a proposed unplanned transfer of £500k from reserves to cover the potential shortfall with a further £63k of savings to be identified. The Reserve has been funded as a result of a one off surplus in the 2019/20 Policy budget.

**2.5** Schools - The delegated budget relating to schools is expected to balance as any under/over spend is carried forward by schools.

**2.6** Strategy, Culture, Community Learning & Resources - There is an adverse variance of £74k anticipated for this area after a planned transfer from reserves of £136k. The Schools Non Delegated budget is projected to overspend by £147k. £136k of this variance is due to the need to fund on going safeguarding and salary protection costs in relation to the transformation of secondary schools in Barry, however, it had been planned to transfer £136k from the Schools Rationalisation reserve for this purpose. There are other small adverse variances

of £11k. There is a projected overspend of £177k relating to School Transport. Local Education Authorities have a statutory duty to provide free school transport for pupils of statutory school age who reside beyond walking distance to the nearest appropriate school in addition to a statutory duty to provide transport for pupils with Additional Learning Needs (ALN) who require access to specialist provision. The Council also provides discretionary support towards pupils in further education above the age of 16. Currently there are projected overspends against ALN (£153k), Secondary (£52k) and further education (£7k) and a projected underspend against primary of £35k. Additional work needs to be carried out in relation to the ALN contracts and it is envisaged that further information will be available in October 2019. This is offset by the £114k net favourable variance projected by the Strategy and Resources section. The largest variance being due to the delay in the new finance system for secondary schools being implemented which has resulted in savings this year of £77k.

- 2.7** Directors Office - It is anticipated that this area will outturn on target.
- 2.8** Additional Learning Needs & Wellbeing - A net adverse variance of £579k is currently projected for this service. The Non Delegated Resource Units are projecting an overspend of £234k. The key emerging challenge for schools is the increasing number of children and young people who are displaying very complex social, emotional and mental health difficulties. In order to meet this need two specialist resource bases have been developed at Gladstone Primary School in partnership with Ysgol Y Deri. These resource bases are developing a trauma informed approach which recognises the impact of Adverse Childhood Experiences (ACEs) on the development of young people. The Childrens Placements and educational needs of Looked After Children's budgets are currently projecting an overspend of £319k. It is difficult to predict the outturn on this budget as there could be changes in placements between now and the year end and costs for individual cases can be expensive. There is currently an adverse variance of £54k on the recoupment income budget and there are other small favourable variances of £28k projected.
- 2.9** Standards and Provision - A net favourable variance of £90k is projected for this service. There is a £66k favourable variance mainly relating to staffing in the Youth Engagement and Progression service. The EOTAS and Alternative Curriculum service is projected an adverse variance of £93k due to a significant increase in the number of pupils accessing education provision other than at school. This has been partially offset by additional income of £38k from the Youth Support Homelessness grant and £10k from Cardiff Council CLA. Behaviour and Attendance has a projected favourable variance of £33k mainly against staffing budgets. There is also a favourable variance of £36k under School Improvements also relating to the staffing budgets.

## **Savings 2019/20**

- 2.10** As part of the Final Revenue Budget Proposals for 2019/20, a savings target of £162k was set for this Committee. Attached at Appendix 2 is a statement detailing the projected progress against the savings targets for 2019/20.
- 2.11** Each savings target has been given a RAG status. Green indicates that it is anticipated that the target will be achieved in full within the year, amber indicates that it is considered that the saving in the year will be within 20% of the target and red indicates that the saving to be achieved in year will be less than 80% of the target.
- 2.12** It is currently projected that all savings relating to this Committee will be achieved this year. Further updates on progress against the savings targets will be provided to members during the year

## **Budget Strategy 2020/21**

- 2.13** Cabinet approved the Budget Strategy for 2020/21 on the 15th July 2019, min no.C37.
- 2.14** The Budget Strategy for 2020/21 outlines that in order to establish a baseline, services should prepare initial revenue budgets based on the cost of providing the current level of service and approved policy decisions and including the existing savings target.
- 2.15** Increases to budgets approved during the course of a financial year can restrict the freedom the Council has to allocate its resources to priorities during the following budget cycle when it is aware of all the competing demands. Consequently:
- Supplementary estimates will only increase the base budget if Council has given specific approval to this effect. Increases met by virement within a year will not be treated as committed growth.
  - Directors should find the cost of increments and staff changes from their base budget unless the relevant specific approval has been given for additional funding.
  - The effect of replacing grant from outside bodies that has discontinued will not be treated as committed growth. In addition, before any project or initiative that is to be met either wholly or partly by way of grant may proceed, the exit strategy must be approved.
  - Certain items of unavoidable committed growth will continue and these include the effect of interest changes and the financing cost of the capital programme, increases in taxes, increases in levies and precepts charged by outside bodies and changes to housing benefits net expenditure.

