

Meeting of:	Cabinet
Date of Meeting:	Thursday, 18 December 2025
Relevant Scrutiny Committee:	Start Well Scrutiny Committee
Report Title:	Vale of Glamorgan Council: School Balances
Purpose of Report:	To advise Members of the findings of the Auditor General for Wales' review of school deficit balances
Report Owner:	Executive Leader and Cabinet Member for Performance and Resources
Responsible Officer:	Director of Learning and Skills Director of Corporate Resources
Elected Member and Officer Consultation:	No specific ward Member consultation has been undertaken. Regulatory reports apply to the whole Authority and inform Scrutiny Committees' annual work programme, the Cabinet annual work programme and the Council's improvement programme. Progress in relation to areas for improvement arising from the Annual Regulatory Plan (including local and national reviews) is regularly reported via the Council's Strategic Insight Board Insight Tracker to the Strategic Leadership Team, Governance and Audit Committee and Cabinet for final oversight.
Policy Framework:	This is a matter for Executive decision by Cabinet.
<p>Executive Summary:</p> <ul style="list-style-type: none"> The Audit Wales' review of school balances considered the effectiveness of the Council's arrangements to support and challenge its schools to recover from their budget deficit positions. Appendix A sets out a detailed audit scope and key findings of the review. The review was undertaken to help fulfil the Auditor General's duties, under section 17 of the Public Audit (Wales) Act 2004. The review findings concluded that: 'A quarter of schools in deficit have not submitted recovery plans. The Council is taking a range of actions to support and challenge schools to recover from their deficits, but this is not yet reducing overspends. Shortcomings in the Council's reporting of this significant risk is limiting the effectiveness of monitoring and challenge in public committees.' 	

- Three recommendations have been made in relation to the review which are detailed in Appendix A. These focus on the Council improving oversight of the impact of its actions to aid assessment of value of money, strengthening support and challenge and learning from approaches other Councils are taking to address school deficits.
- In response to the recommendations, the Director of Learning and Skills and Head of Strategy, Community Learning and Resources have developed an action plan which will be progressed by the Council. This is attached as Appendix B.
- In line with the Council's performance monitoring arrangements, progress against regulatory improvement areas will be monitored via the Strategic Insight Board Insight Tracker. Governance and Audit Committee will continue to be informed of progress against our regulatory improvement areas through regular updates on regulatory progress, with Cabinet having final oversight. Progress will also be monitored by Audit Wales as part of the Council's annual audit work programme.
- Cabinet are being asked to note the current position regarding school balances (deficits).
- Cabinet are also being asked to consider the contents of the recent Audit Wales report findings on school deficit balances (**Appendix A**), and the Council's response (in the form of an action plan - Appendix B), including the proposed new Corporate Risk on School deficits (Appendix C), with a reference to the Start Well Scrutiny Committee (19th January 2026) and thereafter to the Governance and Audit Committee (23rd February 2026) for their oversight with any comments of both committees referred back to Cabinet for their consideration and endorsement of the proposed Council actions (Appendices B and C) to address the recommendations.

Recommendations

1. That Cabinet note the current position of school balances.
2. That Cabinet considers the findings from Audit Wales' review of School Balances (Appendix A), and the response to the review findings and Audit Wales' recommendations (Appendix B), including the proposed new corporate risk on School deficits (Appendix C).
3. That, subject to recommendation two, the report be referred to the Start Well Scrutiny Committee (19th January 2026) and thereafter to Governance and Audit Committee (23rd February 2026) for their oversight with any recommendations from both Committees referred back to Cabinet for their consideration and endorsement of the proposed Council actions (Appendices B and C) and to address the recommendations.

Reasons for Recommendations

1. To update Cabinet on the current position of school deficits.
2. To provide for scrutiny of the findings of Audit Wales' review of the School Balances.
3. To ensure the Council responds appropriately and implements areas of improvement as identified by Audit Wales.

1. Background

- 1.1 The Council's Finance Scheme for Schools 2025/26 has been established according to regulations made under the School Standards and Framework Act 1998 (SSFA), the Education Act 2002 (EA) and the School Funding (Wales) Regulations 2010 and the School Standards and Organisations (Wales) Acts 2013 (SSOA).
- 1.2 The underlying principle of the scheme is the maximum delegation of managerial responsibility to governing bodies consistent with the discharge by the Council of its statutory responsibilities.
- 1.3 The Council supports the general principle of governing bodies and Headteachers having discretion to manage school-based resources. The scheme aims to enable each governing body, in conjunction with the Headteacher and school staff, to manage the use of available resources for maximum benefit of all the pupils within the school. The governing body may also spend its budget on any additional purposes prescribed in regulations made under section 50 of the SSFA.
- 1.4 To fulfil their role, the governing body can delegate much of the day-to-day management of the school and determine the extent to which wishes to delegate its financial powers to the Headteacher.

- 1.5** In setting its annual budget plan, the Headteacher is responsible for advising the governing body of the school's requirements, based on known information at that time. The governing body are required to scrutinise and approve the annual budget plan and record its decision in the minutes of the governing body.
- 1.6** Once the governing body receives its formal notification of its budget share it shall determine a budget spending plan for the school consistent with the resources available to it, including any surplus/deficit balances brought forward from the previous financial year. The governing body must notify the Director of Learning and Skills by no later than 31st May each year of its spending plan and the assumptions made in support of its plan. These plans must be submitted to the Learning and Skills finance department.
- 1.7** If a school overspends its budget share in any financial year, the overspending (deficit) will either have to be met from unspent balances brought forward or met from the school's budget share for the following financial year.
- 1.8** As per the scheme, governing bodies that find themselves in an unplanned deficit position are required to submit plans to the Director of Learning and Skills detailing how the deficit will be eliminated over a period not exceeding five years maximum.
- 1.9** Schools should not plan to overspend but may be allowed after full consultation and agreement with the Director of Learning and Skills, to do so. Any such agreement must be in writing and signed by the Director of Learning and Skills.
- 1.10** The Council cannot write off deficit balances.
- 1.11** The Director of Learning and Skills has worked with schools and governing bodies to support them in developing their plans to address deficits. A number of schools currently have high irrecoverable deficits and the Director of Learning and Skills has been meeting regularly with the Chief Executive, Head of Finance and Leader across September and October to discuss measures to address these challenges with further steps taken on a case-by-case basis. Further support and challenge are being provided to schools with smaller deficits to support them in their delivery of recovery plans as agreed with the Director of Learning and Skills.
- 1.12** In October 2025, the WLGA published 'The State of Education in Wales – Challenges, Pressures and Towards Sustainability'. The report outlines significant and growing financial and operational challenges facing Welsh education, particularly driven by rising Additional Learning Needs (ALN) demands, underfunded pay awards, pension contributions, and inflation, leading to increasing school budget deficits, unsustainable reliance on reserves, and urgent needs for investment in workforce, transport, specialist provision, and school infrastructure to ensure sustainable, high-quality education services and compliance with policy goals such as net zero carbon targets. Councils report a projected in-year pressure of £71 million for school budgets in 2025-26, with

cumulative pressures estimated at £137 million in 2026-27, £115 million in 2027-28, and £122 million in 2028-29.

