

## EDUCATION, YOUTH & CULTURE OVERVIEW AND SCRUTINY COMMITTEE

<b>Date of Meeting</b>	Thursday 16 <sup>th</sup> September 2021
<b>Report Subject</b>	Budget 2022/23 – Stage 2
<b>Cabinet Member</b>	Leader of the Council and Cabinet Member for Education, and Cabinet Member for Finance, Procurement and Social Value
<b>Report Author</b>	Chief Executive, Chief Officer (Education and Youth), and Corporate Finance Manager
<b>Type of Report</b>	Strategic

### **EXECUTIVE SUMMARY**

As in past years, the budget for 2022/23 will be built up in stages.

The first stage was concluded in July where we established a robust baseline of cost pressures. The review by Overview and Scrutiny Committees throughout September and October will form Stage 2 with Stage 3 being the identification of the funding solutions to ensure a legal and balanced budget.

In July, Cabinet and Corporate Resources Overview and Scrutiny Committee received the updated position on the budget for 2022/23 which showed that we have a minimum additional revenue budget requirement of an estimated £16.750m. The cost pressures identified were referred to the respective Overview and Scrutiny Committees with a request that they all undergo a rigorous review.

The details of the cost pressures for the Education and Youth Portfolio – which fall within the remit of this Committee - are included within this report. The Committee is invited to review these cost pressures and risks, and to advise on any areas of cost efficiency it believes should be explored further and the reasoning behind the request.

A slide presentation will be made at the meeting.

## RECOMMENDATIONS

1	That the Committee reviews and comments on the Education and Youth Portfolio's cost pressures.
2	That the Committee advises on any areas of cost efficiency it believes should be explored further.

## REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE BUDGET POSITION 2022/23</b>																							
1.01	The first stage for budget setting was concluded in July where we established a robust baseline of cost pressures. The review by Overview and Scrutiny Committees throughout September and October will form Stage 2 with Stage 3 being the identification of the funding solutions to reach a legal and balanced budget.																							
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1.03	The purpose of this report is to set out in detail of the cost pressures for the Education and Youth Portfolio that are included within the minimum budget requirement.																							
1.04	<p><b>Education and Youth Portfolio Pressures</b></p> <p>These are set out in the paragraphs which follow.</p>																							
1.05	<p><b><u>Table 1: Education and Youth Portfolio Pressures</u></b></p> <table border="1"> <thead> <tr> <th>Pressure Title</th> <th>£m</th> <th>Note</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>Prior Year Decision/Approval</b></td> </tr> <tr> <td>Pupil Referral Unit (PRU) revenue costs</td> <td>0.019</td> <td>1</td> </tr> <tr> <td colspan="3"><b>Legislative/Unavoidable Indexation Pressures</b></td> </tr> <tr> <td>GwE – Contribution increase</td> <td>0.015</td> <td>2</td> </tr> <tr> <td colspan="3"><b>Strategic Decisions</b></td> </tr> <tr> <td>Additional Learning Needs (ALN) - Reforms</td> <td>0.200</td> <td>3</td> </tr> </tbody> </table>			Pressure Title	£m	Note	<b>Prior Year Decision/Approval</b>			Pupil Referral Unit (PRU) revenue costs	0.019	1	<b>Legislative/Unavoidable Indexation Pressures</b>			GwE – Contribution increase	0.015	2	<b>Strategic Decisions</b>			Additional Learning Needs (ALN) - Reforms	0.200	3
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PRU new build – increased capacity	0.243	4
Outreach Provision – Plas Derwen PRU	0.154	5
Free School Meals – Increase in provision at secondary schools	0.087	6
On site Inclusion Centres	0.124	7
Provision within our Special Schools	0.243	8
Early Years Additional Learning Needs and Education Tribunal Act 2018 (ALNET)	0.050	9
<b>New Posts</b>		
Managing Learning Recovery	0.063	10
Support for Autism	0.063	11
Joint Archive Service	0.039	12

