



The Vale of Glamorgan Council

Learning and Development Directorate

**Medium Term Financial Plan
2011/12 to 2014/15**

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1. INTRODUCTION AND CONTEXT

1.1 Introduction

The Vale of Glamorgan Council, in common with other public sector organisations in Wales is facing a period of significant financial pressure. This Medium Term Financial Plan has been drafted to clarify how the Council will prioritise and deliver key Education Services within the resources available over the period 2011/12 – 2014/15.

1.2 Financial Context

The final settlement for 2011/12 increased the authority's SSA slightly to £202.788M an increase of 0.16% on 2010/11. The Education SSA was reduced to £92.568M a decrease of 0.58% on the previous year.

The Vale of Glamorgan 2011/12 Education budget of £91.929M is slightly below the Education IBA set at £92.568M, a shortfall of £639k. The gap between the Education budget and IBA has decreased from £945k in 2010/11 by £306k.

The Vale of Glamorgan has historically delegated the highest proportion of its Education budget out of all 22 authorities with an 83.4% delegation rate in 2010/11, increasing to 83.7% in 2011/12.

In 2011/12 the Vale of Glamorgan had the lowest per pupil Centrally Funded Schools Budget at £801. This is £256 less than the local authority ranked 21/22 and £498 per pupil below the average for Wales. It also had the lowest gross schools budgeted expenditure per pupil. In terms of Delegated Schools Expenditure, the Vale is ranked 13th for 2011/12 with delegated funding per pupil being £61 below the Welsh Average compared to 11th in 2010/11 when delegated funding per pupil was £40 per pupil above the Welsh average.

Broken down by sector the Vale was ranked 7th Nursery, 18th Primary, 19th Secondary and 5th Special which represents a reduction in ranking across all sectors apart from Special compared to 2010/11. In 2010/11 the Vale was ranked 3rd Nursery, 11th Primary, 16th Secondary and 5th for Special. However it is only when central funding is included in the analysis that overall the Vale's per pupil funding drops to 22nd. Funding per pupil in the Primary Sector is £100 less than the Welsh average whereas it is £238 less than the Welsh Average in the Secondary Sector.

In 2009/10 the Vale was ranked 2nd Nursery, 15th Primary, 21st Secondary and 6th for Special again dropping to 22nd overall once central funding was included. Whilst rankings improved in 2010/11 they have fallen in 2011/12 reflecting the impact of the cuts, despite the relative protection for schools provided by the minimum funding target for the Individual Schools Budget.

The reason for the fall in rankings across Sectors is likely to be due to the following;

- Demographic factors such as changes in pupil numbers
- Other Local authorities increasing delegation percentages (the average increase in delegated schools budget for authorities was 2.4% in 2011/12 this is partly due to the increased delegation of the School Effectiveness Grant (SEG).
- Some authorities have been able to increase their overall contribution to Education although the Welsh total Net Revenue Expenditure shows a decrease of 0.4%.

The shortfall between the Welsh average per pupil for the delegated schools budget and the Vale's per pupil delegated schools budget is £61, which equates to £1.291m. The shortfall for the Vale's Education Budget per pupil is £561 per pupil which equates to £11.875m below the current Welsh Average

The cumulative balance for all schools as at 31st March 2011 was £3,952,865 which is 4.82% of the schools 2010/11 delegated budget. The total balances have increased by £1,071,060 from the previous year, an increase of 37%.

Two schools ended the year in deficit totaling £22,997, one in the primary sector and one in the secondary sector. There were 39 schools with balances in excess of the recommended 5% of their budget. The total in excess of the 5% limit was £1,393,065.

There were two Nursery and 25 Primary schools with balances in excess of £50,000; the value of the balances in excess of £50,000 was £19,889 and £761,808 respectively. In addition there were three Secondary and one Special school with balances in excess of £100,000; the value of the balances in excess of £100,000 was £321,101 and £121,599 respectively. The total balance in excess of the respective limits was £1,235,397.