- 1.13** The Council has sought to maximise the resources in Schools but the 2024/25 financial year ended with a £4.2m net deficit and further deficits are forecast in 2025/26. There are acknowledged funding pressures for schools across Wales, and this is the case for the Vale of Glamorgan too but there is a significant minority of schools with disproportionate levels of deficit. Greater action is being taken for 2025/26 to address the position. Whilst mindful of the pressures schools experience in respect of pay, ALN and wellbeing needs as well as falling pupil numbers, the Council must challenge schools where appropriate on their approaches to providing a balanced budget.
- 1.14** In the Vale of Glamorgan, the percentage of schools with a deficit at 31st March 2024 was 42% and this increased to 53% at 31st March 2025. Schools forecast their deficits to increase further in the next two to three years as they overspend against their allocated funding. The Council's Medium Term Financial Plan (MTFP) 2025-2028 states that 'School balances are a major concern if the current level of spend in schools isn't brought in line with budget during 2025-26.'
- 1.15** The Council also faces financial pressures across other services and forecasts that its levels of usable reserves will reduce by half in 2025-26, in part due to schools overspending. These challenges pose a risk to the Council's overall financial sustainability. Without concerted and strategic approaches to address overspending, both school governing bodies and the Council will not have assurance that school deficits are being addressed.
- 1.16** The position of school budgets is reported as part of the quarterly revenue monitoring report to Cabinet and Resources Scrutiny Committee. Further, Start Well Scrutiny Committee have also received regular updates regarding the position of school budgets.
- 1.17** The Estyn inspection of the Council's education service, published in April 2024, stated that "despite the Authority's support and challenge to schools during the development of their plans, including the use of data and peer review, it has evaluated that almost all of the schools currently in deficit will be unable to return to a balanced position at this time" "This poses a notable on-going risk to the sustainability of individual schools' budgets."
- 1.18** The Audit Wales review of school deficit balances was undertaken to help fulfil the Auditor General's duties under section 17 of the Public Audit (Wales) Act 2004.

2. Key Issues for Consideration

- 2.1** The Audit Wales' review of school balances considered the effectiveness of the Council's arrangements to support and challenge its schools to recover from their budget deficit positions.
- 2.2** Appendix A sets out a detailed audit scope and key findings of the review.
- 2.3** The review concluded that:
- 'A quarter of schools in deficit have not submitted recovery plans.
 - The Council is taking a range of actions to support and challenge schools to recover from their deficits, but this is not yet reducing overspends.
 - Shortcomings in the Council's reporting of this significant risk is limiting the effectiveness of monitoring and challenge in public committees.'
- 2.4** Three recommendations have been made in relation to the review which are detailed in Appendix A. These focus on the Council improving oversight of the impact of its actions to aid assessment of value of money, strengthening support and challenge and learning from approaches other councils are taking to address school deficits.
- 2.5** In response to the recommendations, the Director of Learning and Skills and Head of Strategy Community Learning and Resources have developed an action plan which will be progressed by the Council. The action plan includes details of all the actions currently underway as well as additional actions in response to the audit findings. This is attached as Appendix B.
- 2.6** In line with the Council's performance monitoring arrangements, progress against our key risks and regulatory and improvement areas will be monitored quarterly. In relation to external regulatory work, this is via Directorate Plans (which reflect regulatory recommendations) and the Strategic Insight Board Insight Tracker. Governance and Audit Committee will be informed of progress against our regulatory improvement areas through quarterly updates on regulatory progress, with Cabinet having final oversight. Progress will also be monitored by Audit Wales as part of the Council's annual audit work programme.
- 2.7** Progress in relation to our corporate risks will be reviewed regularly via risk owners through their Directorate Management Teams, with challenge provided centrally by the Strategy and Insight Advisory Group through a moderation exercise, prior to reporting quarterly to the Strategic Leadership Team, Governance and Audit Committee and Cabinet. There is also further challenge by the Strategic Insight Board on a quarterly basis which focus on ensuring that connections are being made with related corporate risks for example, Workforce and Organisational Change, Financial Resources, Assets and Digital in Risk

Management Plans with appropriate mitigations reflected. Members via the Joint Performance Scrutiny Committee will have oversight of progress as part of the Council's mid-year performance report aligned to Vale 2030, and the Council's Annual Self-Assessment at year end. As part of their assurance role, Governance and Audit Committee Members will also call in risk owners throughout the year to undertake deep dives into corporate risks where they have concerns. The comments/recommendations from the Governance and Audit Committee on risks are considered by the Strategic Leadership Team and Cabinet to ensure effective and ongoing oversight of the Council's risk landscape. Additionally, as part of the Council's budget monitoring, Cabinet and the Resources Committee will continue to monitor the impact of the Schools Deficit Management and Intervention Plan through quarterly progress updates. These updates will also be considered by the Start Well Scrutiny committee as the lead Committee for this area of activity.

- 2.8** The above arrangements will ensure strengthened and ongoing robust corporate oversight of school deficit balances and the proposed corporate risk, if approved by Cabinet.
- 2.9** Cabinet are being asked to note the current position regarding school balances (deficits).
- 2.10** Cabinet are also being asked to consider the contents of the recent Audit Wales report findings on school balances (Appendix A), and the Council's response (in the form of an action plan - Appendix B), including the proposed new Corporate Risk on School deficits (Appendix C), with a reference to the Start Well Scrutiny Committee and thereafter to the Governance and Audit Committee for their oversight with any comments of both committees referred back to Cabinet for their consideration and endorsement of the proposed Council actions (Appendices B and C) to address the recommendations.

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

- 3.1** Performance Management is an intrinsic part of corporate governance and integrated business planning which underpins the delivery of Vale 2030, the Council's Corporate Plan. Vale 2030 details five new Well-being Objectives which provide a framework for the next five years and how the Council will contribute to the national well-being goals. The five ways of working have been embedded in the development of the new Plan and are reflected in the work that will be undertaken to deliver Vale 2030.
- 3.2** External Regulation is an important vehicle for driving continuous improvement across our services. Progressing the improvement areas identified by our regulators not only enables us to demonstrate our commitment to continuous service improvement but also contributes to further strengthening our impact on

the national well-being goals through the achievement of our well-being objectives.

- 3.3** The areas of improvement identified by our external regulators and the associated action plan produced by officers has been developed with the five ways of working in mind. The focus of these is on developing innovative ways of working that better integrate services, whilst enabling us to work more collaboratively with our partners and citizens to involve them in improving service delivery. These improvement actions also focus on preventative actions that will enable us to sustain and future proof our services into the longer term.

4. Climate Change and Nature Implications

- 4.1** The climate change and nature implications in respect of our regulatory recommendations will be considered as part of the development of our response (action plan) where required and will identify mitigating actions required to minimise any adverse consequences.

5. Resources and Legal Considerations

Financial

- 5.1** There are no budgetary implications directly arising from this report, although failure to progress the improvement areas outlined in the report could have a negative impact on any future external regulatory assessments of the Council which could in turn put funding opportunities at risk.
- 5.2** All schools and education services are current operating under extremely challenging financial conditions as referenced in 1.12. All Vale of Glamorgan schools have also been subject to challenging efficiency savings since 2023 as set out in the table below.

Table 1. School Efficiency Targets 2023-24 to 2025-26

	Efficiency Target-
Year	£'000's
2023/24	2,750
2024/25	0
2025/26	1,200
Total Efficiency Target	3,950

- 5.3** Schools face a particular challenge due to the funding model with deficits carried forward into future years so unmet efficiencies can have a cumulative impact

alongside the need to make the efficiency savings required to balance their deficits.