- Services will be expected to achieve savings already approved by Cabinet as part of the 2019/20 final budget proposals and Directors are asked to continue work on achieving their Reshaping Services savings targets.
- It is envisaged that the costs of service development will need to be met from within the respective directorates.

**2.16** Having regard to the above, it is therefore proposed in respect of the 2020/21 Budget Process that Directors be instructed to prepare initial revenue budgets in accordance with a timetable agreed by the Head of Finance. Preparation should be on the following basis:

- Capital charges, central accommodation costs and central support costs to be estimated centrally.
- Services to prepare baseline budgets on current service levels as set out in the 2019/20 Final Revenue Budget report.
- Budgets to be broken down subjectively and objectively in as much detail as deemed appropriate by the Head of Finance.
- Budget reports to include revised estimates for 2019/20.
- Full account to be taken of the revenue costs, other than debt charges, of new capital schemes coming into use.
- Minimum savings targets to be met initially as detailed in the 2019/20 Final Revenue Budget report. Any savings made directly by services over and above individual service targets to count towards future saving targets or to meet unavoidable service cost pressures.
- Directors will continue to draw up Service Plans that set out the aims and objectives for the service and any possible future developments and efficiencies.
- As stated previously, it is expected that the revenue costs of service development will need to be met from within the respective services (in particular, from the savings made). As such, no revenue bids are initially to be made. However, services may still be asked to identify and prioritise any burgeoning revenue cost pressures for consideration.

### **Medium Term Financial Plan**

**2.17** The Medium Term Financial Plan (MTFP) 2019/20 to 2022/23 was presented to Cabinet on 7th October 2019 min no.C103. It considered the impact of different WG settlement scenarios and different increases in Council Tax.

**2.18** The latest Plan factored in a managed level of cost pressures and pay awards at the same level as in 2019/20.

**2.19** It modelled a council tax increase of 4.9%, being the increase agreed for 2019/20 and the possibility of increasing the level to the Welsh average which would be a

possible increase of 10.4% in 2020/21, followed by a 6.2% increase in the next two consecutive years.

- 2.20** It also considered a scenario where the settlement from WG was a 1% reduction for the years 2020/21, 2021/22 and 2022/23 and also a cash neutral settlement.
- 2.21** The outcome of these scenarios was that if there is a cash neutral or 1% reduction in the settlement from Welsh Government and if there is a 4.9% increase in council tax for each year of this Plan, there remains between £10.470m and £14.986m of savings to be identified for the 3 years of the Plan. If the council tax was to be increased to and maintained at the Welsh average, with a cash neutral or 1% reduction in the settlement from Welsh Government, there remains between £3.747m and £8.263m of savings to be identified for the 3 years of the Plan. This is after already planning for £748k of savings (excluding schools) for the same period.

### **Provisional Settlement 2020/21**

- 2.22** The Council's provisional settlement has not yet been announced by WG. In previous years, the provisional RSG settlement was received from WG during October with the final settlement being received in December. The provisional settlement is expected this year in mid-December with the final settlement being received in February 2020.
- 2.23** Given the timescales set out in the budget strategy this means a significant amount of the preparation for the budget will need to be completed prior to receiving the final settlement.
- 2.24** The late timescale for the settlement also delays the notifications that the Council receives regarding continuation of grant funding. In line with the budget strategy the withdrawal or reduction in grant funding should not give rise to committed growth within the budget. The service area should give consideration to the exit strategy that has been put in place in respect of the funding stream.