The following table shows school balances for each sector from 2005/06. Overall balances dipped in 2006/07 but have risen each year since. The number of schools in deficit over this period has reduced whereas the number of schools exceeding the WAG £50,000 and £100,000 thresholds for balances has increased.

SCHOOL BALANCES 2006/07 – 2010/11						
Sector	Cumulative Balance 31 03 06	Cumulative Balance 31 03 07	Cumulative Balance 31 03 08	Cumulative Balance 31 03 09	Cumulative Balance 31 03 10	Cumulative Balance 31 03 11
Nursery	0	93,918	89,909	98,380	101,066	147,526
Primary	1,726,421	1,694,652	1,742,935	1,932,323	1,883,205	2,581,504
Secondary	169,381	75,736	9,616	236,425	431,626	850,535
Special	-37,892	-293,403	98,252	336,447	465,908	373,300
All Sectors	1,857,910	1,570,903	1,940,712	2,603,575	2,881,805	3,952,865
Schools in Deficit	12	11	11	7	9	2
Nursery & Primary >£50,000	14	16	20	17	16	27
Secondary and Special > £100,000	1	1	3	4	4	4

1.3 Pupil Numbers and School Capacities

The Vale has 21,892 pupils aged 3-19, 11,815 in the primary sector, 9,823 in secondary schools and 254 in special schools. The primary school population is projected to increase over the next 15 year period whereas the secondary population is set to decline over the next six year period but then increase from 2017 onwards.

The current overall surplus capacity in the Vale currently stands at 15.69% in the primary sector and 6.31% in the secondary sector. Surplus capacity at primary level is set to remain constant over the next year but will start to reduce from 2012 to coincide with an expected increase in the population. However the secondary population surplus capacity is expected to increase to around 12% over the next five years resulting from a reduction in numbers of primary age pupils moving into the secondary sector.

There are variations of over and under subscription at individual school level with surplus capacity predominantly located in the Barry and Llantwit Major and surrounding area at both primary and secondary level. The council's policy is to retain no more than 10% surplus places overall and review schools in excess of 15% and particularly those schools with 25% or more surplus places. There are currently six primary schools with in excess of 25% surplus capacity that looks set to increase over the next five years. The authority has one Welsh medium secondary school with in excess of 25% surplus places but this figure is set to decrease as the demand for Welsh medium primary places continues and feeds through to secondary level in future years.

1.4 Educational Outcomes

The overall standards achieved by pupils in schools in the Vale of Glamorgan are good. National curriculum teacher assessments and external examination results are consistently above the Welsh average in all cases. At key stages 1, 2 and 3 the percentage of pupils gaining the core subject indicator has improved at a similar rate to Wales over the last three years. At key stage 4, pupil performance is high overall and has continued to show improvement over the last three years. The Welsh Assembly Government sets benchmarks for performance based on entitlement to free school meals in maintained secondary schools only. From 2007 to 2009, the Vale of Glamorgan has met or exceeded these benchmarks in all indicators except one. It missed the percentage of pupils gaining the core subject indicator at key stage 3 in 2008 by one percentage point. At all key stages the gap in performance between boys and girls is smaller than the Wales average. In the majority of core subject indicators at key stage 4 boys perform as well as or better than girls.

Particular groups of learners, including vulnerable groups and those with additional learning needs, generally perform at or above the Wales average at all key stages. Performance in Welsh first language at key stages 1, 3 and 4 is good and improving, but at key stage 2 it is declining.

Outcomes from school inspections are good overall. However, one school was judged as requiring significant improvement in March 2008. It was removed from this category after re-inspection in June 2009 (Source: Estyn Inspection Report June 2010).

2. Challenges

2.1 Education Funding Commitment

Included within the settlement was a level of protection for Schools and Social Services. The limited protection for schools arises from a commitment given by the Welsh First Minister Carwyn Jones AM to spend “one per cent above the Welsh Assembly Government’s (WAG) revenue block grant every year until we reach a situation where we have parity of funding per head of pupil in England”. As the funding allocation has been cut this has led to a reduction in funding albeit a smaller reduction than otherwise would have been the case. This translates to a minimum funding commitment on the Individual Schools Budget (ISB).