- 5.4** At quarter 2, 36 schools (68% of all schools) are forecast to be in a deficit position at 31st March 2026, and that total deficit balances amounted to £16.6m. In contrast 17 schools (32% of all schools) will be in a surplus position as at 31st March with total surplus balances amounting to £1.09m. The overall net deficit of £15.5m amounts to just under 8% of the school's budget share
- 5.5** The Council understands that based on previous trajectories of school deficits between the summer term and 31st March that the projected deficits can reduce significantly in part as a result of emerging grant income. The Council also considers this position in the context of pressures on schools being very much emerging picture across Wales due to falling pupil numbers at primary level, rising Additional Learning Needs and wellbeing pressures and the high exposure to inflationary pay pressures. It also acknowledges that the Vale of Glamorgan Council is more exposed to these pressures than some other Welsh Councils due to its low funding profile. Nevertheless, further action is needed to develop achievable deficit recovery plans for some schools.

Employment

- 5.6** There are no direct workforce related implications associated with this report. However, Cabinet will note that a significant proportion of school budgets are spent on staffing and as such, individual schools may have to take decisions which have workforce implications.

Legal (Including Equalities)

- 5.7** The statutory duties of the Auditor General are contained within the Local Government & Elections (Wales) Act 2021, the Well-being of Future Generations (Wales) Act 2015, the Public Audit (Wales) Act 2004, the Local Government Act 1999 and the Code of Audit Practice.
- 5.8** There are no implications directly arising from this report, although failure to respond to our regulatory recommendations could have a negative impact on any future external regulatory assessments and could result in a special inspection by the Auditor General for Wales if deemed that the Council is not meeting the performance requirements.

6. Background Papers

None.

School balances

Vale of Glamorgan Council

December 2025



About us

We have prepared and published this to help discharge the Auditor General's duties under section 17 of the Public Audit (Wales) Act 2004 (the 2004 Act).

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Audit snapshot

What we looked at

- 1 We looked at whether the Vale of Glamorgan Council ('the Council') has arrangements to support and challenge its schools to recover from their budget deficit positions. ¹

Why this is important

- 2 Across Wales, the overall level of school reserves balances has declined sharply since 2021. Audit Wales reported in December 2024 that nationally, school reserves had reduced sharply to a total of £115 million. This is £253 per learner at 31 March 2024. At that time 21% of schools in Wales held deficit reserve balances ('deficits').
- 3 In the Vale of Glamorgan, the percentage of schools with a deficit at 31 March 2024 was 42%. This increased to 53% at 31 March 2025. Schools forecast further overspends against their allocated funding in the next two to three years so increasing the overall deficit position. The Council's Medium Term Financial Plan (MTFP) 2025-2028 states that 'School balances are a major concern if the current level of spend in schools isn't brought in line with budget during 2025-26.'
- 4 The Council also faces financial pressures across other services. It forecasts that its levels of usable reserves will reduce by half in 2025-26, in part due to schools overspending. These challenges pose a risk to the Council's overall financial sustainability. Without concerted and strategic approaches to address overspending, both school governing bodies and the Council will not have assurance that school deficits are being addressed.

¹ This refers to the cumulative financial position of a school. A deficit balance therefore creates a draw on overall Council reserves as schools have overspent against the funding allocated by the Council.

- 5 The Estyn inspection report of the Council's education service, published in April 2024, stated that 'despite the authority's support and challenge to schools during the development of their plans, including the use of data and peer review, it has evaluated that almost all of the schools currently in deficit will be unable to return to a balanced position at this time. This poses a notable on-going risk to the sustainability of individual schools' budgets.'

What we have found

- 6 The Council is supporting and challenging its schools to address their deficits, but some of these activities are in the early stages of implementation and not yet having the desired impact. Many schools in deficit either don't have recovery plans or the plans aren't robust. This raises concerns about how schools will achieve the step change needed to become financially sustainable. This could impact on the Council's overall financial sustainability. There are shortcomings in the Council's reporting of this significant risk. This limits the effectiveness of monitoring and challenge in public committees.

What we recommend

- 7 We made three recommendations:
- to improve oversight of the impact of its actions to aid assessment of value of money;
 - to strengthen support and challenge; and
 - to learn from the approaches adopted by other councils to address school deficit balances.

Key facts and figures

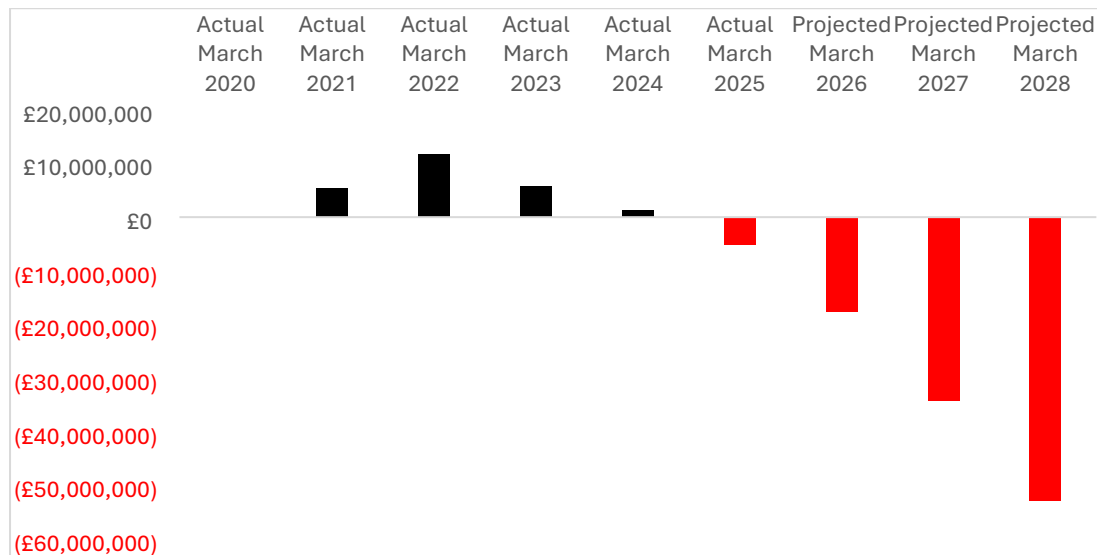
- Between 2025 and 2028 the Council faces financial pressures of £82.1 million. This reduces the ability of the Council to provide additional funding to schools.
- The Council forecasts that its level of useable reserves will reduce significantly in 2025-26 from £63 million to £33.4 million.
- The Council has sought to maximise the resources available to schools, but in 2024-25 overall schools spent £4.2 million more than allocated. This led to an unplanned use of Council reserves.
- Based on the data available at the time of budget setting in 2025-26, schools are forecasting a further excess of spending above their allocated funding of £12.6 million taking the overall school reserves position to a deficit of £16.8 million.
- For 2025-26 as part of the Council's overall annual budget, schools have a 1% savings target which amounts to £1.2 million. The Council's latest assessment is that schools are unlikely to achieve it.
- At the end of 2023-24, 19 of the 44 primary schools, two of the six secondary schools and one of the two middle schools held a deficit. Therefore 42% of schools were in a deficit position.
- The data for 2024-25 shows that 24 of the 44 primary schools, three of the six secondary schools and one of the two middle schools held a deficit. This is 53% of all schools were in a deficit position.