### **2020/21 Initial Budget Proposals**

- 2.25** As part of these initial proposals, it has been necessary to revisit the cost pressures facing services in order to build up a complete and up to date picture of the financial position of the Council. An updated list is shown in Appendix 3. These are not shown in any order of priority. Since the production of the MTFP the impact of additional pressures has been reviewed and are now included in the appendix. This has resulted in an increased level of cost pressures which will need to be assessed by the Budget Working Group as part of the final proposals.
- 2.26** There is still uncertainty regarding some of the assumptions made regarding pay costs. Pay awards for 2020/21 have not been agreed and have been included in these projections as a 2% increase. On 22nd October 2019, the Minister for

Education announced £12.8m of funding for the 2019/20 Teachers pay award which was to be backdated to 1st September 2019, however, the statement advised that the future impact of this pay award would be part of the government's consideration of the Local Government Settlement and therefore an assessment of the funding to be received in 2020/21 is currently not known. Any of this additional one off grant funding received in 2019/2020 relation to teachers pay award will be allocated to Learning and Skills

- 2.27** The Council's employer pension contributions are reviewed every 3 years and are currently being reassessed to commence from 1st April 2020. The final budget proposals will be amended accordingly when further clarification is received from the actuaries.
- 2.28** From 1st September 2019 there was an increase in the employers contribution into the Teacher's Pension scheme which increased from 16.48% to 23.6%. It was projected that this would cost an additional £3.1m with part of the additional costs falling in 2019/20 and the full year affect being included in 2020/21. The Council fully funded this pressure in 2019/20 with an increase in the Education based budget. One off funding has been received from WG in 2019/20 however confirmation that the full costs over the 2 year period will be funded on a recurring basis has not been received.
- 2.29** Details of the proposed areas for savings for 2020/21 to 2021/22 are attached at Appendix 4. The savings do not include the cost of any potential redundancies. Further work is ongoing to identify future projects that will realise savings for the Council via the Reshaping Service process.
- 2.30** A summary of the base budget for this Committee for 2020/21 is attached at Appendix 5. This has been derived by adjusting the 2019/20 budget for items such as pay inflation and unavoidable growth, but does not include identified cost pressures or savings. These are shown as a note to the table and are further detailed in Appendix 3 and 4 respectively. Adjustments shown include the following :
- Asset Rents, International Accounting Standard (IAS) 19 - Relates to accounting items outside the control of services. They reflect charges to services for the use of capital assets and adjustments in respect of pensions to comply with accounting standards.
  - Recharges/Transfers - Relates to changes in inter-service and inter Directorate recharges
  - Pay Inflation - This figure relates to pay awards for 2020/21.
  - Committed Growth - This relates to the reduced use of the Council Fund Reserve.
- 2.31** Once the base budget for 2020/21 has been established, it must then be compared to the funding available to identify the extent of any shortfall.



- 2.32** Although the Council has not received its provisional settlement it has considered a number of scenarios as part of its MTFP which will now be updated in the context of the revised cost pressures submitted by service departments.
- 2.33** In scenario 1 with a cash neutral or flat settlement, which would provide the same funding to the Council as in 2019/20 and a projected AEF of £152.07m and Council Tax reflecting a 4.9% increase and standing at £77.655m, total available funding would be £229.725m. When compared to a base budget of £230.148m, this would result in a funding shortfall for 2020/21 of £0.423m.
- 2.34** If all identified cost pressures were funded, this would increase the shortfall to £10.481m. If all proposed savings were achieved, the shortfall would be reduced to £8.968m.
- 2.35** If the Council tax assumptions are further revised to take the Band D Council tax in line with the Welsh Average, which reflects a 10.4% increase, the shortfall would be £4.896m.

<b>Scenario 1 Projected Budget Shortfall Cash Neutral Settlement from WG</b>	<b>2020/21</b>
Funding Available	<b>£000</b>
Provisional AEF	152,070
Council Tax (incl 4.9% Increase)	77,655
Projected Funding Available	229,725
Base Budget	231,148
Use of Reserves	(1,000)
Total Base Budget	230,148
<b>Projected Shortfall Against Base Budget</b>	<b>(423)</b>
Assume all Cost Pressures Funded	(10,058)
<b>Projected Shortfall with Cost Pressures Funded</b>	<b>(10,481)</b>
Assume all Savings Achieved (including Schools)	1,513
<b>Projected Shortfall</b>	<b>(8,968)</b>
Increase Council Tax to Welsh Average (increase to 10.4%)	4,072
<b>Projected Shortfall</b>	<b>(4,896)</b>

- 2.36** In scenario 2 with a 1 % reduction in WG funding settlement and a projected AEF of £150.549m and Council Tax reflecting a 4.9% increase and standing at

£77.655m, total available funding would be £228.204m. When compared to a base budget of £230.148m, this would result in a funding shortfall for 2020/21 of £1.944m.