1. Revenue costs at Pupil Referral Unit (PRU) – The new building at Plas Derwen PRU is due to be completed this month part way through the 2021/22 financial year. The pressure relates to the full year additional costs of running the new building payable in 2022/23.
2. Contribution increase for GwE - An increase in the annual contribution to GwE the regional school improvement and effectiveness service supporting schools across north Wales.
3. Additional Learning Needs (ALN) reforms. The pressure is based on the Additional Learning Needs & Education Tribunal Act 2018 (ALNET) and a revised operational Code to accompany it due to be implemented in 2021/22. New systems will need to run in parallel with the existing legislation for a period of 3 years. All existing legal documents (Statements of Special Education Need) must be converted to Individual Development Plans (IDPs) within specified timescales. The Council has 853 Statements of SEN to convert to IDPs. To achieve this additional capacity will be needed across the Inclusion Service and in Schools.

The pressure shown is for;

- A statutory Additional Learning Needs Lead Officer (ALNLO),
- An additional Education Psychologist to respond to the extension of statutory duties,
- An additional post to write IDPs for looked after children from Flintshire. The operational Code allocates responsibility for the writing of all IDPs for looked after children to the home authority, irrespective of where the child resides. Currently Statements of SEN are written by the local authority team in which the looked after child resides.
- 2 additional sensory support team members to cover the pre-school and Post 16 requirements brought about by the Act; this is a regional service and the Council will need to fund a third of this total cost.

The pressure shown in Table 1 is the minimum additional pressure the new reforms are anticipated to cost the Inclusion Service alone. It is anticipated that schools will also incur additional costs as a result of the reforms due to the additional responsibilities placed by ALNET on the Additional Learning Needs Co-ordinator in particular along with other relevant staff. Whilst difficult to calculate with any certainty due to the way different schools will choose to manage the additional workload, a high level estimate of £0.300m has been assumed.

4. Increased capacity at Plas Derwen PRU. The new building is due to be completed this month, and has been designed to increase the capacity by an additional 25 places. The budget pressure relates to the costs of additional employees and resources required to support the increased number of pupils on roll.
5. Outreach provision at Plas Derwen PRU. Early intervention is known to be successful in supporting children with a range of additional learning needs to maintain their placements in mainstream schools. Across Flintshire, there is increasing levels of disengagement and exclusion particularly at secondary level, however there is increasing evidence of pupils struggling within the primary sector. Early intervention is a current initiative delivered through Plas Derwen PRU where capacity allows but provision is limited. The focus is to maintain the placements within the school by offering coaching and guidance to staff regarding the development of nurturing approaches. Additional capacity within the service is required to support an effective roll out of a more flexible and responsive model.
6. Free school meals – an increase in provision at secondary school age. The current free school meal allowance for all sectors is £2.35 per day. This is just enough at Secondary to buy a sandwich, a piece of fruit and a bottle of water or a meal deal but feedback via the Children’s Services Forum indicates that this is insufficient e.g. does not allow for breakfast or mid-morning snack. During the national lockdowns and school holidays Welsh Government are paying £2.90 for free school meals based on ranges of £2.30 to £2.90 being paid across Wales. Flintshire at £2.35 is at the lower end of this scale. Linked with the theme of reducing child poverty within the Council Plan, the proposal is to increase the amount a pupil receives to £2.75, to ensure they have enough for a nutritious lunch and snack to sustain their concentration throughout the school day.
7. On site Inclusion Centres. Directly linked to our response to the Estyn inspection recommendation to reduce exclusion and increase attendance at schools, the proposal is to pilot inclusion centres focusing on nurture training on 3 school sites in the first year and gradually increasing the provision.
8. Provision at our Special Schools. A review has been undertaken of the specialist provision for Flintshire children and young people. This has identified gaps in our current provision which is impacting on our level of commissioning out of county. Work is underway to map out the options in response to the shortfall of provision, with an extension

of existing provision in our special schools being anticipated, along with new facilities including provision for pupils with moderate learning difficulties, specialist KS5 vocational provision, secondary nurture centres, autism specific provision and residential provision. A feasibility study is underway to form the bid for a capital scheme, this will confirm associated revenue costs. Given the pressing need for provision in our specialist schools, consideration will be given to the early completion of elements of the projects and this request reflects a high level estimate of the anticipated revenue costs needed to support this.