◀ Our findings

A quarter of schools in deficit have not submitted recovery plans

- 8 The Council's finance scheme for schools 2025-26 ('the scheme') states that each school in deficit 'should' provide a robust recovery plan showing their actions to recover within five years. Nine of the 36 schools reporting a deficit position for 2025-26 failed to provide a plan. This limits the Council's ability to assess how well-placed each school is to recover. This presents a risk to the Council that those school deficits might further increase challenges to its financial sustainability if not quickly addressed. Exhibit 1 below illustrates overall school reserves balances from 2020 to 2028.

Exhibit 1: school reserve balances across all schools in Vale of Glamorgan 2020-2028



Source: Actual data for the period 2020-2024 taken from Stats Wales [Level of school reserves carried forward by school](#) Council provided projected data for 2026 onwards based on school forecasts. We have not audited that data.

Many school recovery plans are not robust. This poses a risk to both individual schools' and the Council's financial sustainability

- 9 For the remaining 27 schools that provided the Council with a recovery plan, many of those plans are not sufficiently robust to support recovery from deficits. The plans focus strongly on the current year and lack robust proposals to improve their positions over the five years. The Council has assessed that they contain unexplained and sometimes unrealistic proposals to reduce staff and other cost centres.
- 10 Following an assessment of submitted recovery plans in the summer of 2025, the Council issued informal warning notices to 10 schools in September 2025 whose recovery plans caused the most concern. The Council's assessment of school plans to recover their deficits in August 2025 was:
 - 24 rated as amber – with plans having some credible elements but still insufficient to support recovery; and
 - three rated as green – there is a robust plan to support recovery within the five-year period.
- 11 Informal notices are one of a range of options open to the Council if a governing body is unable to set a recovery plan to address its deficit. The Council's range of powers include:
 - Informal warning notices
 - Formal warning notices
 - Providing additional support
 - Appointing additional governors
 - Suspending the school's right to a delegated budget.
- 12 The Council does not currently set out clear criteria setting out when it might choose to use its range of statutory powers if schools are unable to set a realistic recovery plan.

- 13 The poor quality of schools' recovery plans poses not only an on-going risk to the sustainability of individual schools' budgets. Without robust school recovery plans, it is difficult for the Council to develop accurate Medium Term Financial Plans and help forecast any necessary future calls on reserves.

The Council is taking a range of actions to support and challenge schools to recover from their deficits, but this is not yet reducing overspends

- 14 The role of the governing body is to set a budget which demonstrates an efficient and effective use of resources. The Council provides budgetary and financial advice to schools to assist in setting and managing their budgets. These arrangements alone have been insufficient to address the unprecedented levels of deficit balances across schools in the Vale of Glamorgan.
- 15 In response to the increasing school deficits, the Council is taking a range of actions to help schools. These include:
- Appointing a schools' procurement officer to work with schools to deliver savings across a range of contracts that schools hold.
 - Appointing a consultant headteacher to work with the top 10 priority schools with the most significant deficits. ²
 - Undertaking benchmarking of school budgets with two other Welsh councils which have similar demographics.
 - Providing detailed financial data at individual, cluster, and whole Council level to support Governing bodies to analyse budgets.
 - Commissioning the Education Endowment Foundation to run training sessions with all schools to increase confidence of mainstream teachers to respond to the challenges of pupils with Additional Learning Needs (ALN) in the classroom. ³

² This is based on an analysis of several factors including, the actual level of deficit, the level of deficit as a percentage of a school's allocated funding and the quality of the recovery plan.

³ The Education Endowment Foundation is an independent charity dedicated to breaking the link between family income and educational achievement.

- reviewing the mainstream school funding formula with the School Budget Forum with changes to be introduced in 2026-27.

- 16 Most of these actions are in the initial stages of implementation and the impact on school deficits will not be seen until at least 2026-27.
- 17 The Council's approach, whilst multi-faceted, is not clearly co-ordinated in a single programme with milestones and targets. This makes it challenging for members and others to understand progress, intended delivery timescales and impact. It also hinders the ability to target resources to those projects that will deliver the greatest and most timely impact.
- 18 As highlighted earlier, increasing school deficits is a national issue where other councils are developing responses to the same issue. Whilst the Council is collaborating with two other councils to benchmark schools' budgets, there is less evidence of it seeking learning from how other councils are addressing similar challenges.

Shortcomings in the Council's reporting of this significant risk is limiting the effectiveness of monitoring and challenge in public committees

- 19 Officers told us they have provided briefings to Cabinet members and to members more generally about the worsening school deficit position. These have not been published as part of a formal Cabinet report on the Council's website.
- 20 Given the size and trajectory of the deficit position and quality of recovery plans, the Council's 2024-25 self-assessment does not capture entirely the significance of this issue and its potential impact on the Council's financial sustainability. Neither does the Council's quarter one budget monitoring report. This, therefore, limits awareness and understanding among members and residents of the potential impact the schools' financial position may have on the Council's financial sustainability.
- 21 The Council includes the school deficit balance risk in its Learning and Skills Directorate risk register. It has a residual risk score of 12 which is higher than six of the 12 corporate risks. The directorate management team is responsible for managing this risk.
- 22 The Corporate Risk Register contains limited information on this risk as it is treated as a component part of the 'Financial Resources' corporate risk. The Corporate Risk Register 2024-25 quarter four update did not mention the issue. The 2025-26 quarter one update states that school's deficit balances are causing 'great concern'.
- 23 As part of its terms of reference, the Governance and Audit Committee (GAC) is responsible, amongst other things, for assessing the effectiveness of the Council's arrangements for financial oversight and risk management. The GAC is not receiving regular and detailed information about this risk, unlike other risks with lower risk scores. This is a missed opportunity to make members and the public more aware of the significance of the risk to schools and in turn to the Council's financial sustainability. Without this information, Committee members will be unable to challenge and assess how well the Council is mitigating the risk.

Recommendations

R1 To enable greater oversight of the impact of its actions the Council should:

- 1.1** Strengthen corporate oversight of all school recovery activity as part of one coherent programme of work (Paragraph 17).
- 1.2** Set realistic milestones and targets to improve monitoring and evaluation of impact (Paragraph 17).

R2 To enable robust support and challenge the Council should:

- 2.1** Require all schools in deficit to submit a robust recovery plan in line with the Finance Scheme for Schools 2025 (Paragraph 8).
- 2.2** Clarify its criteria for when it will use its range of statutory powers as described in the Finance Scheme for Schools 2025 for schools that are unable to set a robust recovery plan (Paragraph 12).
- 2.3** Assess and set out in both its budget monitoring and risk management reports the significance of school deficits. This should be within the context of the wider financial position of the Council using consistent messaging to improve awareness and understanding (Paragraphs 20-23).