- 2.37** If all identified cost pressures were funded, this would increase the shortfall to £12.002m. If all proposed savings were achieved, the shortfall would be reduced to £10.489m.
- 2.38** If the Council tax assumptions are further revised to take the Band D Council tax in line with the Welsh Average which reflects a 10.4% increase, the shortfall would be £6.417m.

<b>Scenario 2 Projected Budget Shortfall 1% Reduction in WG Settlement</b>	<b>2020/21</b>
	<b>£000</b>
Funding Available	
Provisional AEF	150,549
Council Tax (4.9% Increase)	77,655
Projected Funding Available	228,204
Base Budget	231,148
Use of Reserves	(1,000)
Total Base Budget	230,148
<b>Projected Shortfall Against Base Budget</b>	<b>(1,944)</b>
Assume all Cost Pressures Funded	(10,058)
<b>Projected Shortfall with Cost Pressures Funded</b>	<b>(12,002)</b>
Assume all Savings Achieved (including Schools)	1,513
<b>Projected Shortfall</b>	<b>(10,489)</b>
Increase Council Tax to Welsh Average (increase to 10.4%)	4,072
<b>Projected Shortfall</b>	<b>(6,417)</b>

- 2.39** A 1% increase in Council Tax at the 2019/20 Council Tax base equates to £740k. The level of increase in Council Tax will need to be carefully considered in parallel with the other options available to the Council in order to reduce the funding gap and to consider the impact on the residents of the Vale. As the population in the Vale of Glamorgan has increased from the previous year there may also be additional funding from the change in the Council Tax base.

- 2.40** The shortfall above is also based on the assumption that the savings target of £1.513m set for 2020/21 will be achieved in full. While all services are working towards achieving their 2020/21 targets, not all savings will be achieved in full for 2019/20. The potential for re-profiling savings will need to be assessed when setting the budget for 2020/21.
- 2.41** Further work will be undertaken by the Budget Working Group (BWG) in order to achieve a balanced budget for the final budget proposals for 2020/21. This will include a review of the use of reserves, a review around an increase in council tax, a review of all cost pressures, possible changes to the approved saving targets, a review of the inflation assumptions and the current financial strategies.
- 2.42** The BWG will consider the results of the budget engagement process in determining priorities for future savings and service delivery and the possible increase in Council Tax.

### **Next Steps**

- 2.43** The next stage is for the estimates to be submitted to Scrutiny Committees for consultation. Committees are asked to review the level of cost pressures with a view to suggesting ways in which these could be managed downwards and/or mitigated and to consider proposals for savings. Corporate Performance and Resources Scrutiny Committee is the lead Scrutiny Committee and will consider both the Initial Revenue Budget Proposals and any recommendations that other Scrutiny Committees have made. The responses of Scrutiny Committee must be made no later than the 19th December 2020.
- 2.44** The BWG will hold a series of meetings in November and December 2019 with the relevant Cabinet Members and officers to consider the budget proposals and they will submit their recommendations so that the Cabinet may make its final budget proposal. Before making its recommendation, the BWG will consider the comments made by Scrutiny, together with the results of consultation. The final proposals to Cabinet will include a review of the financial strategies required to achieve a balanced budget, which is sustainable in future years. Currently, the approved timetable requires Cabinet to approve the final budget proposals by no later than 3rd February 2020 and that Cabinet's final budget proposals will be considered by Council at a meeting to be held 24th February 2020 to enable the Council Tax to be set by 11th March 2020.

## **3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?**

- 3.1** The BWG will ensure that budget proposals consider the requirements of the Well-being of Future Generations Act and the Council's 4 well-being outcomes as detailed in the Corporate Plan.

**3.2** The Budget Working Group will also ensure that the budget proposals reflect the 5 ways of working which are;

o Looking to the long term - The budget proposals are a means of planning for the future and take a strategic approach to ensure services are sustainable and that future need and demand for services is understood.

o Taking an integrated approach - The budget proposals highlight and encourages ways of working with partners.

o Involving the population in decisions – As part of the budget proposal process there has been engagement with residents, customers and partners.

o Working in a collaborative way – The budget proposals recognises that more can be achieved and better services can be provided by collaboration and it encourages this as a way of working in the future.

o Understanding the root cause of issues and preventing them – The budget process is proactive and allows an understanding of the financial position so that issues can be tackled at the source.