9. Estimated costs of ALNET for Early Years sector. The Act extends the statutory responsibilities of the Council to provide additional learning provision for children and young people from 0 to 25 and include a range of 'educational' settings including those for pre-school children and further education establishments; the current requirements cover statutory school age up to the age of 19 for young people who remain in a school. The Council currently uses a range of grant funding to support pre-school children with additional needs. Given the broadening of the remit to include a wider range of settings, it is anticipated that additional funding will be required to meet the cost of this additional provision which may not be covered in the terms and conditions of the grants currently available.

10. Managing Learning Recovery. A new post reporting to the Senior Manager for School Improvement to facilitate strategic capacity, to focus on managing learning recovery post pandemic. The challenges of the last eighteen months have demonstrated how much schools are dependent on the Council's core portfolio officers to provide advice and support. It highlighted that there was insufficient operational capacity in the School Improvement Service to be able to manage these demands from early years / primary / secondary / post 16 and adult learning. Estyn's recent summary report on findings from their national thematic reviews draws together the key actions for local authorities moving forward. These include the recommendation that *Welsh Government work with regional consortia, local authorities, and other partners and providers to create opportunities to take stock and evaluate the impact of policies and practices developed since the start of the pandemic to inform future ways of working and curriculum design*. Other key findings include *identifying in strategic planning actions on developing authority-wide initiatives to support schools to be effective community schools*, along with *strengthening cross-directorate working to plan ways of locating a range of services in schools*

See also paragraph 1.08 for further background on the need to increase the organisations capacity.

11. Support for Autism. The number of children and young people with Autistic Spectrum Disorders continues to increase. The Inclusion Services has a shortage in expertise to be able to provide advice and support to schools. Additional dedicated capacity needs to be increased in this area to avoid school placements breaking down

which can add lead to the young person needing to be educated out of county.

12. Joint Archive Service. The Council's share of the costs of the Service Manager employed by Denbighshire but who manages the newly formed joint service between Flintshire and Denbighshire – North East Wales Archives. This additional management capacity is an essential part of the transition into a single service which will bring resilience to this statutory service and also in the development of financial bids to support new capital investment for a purpose-built archive building that will be for both counties.

1.06

**Table 2: Pressures relating to the Schools Budget**

<b>Pressure Title</b>	<b>£m</b>	<b>Note</b>
<b>National Funding Requirement</b>		
NJC Pay Award at April 2021 – estimated full year impact in 2022/23	0.160	1
Teachers Pay Award at Sept 2021 – estimated full year impact in 2022/23	1.282	2
NJC Pay Award at April 2022 – estimated full year impact in 2022/23	0.455	3
Teachers Pay Award at Sept 2022 – estimated part year impact from Sept 22 – March 23	0.432	4
<b>Strategic Decisions</b>		
Investment in Delegated School Budgets	1.000	5
ALN - Schools	0.422	6

1. NJC Pay Award at April 2021. An estimate of the costs of the in year NJC pay award from April 2021 for schools. This will have a full year effect on the 2022/23 financial year. This is still subject to negotiation and an increased offer has been made since the calculation of this pressure (from 1.5% to 1.75%). The pressure has been reduced by provision already made in the 2021/22 budget for posts under £24,000.
2. Teachers Pay Award at Sept 2021. An estimate of the costs of the in year Teachers pay award from September 2021 for schools which has been agreed at 1.75%. This will have a full year effect on the 2022/23 financial year as no provision was made in the 2021/22 budget.
3. NJC Pay Award at April 2022. An estimate of the costs of the April 2022 NJC pay award for schools calculated at 1%. This will have a full year effect on the 2022/23 financial year.