R3 To identify any additional actions that it could take to address deficits, the Council should review alternative approaches adopted by other Councils. (Paragraph 18)

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Management response form



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Audited body	Vale of Glamorgan County Council
Audit name	School Balances
Issue date	November 2025

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
R1	<p>To enable greater oversight of the impact of its actions the Council should:</p> <p>1.1 Strengthen corporate oversight of all school recovery activity as part of one coherent programme of work.</p>	<p>The Council is proposing the addition of a corporate risk on its Corporate Risk Register specifically in relation to school deficits to Cabinet. Monitoring of the risk will then form part of the Council's existing Corporate Risk governance measures, which include quarterly oversight by the Learning & Skills Directorate Management Team in addition to oversight by the Council's Strategic Leadership Team,</p>	December 2025	<p>Tom Bowring, Director of Corporate Resources</p> <p>Liz Jones, Director of Learning & Skills</p>	

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
		<p>Governance & Audit Committee, Cabinet and the Council's Strategic Insight Board.</p> <p>Subject to the recommendation being accepted, the report will be referred to the Governance and Audit Committee for their oversight and with any comments of the Committee referred back to Cabinet for their consideration and endorsement of the proposed Council actions.</p> <p>Schools subject to escalation/ intervention in the form of Formal Warnings under the School Standards and Organisation (Wales) Act 2013 due to limited assurance with financial recovery will be invited in to discuss their updated recovery plans with a panel consisting of the Chief Executive,</p>		<p>Trevor Baker, Head of Strategy, Community learning & Resources</p> <p>Liz Jones, Director of Learning & Skills</p>	

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
	1.2 Set realistic milestones and targets to improve monitoring and evaluation of impact.	<p>S151/Head of Finance, Legal, Director of Learning & Skills and Director of Corporate Resources as part of escalation notice.</p> <p>Progress with the measures and milestones described below will be reflected in the School Deficits Risk Management Plan to enable members to scrutinise progress on a quarterly basis. Prior to reporting, all Risk Management Plans are subject to a moderation exercise by Strategy & Insight colleagues as part of the quarterly monitoring process to ensure appropriate connections are being made with related corporate risks for example, Workforce & Organisational Change, Financial Resources, Assets and Digital in the Plan with appropriate mitigations reflected.</p>	September 2025		

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
		<ul style="list-style-type: none"> • Bi-weekly school deficit actions, response and monitoring meetings have been established since September 2025 and are ongoing, which include the Chief Executive, Director of Learning & Skills, Director of Corporate Resources, Head of Finance/S151 and Head of Strategy Community Learning & Resources. • Establishing Schools' Deficit Management and Intervention Plan which sets criteria and milestones as a measure of impact in terms of monitoring schools' implementation of recovery planning, deadlines and the assessment criteria for further escalation in line with Welsh Government guidance on schools causing concern. This will include: 			

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
		<ul style="list-style-type: none"> ○ performance of the deficit plan against key milestones/targets; ○ overview of schools' financial progress monitored through monthly deficit monitoring returns/updated termly deficit recovery plan/benchmarking with similar profiled schools; ○ deficit recovery training for governors and HTs to perform their required role; ○ Director of Learning & Skills use of formal levels of intervention (financial review meetings, notice of concern etc.) as aligned with agreed protocol; ○ Use of team around school and school engagement. 			

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
R2	<p>To enable robust support and challenge the Council should:</p> <p>2.1 Require all schools in deficit to submit a robust recovery plan in line with the Finance Scheme for Schools 2025.</p> <p>2.2 Clarify its criteria for when it will use its range of statutory powers as described in the Finance Scheme for Schools 2025 for schools that are unable to set a robust recovery plan.</p> <p>2.3 Assess and set out in both its budget monitoring and risk management reports the significance of school deficits within the context of the wider financial position of the Council with consistent</p>	<p>The Council has identified 10 schools who have been subject to an Informal Warning Notice in September 2025 accordance with Welsh Government's guidance on Schools Causing Concern and in relation to recovery planning. These updated plans have been received on 24 October 2025 and are currently being assessed against the criteria outlined above for further action.</p> <p>Work with other schools in deficit in updating the recovery plans, financial monitoring and further projection is underway, and will include detail of further grant funding from WG when available.</p>	<p>December 2025</p> <p>February 2026</p> <p>November 2025</p>	<p>Liz Jones, Director of Learning & Skills</p> <p>Trevor Baker, Head of Strategy, Community learning & Resources</p>	

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
	messaging to improve awareness and understanding.	<p>The Council has identified an escalation and assessment criteria for further use of statutory powers.</p> <p>Further work with other schools reporting deficits is ongoing, including the Council's internal audit service undertaking a review in schools regarding financial practice and governance. Terms of reference has been completed, and schools have submitted the required information for assessment.</p> <p>The Council's budget is reported quarterly to Cabinet and Resources Scrutiny Committee. School deficits were reported in Q1 revenue monitoring to Cabinet on 4 September and referred to Resources Scrutiny Committee for consideration on 17 September 2025. The Committee</p>	<p>January 2026</p> <p>September 2025</p> <p>November 2025</p>	<p>Matt Bowmer, Head of Finance/S151</p> <p>Matt Bowmer, Head of Finance/S151</p> <p>Liz Jones, Director of</p>	

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
		<p>specifically reviewed the schools' deficits element of the report at the scrutiny meeting as a sub-item to ensure sufficient consideration was given and there were questions relating to the scale of the deficits and the approach to working with schools in this position.</p> <p>Q2 Revenue reporting including an update on the current position of school deficits and work underway at both Local Authority and School level is set for Cabinet in November.</p> <p>The impact of budget positions on specific areas of Council activity are considered by relevant 'subject, committees. As such, further updates are scheduled for the Start Well Scrutiny committee on 10 November specifically in relation to the current</p>	November 2025	<p>Learning & Skills</p> <p>Trevor Baker, Head of Strategy, Community Learning & Resources</p>	

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
		<p>position on school deficits, use of statutory powers and actions being taken by the LA in addressing these. These updates have also been shared with school leaders.</p> <p>The Start Well Scrutiny Committee is due to conclude its 12-week task and finish group regarding the Local Authority's ALN resource bases provision, including a focus on value for money and effectiveness. ALN is recognised as a corporate risk, and the involvement of Scrutiny evidences an escalation of approach to identifying whether the Council's specialist provision is sufficient, effective and provides value for money. The focus of the T&F group is to assess whether effective use is made of the public finances, that resources bases comply with the statutory duties of the ALN Act,</p>	January 2026		

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
		and, that the needs of the most vulnerable learners are met as locally as possible. Where deficiencies are identified recommendations will be formulated and considered by Cabinet and Director of Learning and Skills.			
R3	To identify any additional actions that it could take to address deficits; the Council should review alternative approaches adopted by other Councils.	A working group with neighbouring authorities has been established to consider operating models in schools in light of national financial and local challenges. Following several discussions, this has led to the appointment of an additional specialist consultant to support secondary schools (in addition to one currently supporting primary schools), having proved successful in these local authorities. Schools' visits are currently underway.	February 2026	Liz Jones, Director of Learning & Skills Trevor Baker, Head of Strategy, Community Learning & Resources	

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
		<p>Data sharing across LAs has been completed, to identify best practice and more efficient operating models in schools. Analysis is currently underway. The Director of Learning & Skills is working closely with colleagues in ADEW and WLGA in identifying opportunities for savings and best practice.</p> <p>The work of the School Improvement Partnership Programme is the mechanism for building capacity at schools, which will lead to reducing deficit budgets. There are three priorities all of which look to increase confidence and capability of schools to improve practices which ultimately will decrease the need to depend on additional interventions that are time</p>	March 2026		

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
		<p>and resource intensive. A SIPP board and timetable of meetings have been established. This board comprises of HT representatives from each cluster with a remit of working with the LA to ensure collective responsibility and delivery of collaborative improvements across all schools.</p> <p>The Education Endowment Foundation has been commissioned by the LA as the vehicle to facilitate aspects of the SIPP work. With a remit to work alongside and bolster leadership capacity at school for delivering improvements through fidelity to evidence-based high-quality teaching and learning. This approach will support the cultural change necessary to secure new ways of working, particularly in relation to vulnerable</p>			