## **4. Resources and Legal Considerations**

### **Financial**

**4.1** Based on the assumption that all cost pressures will be funded in full, the estimated funding shortfall for 2020/21 will be £8.968m assuming a cash neutral settlement from WG and a 4.9% increase in Council Tax. If Council Tax is further increased in line with the Welsh average to shortfall for 2020/21 will be £4.896m.

**4.2** If the settlement from WG reflects a 1% reduction in AEF, with all cost pressures being funded in full and the Council proceed with a 4.9% increase in Council Tax the estimated funding shortfall will be £10.489m. If Council Tax is further increased in line with the Welsh average to shortfall for 2020/21 will be £6.417m

**4.3** WG has not issued details regarding the level of funding post 2020/21, however, it is anticipated that there will be further reductions in funding for Local Government going forward. It is therefore important that Directors achieve approved savings and look to mitigate further cost pressures through alternative means of service delivery and collaborative ventures.

**4.4** Reserves are a way of setting aside funds from budgets in order to provide security against future levels of expenditure and to manage the burden across

financial years. Funds no longer required may be transferred to the Council Fund and then set aside for other purposes or used to reduce council tax.

- 4.5** The Council has always taken a prudent approach with regard to specific reserves and uses them to mitigate known risks (financial and service) and contingent items, e.g. Insurance Fund. Other reserves have been established to fund Council priorities, and in particular the Capital Programme, e.g. School Investment Strategy Reserve, Project Fund. This is important as the Council has limited capacity to realise sufficient sums from the sale of assets for capital investment. Sums have also been set aside to assist in budget management, e.g. Early Retirement Fund.
- 4.6** The Council Fund Reserve as at 31st March 2020 is projected to stand at £15.636m. There is also a £1m approved use of this reserve in 2020/21. This contribution will be further considered by the BWG when setting the 2020/21 budget, however, use of this reserve to balance the revenue budget will result in a higher level of savings being required in future years. The Section 151 Officer currently believes that the minimum balance on the Council Fund Reserve should be no less than £7m. This is considered sufficient to cover unforeseen expenditure whilst, in the short term, maintaining a working balance. Unforeseen expenditure can be substantial and several instances can occur in a year. Whilst there is no set requirement for the minimum level for the Council Fund Reserve, some commentators use 5% of the net budget as a guide. For the Vale this is around £11m. However, in view of the prudent approach the Council takes with regard to specific reserves, £7m is considered a reasonable minimum.
- 4.7** The Council presently benefits from a reasonable level of reserves, however, they are not inexhaustible and have taken years of careful financial management to develop to their current level. As part of the usual Budget process, an examination of the level of reserves is undertaken to ascertain their adequacy and strategy for use. A view to their level (i.e. whether the amount held in the fund is sufficient to requirements) and purpose (i.e. whether the need to hold the fund is still relevant) has been taken. The requirement for each specific reserve has also been considered in light of the Council's priorities and at this stage of the budget process no transfers between reserves are proposed.
- 4.8** Appendix 6 sets out the Committee's actual reserves as at 31st March 2019 and shows the estimated reserves balance for each year up to 31st March 2023.
- 4.9** The Council is planning to use a considerable amount of its specific reserves over the coming years, however, as reserves are a non-recurring means of funding, they can only be used as part of a specific financial strategy. The use of all reserves will be reviewed further, by the BWG, as part of the final budget setting process.

## **Employment**

- 4.10** Not all the savings required to meet the shortfall in funding will result in a reduction in staffing. Although the impact on individuals is likely to be mitigated as a result of natural wastage and the deletion of vacant posts, it is, nevertheless, expected that there will be a number of redundancies. The trade unions will be consulted on the details of any possible redundancies once known. Staffing implications relating to budget pressures within schools will need to be considered by individual governing bodies.

## **Legal (Including Equalities)**

- 4.11** The Council is required under statute to fix its council tax by 11th March 2020 and in order to do so will have to agree a balanced revenue budget by the same date.
- 4.12** These initial budget proposals have due regard to the requirements of the Council's Strategic Equality Plan including the Equalities Act 2010 and Public Sector Equality Duty for Wales. The subsequent development of individual strategies for achieving savings will require the completion of Equality Impact Assessments. This involves systematically assessing the likely (or actual) effects of policies on individuals who have a range of protected characteristics under the Act.