To fulfil the First Minister’s commitment councils will need to ensure that their net (i.e. excluding specific grants) Individual Schools’ Budget is adjusted by one per cent more than WAG block grant adjustments as shown in the table below and further adjusted for any increase or decrease in pupil numbers each year.

	WAG Budget	Basic Adjustment to ISB Before Changes to Pupil Numbers Taken into Account
2011/12	-1.33	-0.33
2012/13	+0.58	+1.58
2013/14	+1.08	+2.08

The minimum funding commitment for the Vale was calculated using a cut of - 0.33% of the ISB, adjusted for demographic changes giving a minimum ISB of £74.998M. The Authority has met the minimum funding target for 11/12, delivering an ISB of £75.207M.

For the purposes of this plan in the absence of any indicative figures from WG or WLGA for 2014/15 an increase of 2.08% on ISB, as in 2013/14 has been assumed.

2.2 Corporate Medium Term Financial Plan

In order to balance the budget over the financial years 2011/12 to 2013/14 the Authority was required to find £12.617M savings. Of this amount, the Learning and Development Directorate (excluding Schools) has been required to find £1.926M of savings which are outlined below.

	Description of Saving Proposal	Target Amount (£000s)
L1	Review Structure of School Improvement Service and Achieve savings through collaboration.	512
L2	Review of Welsh Language Support	20
L3	Welsh Joint Education Committee Level Agreement no longer purchased	42
L4	Contribution to Crucial Crew Reduced	8
L5	Explore Reconfiguration of teams within ALN and seek collaboration opportunities with other authorities	66
L6	Restructure Management within ALN	75
L7	Review Structure of Education Welfare Service	100
L8	Review of vacant admin posts within Strategic Planning and Performance and reduction in hours 1 post	78
L9	Align ALN Transport Budget to Reflect Actual Spending	150
L10	Reduce non delegated contingency budgets for Primary and Secondary	117
L11	Reduce Schools Minor Repairs and Maintenance Budget	113
L12	Align Teacher Association facility budget	20
L13	Reduction to Discretionary Exam Fees	60
L14	Discontinue Mobile Library Provision and restructure Admin	108

L15	Additional grant projected for Adult and Community Learning	50
L16	Review Youth Service	193
L17	Close Community Enterprise Service	46
L18	Only continue elements of Training and Flexible New Deal that are self funding	58
L19	Management Restructure, Increase School Meal Charges. Review Wenvoe Canteen, Review Hospitality and Welfare provision.	110
	Total Savings Identified	1,926

In addition to the above, Schools have been required to find savings to balance the budget to the WAG minimum funding target for the ISB. With schools facing significant pressures for pay and prices inflation and increments, this has equated to a cut in real terms for 2011/12 necessitating a saving of £2.351M.

The following table summarises the actions taken by schools (based on analysis of responses to date) to meet the savings target for 2011/12.

No. of Schools	Nursery& Primary	Secondary	Special	Total
No Action	7	1	0	8
Use of Balances	27	1	2	30
Use of Balances & Non-Staffing reductions	5	1	0	6
Use of Balances, Non-staffing and VERR	2	4	1	7
Use of Balances, Non-staffing, VERR and Compulsory Redundancy	1	1	0	2
TOTAL	42	8	3	53

The need to find savings to offset growth items will continue to present significant issues for schools in 2012/13 and 2013/14, although the minimum funding target allows for increases of 1.58% and 2.08% in 2012/13 and 2013/14 respectively.

In the most recent Corporate Medium Term Financial Plan which went to Cabinet in draft form on 6th July 2011 the likely funding levels and subsequent shortfalls were considered. As no indicative figures have been provided by WG an increase of 2% in line with inflation has been assumed. On the basis of these calculations the Learning and Development directorate has been allocated an additional £257k savings target. Options for savings need to be identified by the Directorate by November 2011.