4. Teachers Pay Award at Sept 2022. An estimate of the costs of the September 2022 pay award for teachers calculated at 1%. This will have a part year effect on the 2022/23 financial year from September 2022 to March 2023.
5. Investment in Delegated Schools Budgets. A pressure that continues from the 2021/22 budget setting process where funding in secondary schools is gradually being increased as resources allow. This is linked to our response to the Estyn inspection recommendation to manage the reduction in school budget deficits more effectively.
6. Additional Learning Needs 1:1 support budget. The budget is delegated to schools but managed by the Inclusion service within an agreed protocol with schools. Schools apply for individual pupil support which is considered by a multi-disciplinary panel. The level of support is recommended by the panel and categorised into 3 bands of increasing need, thus ensuring consistency of support to learners across sectors. Both secondary and primary ALN individual pupil budgets are under significant pressure with demand in excess of resource. This results in the funding that schools receive being scaled down and not effectively covering the costs of the provision that they legally have to put in place (provision is outlined within a child's Statement of SEN which schools have a statutory duty to deliver). The pressure submitted is in line with the current overspend however demand is expected to increase as a result of the pandemic and has been reflected in the significant increase in requests for statutory assessment received this year.

1.07

**Table 3: Summary of Pressures**

<b>Portfolio</b>	<b>Low (£m)</b>
Education & Youth	1.300
Schools	3.751
<b>Total</b>	<b>5.051</b>

1.08

**Organisational Capacity**

The capacity of the organisation has been reduced over a number of years, in some areas of service management and operations, due to the need to reduce budget overheads to achieve our efficiency targets. The experience of managing the pandemic and endemic situation over the past 18 months has led to some increases in workload in certain areas, and the Council has set out some priorities which will require additional capacity in the Council Plan and through the leadership of the Council.

The Chief Executive and Chief Officer Team have reviewed these capacity needs in depth. We have prioritised a number of requests for additional

	<p>posts to supplement operational teams for consideration by the Overview and Scrutiny Committees as potential cost pressures for 2022/23 onwards. These requests are all supported by business cases. Our recommendation to Council will be that these requests are supported in order of priority. The extent to which this list of requests can be funded will depend on the financial “headroom” we will have when we are on the verge of setting the annual budget in the new year.</p> <p>From amongst this set of requests a small number have been prioritised for accelerated approval within 2021/22 and in advance of the annual budget setting. This accelerated approval will be the subject of a separate report to Cabinet in September.</p>														
1.09	<p><b>Budget Timeline</b></p> <p>An outline of the local budget timeline at this stage is set out in the table below:</p> <p><b><u>Table 6: Budget Timeline</u></b></p> <table border="1"> <thead> <tr> <th>Date</th> <th>Event</th> </tr> </thead> <tbody> <tr> <td>September/October</td> <td>Overview and Scrutiny Committees</td> </tr> <tr> <td>20/21 December</td> <td>WG Draft Budget/Provisional Settlement</td> </tr> <tr> <td>14 December</td> <td>Cabinet</td> </tr> <tr> <td>18January</td> <td>Cabinet</td> </tr> <tr> <td>15 February</td> <td>Cabinet and Council</td> </tr> <tr> <td>1 March</td> <td>WG Final Budget/Settlement</td> </tr> </tbody> </table>	Date	Event	September/October	Overview and Scrutiny Committees	20/21 December	WG Draft Budget/Provisional Settlement	14 December	Cabinet	18January	Cabinet	15 February	Cabinet and Council	1 March	WG Final Budget/Settlement
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<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	<p><b>Revenue:</b> the revenue implications for the 2022/23 budget are set out in the report.</p> <p><b>Capital:</b> there are no new implications for the approved capital programme for either the current financial year or for future financial years – the capital programme will be subject to a separate report</p>

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	Member and Group Leader Briefings June/July 2021. Corporate Resource Overview and Scrutiny Committee.