## **5. Background Papers**

- 5.1** Medium Term Financial Plan 2019/20 to 2022/23
- 5.2** Budget Strategy 2020/21

**AMENDED BUDGET 2019/20**

**APPENDIX 1**

	<b>2019/20 ORIGINAL AMENDED BUDGET</b>	<b>ASSET RENTS, IAS19, TRANSFERS &amp; RECHARGES</b>	<b>2019/20 AMENDED BUDGET</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
<b>Learning and Skills</b>			
Schools	87,806	0	87,806
Strategy, Culture, Community Learning & Resources	11,128	171	11,299
Directors Office	225	0	225
Additional Learning Needs and Wellbeing	2,380	29	2,409
Standards and Provision	4,070	0	4,070
<b>COMMITTEE TOTAL 2019/20</b>	<b>105,609</b>	<b>200</b>	<b>105,809</b>

Title of Saving	Description of Saving	Total Saving £000	Projected Saving £000	RAG Status	Update Comments, Issues & Actions	Relevant Scrutiny Committee	Project Manager
<b>LEARNING AND SKILLS</b>							
<b>Strategy, Culture, Community Learning &amp; Resources</b>							
Third Party Spend	Savings from external procurement	103	103	Green	Savings allocated and budgets reduced accordingly	Learning & Culture	Trevor Baker
<b>Total Strategy, Culture, Community Learning &amp; Resources</b>		<b>103</b>	<b>103</b>				
<b>Achievement for All</b>							
Third Party Spend	Savings from external procurement	30	30	Green	Savings allocated and budgets reduced accordingly	Learning & Culture	Trevor Baker
<b>Total Achievement for All</b>		<b>30</b>	<b>30</b>				
<b>School Improvement</b>							
Consortium	Saving from contribution to Central South	29	29	Green	Saving achieved	Learning & Culture	Trevor Baker
<b>Total School Improvement</b>		<b>29</b>	<b>29</b>				
<b>TOTAL LEARNING AND SKILLS</b>		<b>162</b>	<b>162</b>	<b>Green</b>	<b>100%</b>		
		<b>Shortfall</b>	<b>0</b>				

Green = on target to achieve in full

Amber = forecast within 20% of target

Red = forecast less than 80% of target



No.	Service	2020/21 £'000	2021/22 £'000	2022/23 £'000
<b>Directorate: Learning and Skills</b>				
<b>Schools</b>				
L1	<b>Demographic increase in mainstream schools</b>	1,001	1,000	1,000
L2	<b>Demographic increase in special school Ysgol Y Deri</b> - There is a demographic increase in the number of Vale pupils requiring specialist school placements each year over those leaving the provision at school leaving age.	810	567	405
L3	<b>Teachers Superannuation increase 16.48% to 23.68%</b> - The increase came into force in September 2019 with an annual cost of £3.1m. This is the full year affect of the increase.	1,124	0	0
	<b>Total Schools</b>	<b>2,935</b>	<b>1,567</b>	<b>1,405</b>
<b>Non Schools</b>				
L4	<b>Complex Needs and Provision for Pupils with severe social and emotional behavioural needs</b> - The service is experiencing pressures associated with the provision for pupils with complex needs and social and emotional behavioural needs.	594	140	160
L5	<b>Looked After Children Pooled Budget Residential</b> - There is increased demand on the LAC residential budget which is a shared budget with Social Services directorate.	100	0	0
L6	<b>Non School Staff Teachers Superannuation increase 16.48% to 23.68%</b> - As shown in L3 above.	88	0	0
L7	<b>Education Transport</b> - There has been pressure on this provision of service due to an increase in cost and number of pupils.	135	0	0
	<b>Total Non Schools</b>	<b>917</b>	<b>140</b>	<b>160</b>
<b>TOTAL LEARNING AND SKILLS</b>		<b>3,852</b>	<b>1,707</b>	<b>1,565</b>