Although this savings target excludes schools, it is assumed that schools will need to continue to find savings to offset growth items in 2014/15 over and above the 2.08% projected increase.

2.3 Transfer of Resources to the Front Line

On 18th May 2010 the Minister for Children, Education and Lifelong Learning published a report from PricewaterhouseCoopers on the cost of administering education across Wales. The overarching objective of the review being to ensure that a greater proportion of the costs of education reach the front line. The report recommendations focused on a number of hypotheses as a basis for further work.

To provide pace and direction to the implementation of the report's recommendations the Minister established a Front Line Resources Review Board and a number of working groups to identify a program of transformation to maximize the level of resource available for front line service delivery. The Minister's stated objective is, "to ensure that the education system is structured in such a way that will deliver sustained improvement in learner attainment across Wales. Driving more resource to the front line is critical to that. The Front Line Resources Review will support performance improvement across the education system in Wales and help embed collaborative models of service planning and delivery".

In parallel with the Front Line Resources Review the Minister established a task and finish group to look at the structure of education services (excluding higher education) in Wales. The findings of this group were reported in March 2011 with 33 recommendations being put to the Minister. A number of the recommendations are likely to have an impact on funding levels and systems and should be taken into account in the financial plan for Education Services as far as is possible at this stage.

A key recommendation is that there should be four regional consortia wide school improvement services to support and challenge schools. Considerable work has already been undertaken within the Central South Consortium but it is unlikely that the new arrangements will be established before 2012. Estimated savings to be generated centrally as a result of consortium working, are already reflected in the Corporate Medium Term Financial Plan (refer to L1 above). Given the financial pressure facing the Vale of Glamorgan Council it has been necessary to offset savings in central education costs against the Council's overall savings target as opposed to redirecting the funding to schools. It is not clear whether in the future there will be a requirement to demonstrate that the savings generated from the establishment of Education Consortia have been redirected to schools. Furthermore the expectation that central education costs

can be reduced significantly must be looked at in the context of the Vale having by far the lowest central education costs per pupil in Wales.

2.4 Delegation Expectations

As previously stated the Vale of Glamorgan has historically delegated the highest proportion of its Education budget out of all 22 authorities with an 83.4% delegation rate in 2010/11 and 83.7% in 2011/12. There was a commitment by Local Authorities in Wales in 2010 to increase the delegation rate to 80% in the next 2 years (2012/13) and 85% over the next 4 years (2014/15) in line with the Minister's expectation of increased funding to 'frontline' services. The extent to which there is funding that can be freed up centrally to be allocated to schools is questionable. As outlined above, projected central savings are required to offset corporate savings targets. In the interest of efficiency certain services such as insurance are arranged and paid for centrally on behalf of schools. The funding for such services could be delegated to schools which would then need to decide whether to purchase the service back or purchase an alternative. However, it is very unlikely that this practice will increase the overall level of resources available to direct to teaching and learning. The more likely consequence will be an unhelpful increase in the bureaucratic burden facing schools.

3. Projected Cost Pressures and Growth

3.1 Pressures for Central Education

The Pupil Referral Unit (PRU) has undergone significant change in 2010/11 in response to recommendations made by Estyn following its inspection of Education Services in 2010. The Cowbridge element of the PRU has been historically funded by Cymorth grant which has been extended until the end of August 2011 and will present a cost pressure within the service. The costs of this service have increased significantly as a result of implementing these recommendations and whilst to some extent this has been addressed by the introduction of the AWPU contributions from schools, the proposed short term intervention element has not yet been implemented because there is insufficient funding which presents an unmet cost pressure.

An increase in charges for private provider nursery provision has led to an unavoidable overspend against this budget in 2010/11. An additional factor has been an increase in this age group meaning that there is greater take up of Nursery places including those provided by private organisations. Although take up fluctuates the birth rate indicates that this increase is likely to be sustained and therefore the budget should be increased to reflect this demand.