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
		learners, with a decrease in need for a continuation of traditional resource intensive interventions			

1 – Risk Overview

1.1 Risk Definition

There is a risk that schools operating under delegated budgets will continue to incur increasing financial deficits and fail to implement credible recovery plans. If this happens:

- Unsustainable financial positions within individual schools: Some schools already have deficits exceeding £1m, and without intervention, these positions will worsen, making recovery almost impossible.
- Formal intervention by the Local Authority under statutory powers: The Council would be required to issue formal warning notices and potentially take control of financial decision-making in schools, which is resource-intensive and disruptive.
- Adverse impacts on educational provision and standards: Financial instability often leads to reductions in staffing, larger class sizes, and cuts to curriculum enrichment, directly affecting learners.
- Significant financial exposure for the Council: Current projections show deficits could reach £33m by 2026/27, which would require substantial use of reserves or cuts elsewhere, threatening the Council's overall financial sustainability.

Context

Delegated Budgets – What Does This Mean?

Schools in Wales operate differently from most council services. Under the delegated funding system, the Local Authority allocates a large proportion of its education budget directly to schools. Governing bodies and headteachers then have autonomy over how this money is spent, including staffing and resources.

This autonomy is balanced by the Local Authority's statutory duty under the School Standards and Organisation (Wales) Act 2013 and Welsh Government guidance (Schools Causing Concern) to monitor budgets, provide advice, and intervene if a school's financial position becomes unsustainable.

Current Position

- The Vale of Glamorgan has one of the highest delegation rates in Wales, meaning schools manage the vast majority of education funding.
- Financial pressures have intensified due to rising costs (energy, staffing, national living wage etc), increased demand for Additional Learning Needs (ALN) and Social, Emotional and Mental Health (SEMH) support, and static or reduced funding allocations.
- These pressures have resulted in an increasing number of schools entering deficit positions, with some unable to produce credible recovery plans, creating heightened risk for both schools and the Council.

Key Facts

- In 2024/25, schools collectively ended with a £4.2m net deficit, requiring £4m from central reserves to balance the books.
- Forecast deficits are currently at £15.5m in 2025/26 and £33m in 2026/27, although these will reduce significantly (but not entirely) once

grant funding details are confirmed. Even when accounting for anticipated grant income adjustments, the trend is no longer sustainable.

- While all local authorities and schools are struggling with funding entering into deficits, the Vale is unique in that a minority of schools (19%) account for the majority of the overall school deficit position (~65%). Four schools currently have deficits exceeding £1m, and several are projecting overspends of 50% or more of their annual budgets, indicating severe financial stress.

Governance and Statutory Risk

In September 2025, the Council issued Notices of Concern to several schools under Welsh Government guidance because their recovery plans lacked sufficient detail and failed to demonstrate a credible trajectory for reducing deficits over 3–5 years.

If schools do not improve their plans, formal intervention will be required, which could include directing financial decisions or replacing governing bodies.

Failure to act could result in:

- Breach of statutory duties under education legislation.
- Adverse audit opinion and reputational damage.
- Loss of confidence in governance arrangements by regulators and the public.

Roles and Responsibilities

Schools operate under a delegated funding system, which creates more complex governance arrangements compared to other council services. This model is designed to give schools the autonomy they need to respond to the specific needs of their learners and communities. Headteachers and governing bodies are best placed to make decisions about staffing, curriculum, and resources to deliver high-quality education.

However, with this autonomy comes full accountability for all aspects of school management, including compliance with statutory requirements under the School Standards and Organisation (Wales) Act 2013, the Education Act 2002, and associated Welsh Government regulations. Schools must therefore balance local decision-making with national standards and financial stewardship.

Key Roles

- **School Leadership (Headteacher):** Responsible for day-to-day operational and financial management, ensuring spending aligns with educational priorities and statutory obligations. Headteachers lead the development and implementation of recovery plans where deficits occur.
- **Governing Body:** Holds strategic accountability for the school's financial position and overall performance. Governing bodies approve budgets, monitor financial health, and provide challenge and support to school leadership. They are legally accountable for ensuring the school operates within its delegated budget.
- **Local Authority:** Retains a statutory duty to monitor school budgets, provide advice, and intervene where necessary to protect educational standards and financial stability. This includes issuing warning notices, requiring revised recovery plans, and, in extreme cases, exercising formal powers of intervention such as replacing governing bodies or taking control of financial decisions.

					<p>Drivers of Deficit</p> <ul style="list-style-type: none"> • High costs of ALN provision: The Vale has one of the highest spends in Wales on ALN, reflecting the complexity of needs and the Council's commitment to inclusion. • Increased complexity of pupil needs: Rising numbers of children with SEMH and ALN needs require specialist support, which is costly. • Inflationary pressures: Energy costs, staffing costs, and statutory increases in the national living wage and employer contributions have significantly increased expenditure. • Efficiency savings targets: Schools are expected to contribute to wider Council savings, adding further strain to budgets already under pressure. <p>Likelihood and Impact</p> <p>Likelihood: High – Current trends and forecasts indicate that without significant intervention, deficits will continue to grow.</p> <p>Impact: Catastrophic – The scale of projected deficits could destabilise the Council's finances and compromise educational provision.</p> <p>Existing Controls</p> <p>Regular financial monitoring and challenge through the Schools Finance Team.</p> <p>Engagement with schools on recovery planning, including detailed scrutiny of plans.</p> <p>Notices of Concern issued under statutory guidance to prompt improvement.</p> <p>Planned Actions</p> <ul style="list-style-type: none"> • Strengthen the intervention framework for schools in deficit, including escalation to formal powers where necessary. • Develop cluster-based working to achieve economies of scale in procurement and staffing. • Provide specialist training and support for schools to manage ALN within mainstream settings, reducing reliance on costly external provision. • Continue dialogue with Welsh Government on funding adequacy and advocate for systemic changes to address national funding challenges. <p>Assurance Sources</p> <ul style="list-style-type: none"> • Governance & Audit Committee oversight and scrutiny. • Compliance with Welsh Government guidance (Schools Causing Concern). • Internal financial monitoring reports and external audit reviews. • Estyn • Start Well/Corporate Resources Scrutiny Committees oversight.
					<p>1.2 Risk Owner</p> <p>Trevor Baker</p>
					<p>1.3 Supporting governance</p> <p>The Schools Budget Forum has oversight of schools' budgets funding including ALN, early years provision and contracts and services provided by schools. Schools' budgets deficits are also considered.</p>
1.4 Impact on our contribution to the Wellbeing Objectives					
Creating Great Places to Live, Work and Visit	WO2: Respecting and Celebrating the Environment	WO3: Giving Everyone a Good start in Life	WO4: Supporting and Protecting Those who Need Us	WO5: Being the Best Council We Can Be	
YES	YES	YES	YES	YES	