Service	Title & Description	2020/21	2021/22
<b>LEARNING AND SKILLS</b>			
<b>Schools</b>		<b>881</b>	<b>919</b>
<b>Strategy, Culture, Community Learning &amp; Resources</b>			
General Efficiencies	General review of budget	45	0
Third Party Spend	Savings from external procurement	0	0
<b>Total Strategy, Culture, Community Learning &amp; Resources</b>		<b>45</b>	<b>0</b>
<b>TOTAL LEARNING AND SKILLS</b>		<b>926</b>	<b>919</b>

**BASE BUDGET 2020/21****APPENDIX 5**

	<b>Original Budget 2019/20</b>	<b>Asset Rents/ IAS 19</b>	<b>Original Budget 2019/20</b>	<b>Rechgs/ Transfs</b>	<b>Budget Adjustment</b>	<b>Pay Inflation</b>	<b>Committed Growth</b>	<b>Base Estimate 2020/21</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Learning and Skills</b>								
Schools	87,896	0	87,896	205	(90)	1,834	0	<b>89,845</b>
Strategy, Culture, Community Learning and Resources	11,110	(2,998)	8,112	187	18	75	0	<b>8,392</b>
Achievement for All	5,339	2	5,341	0	(5,339)	0	0	<b>2</b>
School Improvement	1,030	0	1,030	0	(1,030)	0	0	<b>0</b>
Additional Learning Needs	0	0	0	2	2,380	53	0	<b>2,435</b>
Standards & Provision	0	0	0	(205)	4,070	78	0	<b>3,943</b>
Directors Office	234	0	234	0	(9)	5	0	<b>230</b>
<b>TOTAL</b>	<b>105,609</b>	<b>(2,996)</b>	<b>102,613</b>	<b>189</b>	<b>0</b>	<b>2,045</b>	<b>0</b>	<b>104,847</b>

<b>Savings Applied</b>	<b>Cost Pressures</b>
<b>£'000</b>	<b>£'000</b>
881	2,935
45	135
0	0
0	0
0	694
0	88
0	0
<b>926</b>	<b>3,852</b>

**ANALYSIS OF RESERVES****APPENDIX 6**

Name	Bal	In	Out	Est	Comments	Est	Est	Est
	31/03/19			Bal		31/03/21	31/03/22	31/03/23
	£000	£000	£000	£000		£000	£000	£000
<b><u>Specific Reserves</u></b>								
<b>Learning and Skills</b>								
Schools Rationalisation and Improvements	629	0	-136	493	This reserve will meet the costs of school restructuring and reorganisation and support schools in the improvement of their teaching and learning facilities including the transition of Barry Secondary schools. Transfers in also include reimbursement from schools for the capital loan scheme.	360	180	0
Education Pressures	0	500	-500	0	This reserve has been set up in 2019/20 as a result of current pressures faced by Learning and Skills	0	0	0
School Deferred Pensions	266	0	0	266	To initially fund pension costs for schools staff which will be reimbursed by schools over a number of years	266	266	266
Sports Facilities	31	0	0	31	Funding transferred from Pen y Garth Primary School in order to provide a budget to fund ad hoc repairs and maintenance required to sports hall.	31	31	31
Library Fund	151	0	0	151	To finance the improvement of Library services.	10	10	10
Adult Community Learning	75	0	0	75	To finance initial reshaping costs as a result of the anticipated changes in the way adult learning is funded across Wales.	0	0	0
Youth Service	49	0	0	49	To assist with the implementation of the Youth Engagement & Provision Framework in schools as well as initial costs in relation to the reshaping of the Youth service.	0	0	0
Repairs and Renewals Catering	187	0	-123	64	The primary use is to fund enhancements to premises and the replacement of Catering equipment, ensuring Environmental Health Officer requirements and Health & Safety obligations within school Catering premises are met.	64	64	64
<b>Capital</b>								
School Investment Strategy	9,038	31	-2,353	6,716	To be used to fund schemes identified as part of the Schools Investment Programme including the Band B 21st Century School programme.	3,491	2,742	146
WG Schools Capital Grant	1,765	0	-1,765	0	A £1.765m grant was received from WG and was used to displace existing capital spend in 2018/19. An equivalent sum is being carried forward through this reserve into 2019/20 to fund capital expenditure relating to schools	0	0	0
<b>TOTAL SPECIFIC RESERVES</b>	<b>12,191</b>	<b>531</b>	<b>-4,877</b>	<b>7,845</b>		<b>4,222</b>	<b>3,293</b>	<b>517</b>