

Report of the Managing Director

Reasons for Difference between Final Education IBA and Budget

Background

The Welsh Government (WG) requires each local authority to compare its total budget for education to its Education Indicator Based Assessment (IBA), and report on reasons for the difference between the Education Budget and its IBA.

The Vale of Glamorgan Council 2018/19 Education IBA is £96.899M compared to a budget of £99.885M. The Council is therefore funding educational services at £2.986M above the IBA.

This report must be made available for consideration by the Schools' Budget Forum, full Council and Welsh Government.

Issues

The 2018/19 revenue settlement from WG has reduced the Aggregate External Finance (AEF) for this Council by £0.634M; a decrease of 0.41% from 2017/18 after adjusting for transfers.

The Council's overall 2018/19 Standard Spending Assessment (SSA) is £222.840M which represents an adjusted increased of £2.473M or 1.12% when compared to the previous year. However the Education SSA has increased by 2.6% or £2.458M.

The Council continues to face significant pressures in setting the budget which are identified in the report on the Initial Revenue Budget Proposals for 2018/19 presented to Cabinet on the 20th November 2017.

Protection for Individual Schools Budgets

The 2018/19 settlement does not include any protection for schools in the form of a minimum funding commitment.

A commitment was previously made by WG to fund schools at one per cent above the WG revenue block grant each year until a situation was reached where there was parity of funding per head of pupil with England.

This protection for schools ended in April 2017.

Table to Show Demographic Impact on the Individual Schools Budget

The 2018/19 settlement recognises an increase of 243 Vale of Glamorgan pupils compared to the previous year.

The table below shows the financial impact of this demographic increase on schools' budgets.

	2017/18	2018/19	Change	SSA Unit Value	Increased Cost
Pupil Numbers Nursery and Primary	11,942	12,123	+181	£3,253.03	£588,798
Pupil Numbers Secondary in Yr Groups 7-9	4,382	4,419	+37	£4,125.96	£152,661
Pupil funding Pupils in Yr 10 & 11	2,921	2,946	+25	£5,142.67	£128,567
COST OF DEMOGRAPHIC INCREASE			243		£870,026

Learning and Skills Budget 2018/19

The overall increase in the Learning and Skills budget is £2.073M, the table below shows the movement between the 2017/18 and 2018/19 Budgets

Learning and Skills Budget 2017/18	£'000
2017/18 Learning and Skills Budget	99,889
Growth to fund inflation (incl. schools)	1,776
Growth to fund demographic growth in schools	868
Growth to fund reduction in Out of County Income	700
Growth to fund increase in complex needs	149
Growth to fund Compliance Team	57
Reshaping Services and Efficiency Savings	-1,110
Asset Rent and IAS 19 adjustments	-326
Central Recharge and Insurance Adjustments	-41
Net budget increase	2,073
2018/19 Learning and Skills Budget	101,962

Education IBA Comparison

The Learning and Skills 2018/19 Budget is £101.962M, however not all departments within the Learning and Skills Directorate fall under the heading of Education for IBA comparison (e.g. Libraries, CYPP and Arts). In order to compare the Education budget with the Education IBA, the Learning and Skills budget must be adjusted as demonstrated in the table below.

The resulting Education budget of £99.885M exceeds the Education IBA (£96.899M) by £2.986M.

Education IBA Comparison	Budget 1819
	£'000
Schools	84,458
Achievement for All	4,662
- Less CYPP	-284
Strategy, Community Learning and Resources	11,577
- Less Libraries and Arts	-2,054
Directors Office	232
School Improvement	1,033
Education Transport (Budget held under Neighbourhood and Transport Services)	3,556
Less Education Asset Rents and IAS 19	-3,295
TOTAL EDUCATION BUDGET	99,885
2018/19 SSA	96,899
Variance above SSA	2,986

Delegated authority has been given to the Director of Learning & Skills to determine the split of Learning and Skills funding in light of consultation with the Schools Budget Forum.

Conclusion

In setting a budget that is both prudent and achievable, the Council must have regard to the fair distribution of resources amongst all of its services in relation to their relative priorities.

The Education and Schools 2018/19 budget is £2.986M above the SSA of £96.899M, however schools and educational services are still under a great deal of financial pressure in order to manage within budgeted resources. The Directorate will continue to work on the reshaping services agenda with the aim to make savings by changing the way services are provided.