1.5 Risk Categories (inc. consideration of risk appetite)		
Categories	Yes/No	Definition
Political & Legislative	Yes	<p>Political and legislative repercussions of failing to reduce schools' budgets deficits pose a potentially catastrophic risk to the Council's finances based on current projections if not addressed.</p> <p>Despite the Council prioritising funding for schools, 2024/25 ended with a £4.2m net deficit, an extra £4m had to be found to help schools balance the books. A deficit of £16m is forecast 2025/26 and of £33m in 2026/27. This is not sustainable.</p> <p>Failure to mitigate (wholly or partially) the projected overspends against the revenue budget in 2025/26 and 2026/27 could result in insufficient reserves leading to a significant reduction in the Council's financial resilience.</p> <p>There is a risk that failure of schools to reduce deficits could potentially result in some schools becoming financially unviable which may result in the Council being liable for the costs.</p>
Resources	Yes	<p>Insufficient funding to effectively plan for and meet the growing numbers and needs of learners with Social Emotional and Mental Health (SEMH) and Additional Learning Needs (ALN).</p> <p>Year on year increases in requests for specialist support from schools in relation to SEMH and ALN is placing significant pressure on already stretched central education resources.</p> <p>Work with schools through reshaping their local delivery of education and promoting cluster-based efficiencies fail to make the significant savings required in the short to medium term to reduce existing budget deficits.</p> <p>'Best we can afford' decisions taken to make required savings could adversely impact on the quality and effectiveness of teaching and learner outcomes.</p> <p>Insufficient central education resources and capacity to sustain the level of increased support and oversight required by schools to manage their budget deficits/ financial recovery.</p> <p>Inadequate/outdated facilities, at a disadvantage from the peers in better managed schools impacting adversely not only the safety and well-being of learners and schools' workforce but also opportunities.</p>
Service Delivery and Wellbeing	Yes	<p>There is a real risk that significant resource and capacity pressures could result in the delivery of a reduced curriculum, reduction/ cessation of non-core subjects/ extra-curricular activities, outdated learning resources which could adversely impact learner development and outcomes. Across schools, this could impact negatively on overall quality of education and the effectiveness of schools in the Vale of Glamorgan.</p>

1.5 Risk Categories (inc. consideration of risk appetite)		
Categories	Yes/No	Definition
		<p>Increased demand and pressures on the school/education workforce leads to increased workload, impacting on their well-being.</p> <p>Persistent financial pressures increase the risk of reduced spending on schools' workforce and learning resources which could in turn increase class sizes beyond targeted ratios, thereby placing additional pressure of already stretched teaching staff, potentially impacting adversely on their well-being and that of learner outcomes overall.</p>
Reputation	Yes	<p>The Council has a legal duty to ensure the financial stability of maintained schools. There is a risk of reputational damage associated with the increased numbers of maintained schools in deficit and on recovery plans.</p> <p>Reputational damage associated with the potential closure of school(s) as a result of extreme financial pressures/failure to recover schools' deficits.</p> <p>Reputational damage associated with a perceived inequality in access to education provision (due to quality variability). This is where learners in schools with budget deficits are at a disadvantage compared to their peers in better financially managed schools, with respect to teaching and learning and school resources. Failure to address schools' deficits increases the risk of developing a two-tier education system which may contribute to declining roll numbers and potentially lower revenue funding for some schools, further exacerbating financial pressures.</p>

2 – Risk Evaluation			
2.1 Inherent Risk Scoring			
Category	Likelihood	Impact	Total Inherent Risk Score
Political & Legislative	3 (Probable)	3 (High)	9 (Medium/High)
Resources	4 (Almost certain)	4 (Catastrophic)	16 (Very High)
Service Delivery & Well-being	4 (Almost certain)	4 (Catastrophic)	16 (Very High)
Reputation	3 (Probable)	3 (High)	9 (Medium/High)
Overall Inherent Risk Score	4 (Almost certain)	4 (Catastrophic)	16 (Very High)

2.2 Controlling Inherent Risk				
Category	Current Controls	Effectiveness of controls		
		Likelihood Score	Impact score	Total Score
Political & Legislative	<ul style="list-style-type: none"> Regular updates on school deficits/financial position and progress 	2	1	2

2.2 Controlling Inherent Risk				
Category	Current Controls	Effectiveness of controls		
		Likelihood Score	Impact score	Total Score
	<p>against meeting the requirements of the School Standards and Organisation (Wales) Act 2013 and Welsh Government Statutory Guidance Document (222/2017) Schools Causing Concern to Scrutiny, SLT and the Directorate Leadership Team.</p> <ul style="list-style-type: none"> • Work in collaboration with the Central South Consortium Joint Education Service and school, Education Endowment Foundation, WLGA, School Improvement Service, Directorate teams, schools and governing bodies to improve the outcomes for all learners, reduce inequalities in education and provide sustainable and agile models of education provision. • Considerable and regular support is provided to schools by LA officers across Finance, HR, Governance, Safeguarding, Health & Safety, ALN etc to understand parameters for change and associated processes to support leadership decisions in schools. 			
Resources	<ul style="list-style-type: none"> • Budget setting process includes considerations of cost pressures arising from ALN developments, complex needs, demographics and support services. • 5-year budget plans are developed for schools, outlining how every penny is spent and where it goes to ensure the mechanics of accountancy are provided to schools to enable strategic leadership decisions. • Continuous support provided to schools to enhance their competence and confidence in securing effective improvement planning in meeting the needs of learners. • Support via specialist consultancy to support schools through the lens of teaching and learning, highlighting opportunities for changes in practice in supporting learners and school finances. • Strategic links have been developed with neighbouring authorities in establishing programmes of work and baseline data around support mechanisms to schools, and the impacts of changes to practice. • Working alongside headteachers and governors in reviewing the Vale's mainstream and special school funding 	1	1	1

2.2 Controlling Inherent Risk				
Category	Current Controls	Effectiveness of controls		
		Likelihood Score	Impact score	Total Score
	<p>formula, ensuring parity and transparency via the Schools Budget Forum.</p> <ul style="list-style-type: none"> • Reviewing individual aspects of delegated funding with school leaders. • Challenging schools on recovery planning and exercising statutory powers where appropriate for schools who fail to meet their duties under the education acts. • Reducing the onus on schools with procurement and contract management via centralised transformation programme, leveraging economies of scale across schools and management of mechanics of contract management on behalf of schools, creating efficiency on their behalf and creating more capacity in-school for local transformation and strategic leadership on effective teaching and learning/impact. 			
Service Delivery & Well-being	<ul style="list-style-type: none"> • Implemented the School Improvement Partnership Programme with schools, which is the mechanism for building capacity and supporting strategic changes to practice to reduce deficit budgets and improve outcomes. • Commissioning the Education Endowment Foundation as the vehicle to facilitate aspects of the SIPP work -with a remit to work alongside and bolster leadership capacity at school for delivering improvements through fidelity to evidence-based high-quality teaching and learning. This approach will support the cultural change necessary to secure new ways of working, particularly in relation to vulnerable learners, with a decrease in need for a continuation of traditional resource intensive interventions. • Cluster working between schools is well established and supports the development of practice. • Appointment of a dedicated Schools Procurement Officer within the Learning & Skills Directorate to support schools directly and leverage economies of scale. • Increasing provision within the Learning & Skills Data team to provide additional analysis and support with regards to schools financial, performance and outcome data. • Working closely with the Headteacher Steering Group in regard to wellbeing, 	1	1	1