	2012/13 £000	2013/14 £000	2014/15 £000
Central Education Projected Pressures			
Teachers Pay Award	38	38	38
Non-teachers Pay Award	9	9	9
Increments	34	34	34
Price Increases	146	149	153
Nursery Placements	30	0	0
Early Retirement & Redundancy	100	0	0
PRU Short term intervention	83	0	0
Total	440	230	234

3.2 Pressures for Schools

Cost Pressures for 2012/13, 2013/14 and 2014/15 have been projected assuming price inflation of 2% (a significant risk given current inflation estimates). Pay for Non Teaching Staff has been projected assuming a 1% pay award in April 2012 and 2013 and a 2% pay award in April 2014. Projections include a 1% pay award for Teaching Staff in September 2012 and 2013 and a 2% pay award in September 2014. Whilst a pay freeze has been publicised until April 2013 these pay increases have been projected for prudence. If these do not materialise then the pressures on schools and the projected real terms impact will be less than shown within this medium term financial plan.

It should be noted that these estimates exclude the impact of job evaluation. However it is estimated that the cost of increments under the job evaluated scheme (if implemented), should not exceed the current cost of increments for schools.

	2012/13 £000	2013/14 £000	2014/15 £000
Schools Projected Pressures			
Teachers Pay Award	295	536	878
Non-teachers Pay Award	163	166	337
Threshold	407	255	391
Teaching Increments	446	485	361
Leadership	140	111	91
Non Teaching Increments	184	153	98
Price Increases	163	167	170
Total	1,798	1,873	2,326

The Authority has implemented a new Voluntary Early Retirement and Redundancy Scheme to assist schools with balancing their budgets where deficit budgets are projected. In 2011 early retirement/redundancy was agreed for 25 staff of which 19 were from the Secondary Sector, 3 from the Primary Sector and 3 from the Special Sector. A number of Primary Schools are planning to draw heavily on their reserves in 2011/12 to deliver a balanced budget. At individual school level reductions in pupil numbers will add to the pressures outlined above resulting in a deficit budget position for some schools. This will place pressure on the existing funding available centrally to facilitate early retirement and redundancy.

4. Projecting the Real Term Impact on Schools and Central Education

The Assembly's Minimum Funding Commitment allows Authorities to project the minimum Individual Schools Budgets (ISB) over the three years for which the budget has been set. Using this data Authorities are able to project the impact of austerity measures on schools in real terms. Although it should be noted that demographic pressures are excluded because they cannot be projected without reference to demographic change in other Authorities.

If the projected pressures on schools as calculated above are compared to the projected increase in ISB a shortfall is calculated that represents the amount schools will need to find in savings to fund pressures such as increments and inflation.

Real Term Impact on the Individual Schools Budget				
	Actual	Projected	Projected	Projected
	ISB	ISB	ISB	ISB
	2011/12	2012/13	2013/14	2014/15
	£000s	£000s	£000s	£000s
ISB	75,207	76,395	77,984	79,607
Minimum Funding Increase		1,188	1,589	1,623
% Increase		1.58%	2.08%	2.08%
Cost Pressures/Inflation		1,798	1,873	2,326
Shortfall		-610	-284	-703
Real Term Cut		-0.80%	-0.36%	-0.88%

As can be seen from the above, despite the projected budget increase in 2012/13 and 2013/14, this equates to a real terms cut of 0.80% and 0.36% respectively. Assuming an increase of 2.08% in 2014/15 a real terms cut of -0.88% is projected.

The above figures do not take into account the impact of demographic fluctuations which can have a significant impact upon individual school budgets.

The impact of cuts to specific grants, in particular Post 16, has also been excluded from the above analysis. The cuts to post 16 funding will have a significant impact on overall funding levels in the secondary sector. The Comprehensive Schools are subsidising the cost of post 16 education which is adding to the pressure on funding available for 11-16 education. The March 2011 report on the Structure of Education Services in Wales recognizes the need for a thorough review of post 16 funding and stipulates that issues of school size and surplus capacity must also be considered in the process.

