

Letter from Claire Homard and Lucy Morris

Dear Headteacher

School Budget Forum Decisions

In order to ensure that all Headteachers are appropriately sighted on the current financial situation, we are writing to confirm the key discussion points and recommendations from the Schools Budget Forum which was held on Thursday 29th October. We have attached the Terms of Reference of the Forum to remind colleagues of the purpose and role of the Forum.

Finance Update

The financial situation for Local Government continues to be very challenging. The provisional settlement figure for 2018/19 from the Welsh Government is a reduction in cash funding of 0.9% for Flintshire which is higher than the average reduction across Wales of 0.5%. This takes Flintshire's projected funding gap for 2018/19 to a minimum of £13.6m. The gap includes £1.14m identified as schools related cost pressure for pay and non-pay inflation such as increasing energy costs.

In addition, the Council is currently projecting an overspend in year of £1.1m which will impact further on the forecast gap for 2018/19. This is set against a backdrop of many years of austerity which has seen the Council already achieve £79m in efficiencies over the last ten years.

A further reduction of 1.5% across Wales is indicated for 2019/20.

The Council has until March to set a legal balanced budget. To date savings of £3.1m have been identified by service portfolios as part of Stage One of the budget process. Stage 2 budget options are under development for consideration in Nov/Dec and Stage 3 – the closing stage being finalised in Jan / Feb.

In the light of the current financial position, the Authority is having to consider a cash flat settlement to schools which would mean that schools will have to absorb inflationary costs such as pay awards.

This difficult financial position has been further exacerbated by the surprise reduction in the Education Improvement Grant of 11.36% across Wales which was issued by Welsh Government on 24th October. Flintshire's share of this cut could potentially be £725k in 2018/19. Of particular concern to secondary schools will be the decision by the Welsh Government to completely withdraw the School Uniform Grant for Yr 7 pupils eligible for Free School Meals. The Council will now have to consider whether this is withdrawn completely as it cannot cover the cost centrally or to pass this onto schools to cover via their Pupil Development Grant, which is focused on the needs of pupils entitled to FSM. An extract from the Welsh Government grants table is shown at Appendix 1.

The Chief Executive and Political leadership of the council are proactively lobbying the Welsh Government to highlight that cuts of the magnitude identified will seriously impact on service delivery across all council sectors.

Schools Funding Formula

We reported back to the Forum on the work of the Primary Schools Funding Formula group. A number of proposals were made regarding amendments to the formula and the future focus for the group. These were accepted by the Forum and the key recommendation was the approval by the Forum to consult with schools on the proposed changes to the funding formula for 2018/19.

The consultation will be issued to Primary Schools on 27th November and responses should be returned by 15th December.

The outcome of the consultation will be reported back to the Forum on 11 January 2018.

Sickness & Maternity Scheme Updates

These schemes are run by the Authority on behalf of schools. Any under or overspend rests with schools. The sickness scheme is an annual scheme and the maternity scheme is a three year scheme. This is the final year of the maternity scheme and schools will be consulted as to whether they wish the scheme to continue for a further three years.

The performance of the sickness and maternity schemes as at the end of March 2017 is shown in the table below.

MATERNITY	£
CONTRIBUTIONS	477,057
CLAIMS	571,817
Balance brought forward to 16/17	40,641
Deficit on scheme carried forward	-54,119
SICKNESS	£
CONTRIBUTIONS	555,483
CLAIMS	555,483
BALANCE 16/17	0

Representations had been received to amend both schemes and these were put forward as recommendations to the Forum. The recommendations are shown in the box below.

Recommendations

Maternity Scheme amended to include ALN 1:1 support.

Sickness Scheme amended to include 1st day cover for ALN 1:1

The recommendations were discussed at length by the Forum. However, it was considered that given the performance of the maternity scheme and the sickness schemes it would not be appropriate to extend the scheme in this current financial year and the recommendations were **not** accepted.

Scheme for Financing Schools and Prudential Borrowing

The Scheme for Financing Schools sets out the financial relationship between the Authority and schools. Any changes to the Scheme must be approved by the Schools Budget Forum.

There were two amendments put forward to the Forum.

The first related to prudential borrowing. The Authority intends to formalise the use of prudential borrowing for the acquisition of equipment and vehicles to ensure transparency and to enable financial planning. Schools have used this method of funding relatively small scale purchases of equipment/vehicles for a number of years now. In future any use of prudential borrowing must be approved by the Asset Programme Board prior to committing expenditure otherwise the expenditure incurred will be charged in full to the school budget.

The Forum approved the change to the Scheme to incorporate Prudential borrowing. A draft Scheme for Funding Schools which incorporates the changes in section 8.5. is attached. Any comments/observations on this change should be submitted to lucy.morris@flintshire.gov.uk by 15 December.

A further recommendation was made to reintroduce a loan scheme funded by the collective balances held by schools which could be utilised to fund premises projects. However, the Forum noted that as latest forecasts on school balances showed a negative position it was felt that there needed to be further analysis and review before a decision could be made.

We hope that you have found this update useful to clarify the current position and confirm the position taken by the School Budget Forum. You are at liberty to share this information with staff and governors so that there is wider understanding of the challenges facing schools and the Council overall.

Yours sincerely

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Interim Chief Officer, Education & Youth

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Finance Manager

Appendix 1

Extract from Welsh Government Grants Table for 2018/19

	2017/18	2018/19	Increase/(Decrease)
Lifelong Learning and Welsh Language			
Post-16 Provision in Schools	98.587	NA	No Info Available
Adult Community Learning	4.307	NA	No Info Available
Additional Learning Needs Innovation Fund	1.320	0.000	(100.00%)
Learning in Digital Wales (Phase 2)	0.500	0.450	(10.00%)
Promote and Facilitate the use of the Welsh language	0.314	0.314	0.15%
Development of the Seren Network	0.120	0.250	108.33%
Education			
Education Improvement Grant	133.282	118.137	(11.36%)
Pupil Development Grant	91.333	91.333	0.00%
Pioneer Schools	7.895	0.000	(100.00%)
Youth Support Grant	3.856	3.470	(10.01%)
Reducing infant class sizes grant	2.000	3.000	50.00%
School Uniform Grant	0.700	0.000	(100.00%)
Modern Foreign Languages	0.480	0.432	(10.00%)
Senior Business Managers	0.200	0.200	0.00%
Mentoring and Networking Support for Headteachers	0.150	0.000	(100.00%)
National Numeracy Tests - Supported Marking Grant to Consortia	0.020	0.020	0.00%

Issued by Welsh Government as part of provisional settlement 24th October 2017