<b>4.00</b>	<b>IMPACT ASSESSMENT AND RISK MANAGEMENT</b>														
4.01	The key risks are set out within the main body of the report.														
4.02	Ways of Working (Sustainable Development) Principles Impact <table border="1"> <tr> <td>Long-term</td> <td>No change</td> </tr> <tr> <td>Prevention</td> <td>No change</td> </tr> <tr> <td>Integration</td> <td>No change</td> </tr> <tr> <td>Collaboration</td> <td>No change</td> </tr> <tr> <td>Involvement</td> <td>No change</td> </tr> </table>	Long-term	No change	Prevention	No change	Integration	No change	Collaboration	No change	Involvement	No change				
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4.03	Well-being Goals Impact <table border="1"> <tr> <td>Prosperous Wales</td> <td>No impact</td> </tr> <tr> <td>Resilient Wales</td> <td>No impact</td> </tr> <tr> <td>Healthier Wales</td> <td>No impact</td> </tr> <tr> <td>More equal Wales</td> <td>No impact</td> </tr> <tr> <td>Cohesive Wales</td> <td>No impact</td> </tr> <tr> <td>Vibrant Wales</td> <td>No impact</td> </tr> <tr> <td>Globally responsible Wales</td> <td>No impact</td> </tr> </table>	Prosperous Wales	No impact	Resilient Wales	No impact	Healthier Wales	No impact	More equal Wales	No impact	Cohesive Wales	No impact	Vibrant Wales	No impact	Globally responsible Wales	No impact
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<b>5.00</b>	<b>APPENDICES</b>
5.01	No appendices.

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	MTFS and Budget 2022/23 Cabinet Report 13 <sup>th</sup> July 2021 Presentation to Corporate Resources Overview and Scrutiny Committee July 2021 Summary Budget 2022/23 report to Corporate Overview and Scrutiny Committee 16 <sup>th</sup> September 2021. <a href="https://www.estyn.gov.wales/thematic-report/summary-findings-our-national-thematic-reviews-20202021">https://www.estyn.gov.wales/thematic-report/summary-findings-our-national-thematic-reviews-20202021</a>

<b>7.00</b>	<b>CONTACT OFFICER DETAILS</b>
7.01	<b>Contact Officer:</b> Liz Thomas – Strategic Finance Manager <b>Telephone:</b> 01352 702289 <b>E-mail:</b> liz.thomas@flintshire.gov.uk

8.00	<b>GLOSSARY OF TERMS</b>
7.01	<p><b>Medium Term Financial Strategy (MTFS):</b> a written strategy which gives a forecast of the financial resources which will be available to a Council for a given period, and sets out plans for how best to deploy those resources to meet its priorities, duties and obligations.</p> <p><b>Revenue:</b> a term used to describe the day to day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.</p> <p><b>Budget:</b> a statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.</p> <p><b>Budget Requirement:</b> The amount of resource required to meet the Councils financial priorities in a financial year.</p> <p><b>Forecast:</b> An estimate of the level of resource needed in the future based on a set of demands or priorities.</p> <p><b>Capital:</b> Expenditure on the acquisition of <b>non-current assets</b> or expenditure which extends the useful life of an existing asset.</p> <p><b>Revenue Support Grant:</b> the annual amount of money the Council receives from Welsh Government to fund what it does alongside the Council Tax and other income the Council raises locally. Councils can decide how to use this grant across services although their freedom to allocate according to local choice can be limited by guidelines set by Government.</p> <p><b>Specific Grants:</b> An award of funding from a grant provider (e.g. Welsh Government) which must be used for a pre-defined purpose.</p> <p><b>Welsh Local Government Association:</b> the representative body for unitary councils, fire and rescue authorities and national parks authorities in Wales.</p> <p><b>Financial Year:</b> the period of 12 months commencing on 1 April.</p> <p><b>Local Government Funding Formula:</b> The system through which the annual funding needs of each council is assessed at a national level and under which each council's Aggregate External Finance (AEF) is set. The revenue support grant is distributed according to that formula.</p> <p><b>Aggregate External Finance (AEF):</b> The support for local revenue spending from the Welsh Government and is made up of formula grant including the revenue support grant and the distributable part of non-domestic rates.</p>

**Provisional Local Government Settlement:** The Provisional Settlement is the draft budget for local government published by the Welsh Government for consultation. The Final Local Government Settlement is set following the consultation.

**Funding Floor:** a guaranteed level of funding for councils who come under the all-Wales average change in the annual Settlement. A floor has been a feature of the Settlement for many years.