Real Term Impact on Central Education Budget			
	Projected	Projected	Projected
	2012/13	2013/14	2014/15
	£000s	£000s	£000s
Inflation Pay and Price	193	196	200
Cost Pressures	213	0	0
Increments	34	34	34
Total Pressures	440	230	234
Less Additional Funding	193	196	200
Shortfall	247	34	34
Plus Savings Target	717	177	257
Total Real Terms Cut	964	211	291
Real Terms Cut %	-5.75%	-1.24%	-1.70%

The projected real term cut for Central Education is 5.75% in 2012/13, 1.24% in 2013/14 and a further 1.70% in 2014/15. This suggests that further savings in addition to those already planned will need to be identified to offset service cost pressures, pay and price inflation and increments. The above projections do not include the impact of job evaluation.

5 Assumptions

A number of assumptions have been made in compiling the Budget Strategy as follows:

- The Council will continue to control Education Expenditure.
- The Directorate will continue to be part of the Corporate Structure.
- Pressure to find savings will increase.

6 Budget Strategy Components

6.1 Funding Quantum per Sector

Given the current and predicted fall in the number of Secondary Sector pupils and increase in Primary Sector pupils the normal practice would be to transfer funding from one sector to the other to reflect the demographic changes. However, the Secondary Sector funding per pupil is £238 below the Welsh average whereas the Primary Sector funding per pupil is £100 below average. To adjust this position the transfer of funding between the sectors will be suspended to achieve parity in proximity to average per pupil funding within each sector. The impact of this will be reviewed and adjustments made as necessary.

6.2 Council Policy

The Vale will fulfil the minimum funding commitment for schools in 2012/13 and 2013/14. To achieve this the net (i.e. excluding specific grants) Individual Schools' Budget will be adjusted by one per cent more than WAG block grant adjustments as well as being adjusted for any increase or decrease in pupil numbers each year. In order to protect the Central Education Budget from further cuts in addition to those already identified within the Medium Term Financial Plan, the net Individual Schools' Budget will not exceed the minimum funding requirement in 2012/13 and 2013/14. In the absence of any guidance from WG or WLGA for 2014/15 funding the authority has assumed the minimum funding target will continue to exist for schools at the 2013/14 rate (2.08%). Assuming a 2% increase in overall funding for the authority this equates to additional savings to be found for the Learning and Development Directorate of £257k in 2014/15. Options for savings need to be identified by the Directorate in time for initial budget proposals to go to cabinet in November 2011.

6.3 Delegation Rates

The Association of Directors of Education (ADEW) Finance Sub Group is currently assessing the feasibility of increasing front line resources through increasing the delegation rate. It is acknowledged that funding in relation to certain areas of expenditure, e.g. pension costs relating to past employees, can not be delegated, whilst funding for other costs such as insurance can be deployed more effectively when retained centrally. The Vale will seek to increase its delegation rate to the expected 85 % by 2014/15 in consultation with schools and the Budget Forum.

The Delegation percentage statistic is based on specific lines of the Education Revenue Account (RA) return and the calculation includes the effect of grants shown on those lines. Whilst the Vale can predict the impact of savings and

growth on the delegation percentage the projections do not take account of the following; demographic factors, fluctuations in grant funding, changes to Education RA guidance, additional cost pressures being awarded or fluctuations in guidance on delegation within grant funding.

The analysis below reflects targeted savings, likely inflation and assumes the Minimum Funding target set by Welsh Government will be met with no significant demographic fluctuations.

Delegation Percentage Projection					
	2011/12	Movement	2012/13	Movement	2013/14
	£000s		£000s		£000s
Line 1 (RA)	86,797	1,188	87,985	1,589	89,574
Balance of RA	16,949	-524	16,425	19	16,444
	103,746	664	104,410	1,608	106,018
Delegation %	83.66%		84.27%		84.49%

As shown above in order to meet the delegation target of 85% additional suitable responsibilities and funding will need to be considered for delegation to schools as part of future budget cycles.