2.2 Controlling Inherent Risk				
Category	Current Controls	Effectiveness of controls		
		Likelihood Score	Impact score	Total Score
	change management and consistency of messaging across schools, specifically in relation to finances.			
Reputation	<ul style="list-style-type: none"> • Introduction of ConnectED, a consolidated messaging platform to coordinate key messages, actions and opportunities for school leaders, school-based staff, and colleagues from services across the council in supporting education. • HT Briefing Sessions, Education Update Briefing Sessions with School Governors, HT Steering, School Budget Forum (and associated working Groups), Task and Finish Scrutiny Groups on ALN and School Budgets (future programme of work), Heads of Service/Strategic Leadership Team (SLT) corporate meetings, Education Budget Working Group, SLT School Deficits Action Group. 	2	1	2
Overall Effectiveness of Controls		2	1	2

2.3 Residual Risk Scoring & Direction of Travel											
	Inherent Risk Scores			Effectiveness of controls Score			Residual Risk Score			Direction of Travel	Forecast Direction of Travel
Category	Likelihood	Impact	Total	Likelihood	Impact	Total	Likelihood	Impact	Total		
Political & Legislative	3	3	9	2	1	2	2	3	6	↔	↔
Resources	4	4	16	1	1	1	4	4	16	↑	↔
Service Delivery & Well-being	4	4	16	1	1	1	4	4	16	↑	↔
Reputation	3	3	9	2	1	1	2	3	6	↔	↔
Average risk score/ direction of travel	4	4	16	2	1	2	3	4	12(High)	↑	↔

3. Risk Management Plan: Summary of Ongoing Mitigating Actions

Risk Owner to populate with reference to existing action plans that demonstrate ongoing mitigating actions.

OR

Risk Owner to create summary action plan to demonstrate ongoing mitigating actions.

- Schools Budget Forum.
- A number of schools have been given informal notices of concern in September, highlighting specific elements to address in their recovery plans. Formal intervention will follow if schools are not able to present credible plans to recover their financial positions.
- Enhanced financial monitoring of all schools' budget forecasts to understand the direction of travel of deficit recovery (for those who have set a deficit budget) and to monitor other schools which may be headed in the direction of needing to set a deficit budget in the future.
- Collaborative approach to budgeting with schools to create realistic budgets, identify efficiencies and develop strategies to develop expenditure.
- Provide professional support to school finance personnel to enhance their availability to manage budget effectively. Revising approach to managing central information systems. This has already delivered savings of £275,000 over three years, with further efficiencies expected as schools are able to remove unnecessary third-party integrations which come at additional costs.
- Schools have been supported with notable procurement savings, with the transformation work underway within the Learning & Skills Directorate following the appointment of a dedicated schools' procurement officer in June 2025. To date, savings of over £135k over the next 3 years have already been achieved across 15 schools for one contract (waste or printing). There is a total of 90 contracts being reviewed across all 53 schools and this work is ongoing. These savings have been achieved through centrally managed procurement exercises within Learning & Skills, leveraging economies of scale and best practice in procurement on behalf of schools and their delegated budgets.
- From March 2025, face to face meeting with schools causing concern have taken place in relation to deficit balances with headteachers and governors, alongside the Directorate leadership team. The discussions outlined expectations, timescales and escalation pathways, in addition to support measures, local challenges, monitoring and areas of focus needed as part of the efforts in articulating a pathway out of deficit.
- In April 2025, the Local Authority established a Schools' Business Managers Network. This group enables schools to share best practice and local knowledge, helping to manage workloads and identify savings collaboratively.
- At the request of schools, the mainstream schools funding formula has been reviewed via a School's Budget Forum subgroup, with representation from schools, governing bodies and Local Authority officers. The review has now concluded, and changes are to be actioned in the 2026 financial year. While this does not increase the total funding available, and will not resolve any school deficits, it will help ensure a transparent, fair and relevant distribution of existing resources, and help focus conversations on local actions.
- In June 2025, the Learning & Skills Directorate implemented its version of the Council's 'Brilliant Basics' programme in partnership with the Education Endowment Foundation, with a conference for Headteachers and teaching & learning needs in schools. This work

aims to reduce the impact of family income on educational outcomes. It is supported by the School Improvement Partnership Programme, which began in January 2025 with headteacher representation across all sectors, focusing on literacy, inclusion, and better sharing of pupil data across schools, working in school improvement collaboratives across sectors.

- We are redeveloping our approach to Additional Learning Needs given the exponential growth and societal changes around the increasing complexity of needs and behaviours and to ensure value for money in the delivery of ALN/specialist provision. This has taken the form of weekly meeting since February 2025 between the Head of ALN & Wellbeing, Head of Strategy, Community Learning & Resources, and the senior leadership team of Ysgol Y Deri, which covers our county-wide special school, Centre of Behavioural Excellence and which operates our Engagement & Outreach service. This work is designed to challenge and redesign support and inclusion services impacting all schools, while ensuring value for money, and facilitating consistency in approach across schools.
- ALN is recognised as a corporate risk, and the involvement of Scrutiny evidences an escalation of approach to identifying whether the Council's specialist provision is sufficient, effective and provides value for money. The focus of the Task & Finish group is to assess whether effective use is made of the public finances, that resources bases comply with the statutory duties of the ALN Act, and that the needs of the most vulnerable learners are met as locally as possible. Where deficiencies are identified, recommendations will be formulated and considered by Cabinet and the Director of Learning and Skills.
- The Directorate of Learning & Skills has established a new School Improvement Partnership Programme (SIPP) in September 2025. The work of the School Improvement Partnership Programme is the mechanism for building capacity at schools, which will lead to reducing deficit budgets. There are three priorities, all of which look to increase confidence and capability of schools to improve practices which ultimately will decrease the need to depend on additional interventions that are time and resource intensive. A SIPP board and timetable of meetings have been established. This board comprises of HT representatives from each cluster with a remit of working with the LA to ensure collective responsibility and delivery of collaborative improvements across all schools.
- The Education Endowment Foundation has been commissioned by the LA as the vehicle to facilitate aspects of the SIPP work. With a remit to work alongside and bolster leadership capacity at school for delivering improvements through fidelity to evidence-based high-quality teaching and learning. This approach will support the cultural change necessary to secure new ways of working, particularly in relation to vulnerable learners, with a decrease in need for a continuation of traditional resource intensive interventions
- A financial benchmarking exercise is underway with neighbouring local authorities, with the group having met on several occasions since May 2025. This will help us understand how our schools compare, where there is best practice to model from, and where further efficiencies might be found.
- We have provided school leaders and governing bodies with detailed financial data at individual, cluster, and authority-wide levels via headteacher briefing sessions, school leader workshops, and education update briefing sessions with school governors throughout 2024/25. This supports more informed decision-making around delivery models, procurement, and potential shared staffing arrangements, particularly to reduce reliance on agency staff.
- The Chief Executive has convened a fortnightly meeting with the Director of Learning and Skills, Head of Strategy, Community Learning & Resources, Head of Finance and Director of Corporate Resources to provide additional oversight to the work underway.

- Replication of the recent revenue monitoring reports to Resources Scrutiny Committee highlighted the current position relating to schools' balances to Members, with a dedicated discussion session at the meeting to enable views to be shared and a full overview of the work being undertaken by the Learning and Skills Directorate, supported by Corporate Resources and in conjunction with schools.
- Members have been updated regularly throughout the period, most recently via the Start Well Scrutiny Committee, with a presentation and discussion on the current challenges nationally, locally, programmes of work and intervention pathways. This is ongoing.