6.4 Early Retirement/Redundancy Targeted Programme

The new Voluntary Early Retirement and Redundancy Policy for Schools introduced in April 2011 enabled schools with projected deficit budgets to develop feasible budget recovery plans through reducing staff whilst avoiding compulsory redundancies. Priority will continue to be targeted to facilitating early retirement and/or redundancy in those schools with budget deficits in order that the position can be recovered within a reasonable period of time. Subject to available funding, support will then be focused on those schools with scope to create a more sustainable financial position going forward through application of the Policy.

6.5 Review of the Redeployment Policy

In situations where voluntary early retirement and/or redundancy is not an option it is important that all opportunities are identified to redeploy staff to suitable alternative employment. Whilst the Vale of Glamorgan has a Redeployment Policy in place there is currently little incentive for Governing Bodies to accept redeployed staff. The feasibility of linking qualification for support for Early Retirement and Redundancy to adoption of a revised redeployment policy which requires Governing Bodies to accept redeployed staff will be investigated.

6.6 Career Development Programme

Rather than trigger redeployment of staff at risk during the budget setting process, Headteachers have supported the development of a more proactive scheme which seeks to redeploy younger teachers as part of a career development process, targeting teachers from schools which anticipate a decline in pupil numbers or will be impacted by school restructuring proposals.

6.7 Restructuring of Schools

The need for local authorities to reduce surplus places through rationalization of provision has been brought into focus by the recommendation of the Task and Finish Group review of the Structure of Education Services in Wales that surplus places should be no more than 10%. Authorities are expected to submit plans to meet this target within their revised 21st Century Schools Strategic Outline Programs due for submission in December 2012. It is intended that investment will be prioritized to schemes aimed at reducing surplus places.

Work is currently underway with Member Advisory Panels to identify restructuring and investment priorities in relation to all Vale Schools. Options for reducing surplus places, particularly within the Primary Sector are being considered and plans to meet the 10% target will be published in readiness for December 2012.

In line with the expectations of the Minister for Education and Skills, opportunities to federate schools will be identified and Governing Bodies supported to pursue federation with a view to sharing resources and using available funding more effectively.

Savings generated through the restructuring of schools will be reinvested in schools to ensure that the level of funding directed to the front line is maximised and to incentivise schools to identify creative approaches to sharing resources.

6.8 Peer Assessment of Staffing Structures and Budget Composition

A peer assessment support service will be developed for use by schools which are in a deficit budget situation or seeking to reduce costs. This would involve a Headteacher from one school within a particular sector carrying out a critical appraisal of staffing structures and the budget allocation of one or more schools within the same sector. The detail of this proposal will be further developed with a working group of representatives of the Headteachers Steering Group.

6.9 Establish Invest to Save Biding System for Schools

The Invest to Save Reserve for Schools was established to enable the funding of schemes giving rise to net savings over the medium term. The reserve funding is one off and as such needs to be replenished from the savings generated.

Residual savings would then be accrued by the school or group of schools in question. Whilst a Capital Invest to Save Scheme was established sometime ago there is no formal system in place to request and consider smaller revenue based bids.

It is likely that much of the Invest to Save Reserve will be required to support schools' shares of voluntary early retirements and redundancies however a formal scheme will be developed to enable the consideration of other saving generation schemes which could potentially be accommodated within the reserve available.

6.10 Shared services

The Learning and Development Directorate will continue to work with other parties to establish shared services where the quality standards can be sustained and efficiencies achieved. Each proposal will be considered on its merits based on a full business case analysis of costs and benefits.

6.11 Central Recharges

The service will work with the Director of Finance, ICT and Property to explore opportunities to reduce central costs and charges. This will include the use of technology and development of agile working to reduce accommodation costs.

6.12 School Balances

In September 2010 The School Funding (Wales) Regulations 2010 came into force and gave Local Authorities powers to direct schools to spend surplus balances or to claw back surplus balances.

The Council's Fair Funding Scheme for Financing Schools is required to contain a statement outlining the Local Authority's powers relating to surplus school balances. The following is an extract from the Council's Fair Funding Scheme:

Reporting on the Intended use of Surplus Balances

4.2.1 Schools should not accumulate what might appear to be excessive surpluses, greater than 5% of the budget share or £10,000, whichever is the greater, without good reason.

4.2.2 *Governing bodies are required to report to the Director of Learning & Development on the use the school intends to make of surplus balances that exceeds either 5% of their budget share or £10,000, whichever is the greater. ([Para 19-Schedule 4-School Funding \(Wales\) Regulations 2010](#)).*

4.2.3 *The authority may direct the governing body as to how to spend a surplus in the school balance for a funding period if, in the case of a nursery or primary school the surplus is £50,000 or more and in the case of a secondary or special school the surplus is £100,000 or more. ([Para 20-Schedule 4-School Funding \(Wales\) Regulations 2010](#)).*

4.2.4 *The authority may, if the governing body does not comply with such a direction, require the governing body to pay all or part of that surplus to the authority to be applied as part of their schools budget for the funding period in question. ([Para 20-Schedule 4-School Funding \(Wales\) Regulations 2010](#)).*

It is intended that a Clawback Scheme setting out monitoring and reporting procedures in relation to school balances and the circumstances in which balances could be clawed back is developed in readiness for implementation from April 2012.

7 Reserves Available

The Education department does have some Reserves in place to support delivery of key priorities and invest to save schemes. The projected balances at the start of 2011 are shown below.

Analysis of Reserves	Projected Balance 1st April 2011
	£000s
School Rationalisation Reserve	978
School Invest to Save	456
Excluded Pupils	133
Total Reserves	1,567

The School Invest to save reserve will be utilised for school contributions to the early retirement scheme allowing repayment over three years.

As this funding would only be available on a 'one off' basis the use of reserves should mainly be utilised for projects or schemes likely to lead to efficiency savings in revenue budgets.

VALE OF GLAMORGAN COUNCIL EDUCATION BUDGET STRATEGY ACTION PLAN			
Action	Lead Officer	Start Date	Finish Date
Develop proposals for increasing the delegation rate to 85% within 4 years.	Ian Teagle	September 2011	March 2015
Review the Vale's Redeployment Policy for school based staff.	Sue Alderman	September 2011	March 2012
Leadership & Management Strategy Group to develop a Career Development Programme for teaching staff.	Lynette Jones	N/A	Initial work July 2012 Further work July 2014
Develop a formal system for Peer Assessment.	Paula Ham	September 2011	February 2012
Establish an Invest to Save bidding procedure for school based revenue schemes.	Ian Teagle	September 2011	January 2012
Continue to develop shared services with other authorities including the identification and pursuit of new opportunities for collaboration.	Heads of Service	On-going	
Identify opportunities to generate efficiencies through collaboration/shared services within school clusters.	Headteacher Steering Group/Cluster Groups	On-going	
Develop and implement a Clawback Scheme for school balances.	Ian Teagle	September 2011	March 2012

GLOSSARY of TERMS

IBA	Indicator Based Assessment –Service IBAs are derived from data and formulae for each service. Data usually includes client numbers such as pupil numbers The formula seeks to model spending and is set by WAG on the basis of advice from the Distribution Sub Group (DSG). IBAs are used to build up an authority' SSA and are not intended for use in determining individual authorities budgeted expenditure on particular services.
ISB	Individual Schools Budget – the amount the Council allocates to schools as shown in the Section 52 Budget Statement.
RA	Revenue Account (RA) Return – statistical report to the Welsh Assembly Government (WAG) on total planned (budgeted) spend on Council services including Education and schools.
Section 52 Budget Statement	The Section 52 Budget Statement is prepared in accordance with Section 52 of the School Standards and Framework Act 1998 and the Education (Budget Statements)(Wales) Regulations and accompanying guidance and illustrates how each school's formula budget is calculated.
SSA	Standard Spending Assessment – the Welsh Assembly Government's assessment of a council's relative need to spend to provide a standard level of service for a given year. SSA is built up from a series of indicator based assessments for each service. The SSA is used to distribute RSG. It is not a spending target and authorities are able to set their own spending priorities.