

## **The Vale of Glamorgan Council**

### **Learning and Culture Scrutiny Committee: 11th December 2018**

#### **Report of the Director of Learning and Skills**

#### **Initial Revenue Budget Proposals 2019/20 and Revised Budget 2018/19**

##### **Purpose of the Report**

1. To submit for consultation the initial revenue budget proposals for 2019/20 and to inform Scrutiny Committee of the amended original budget for 2018/19 for services which form part of this Committee's remit.

##### **Recommendations**

It is recommended that:

1. The amended revenue budget for 2018/19 as set out in Appendix 1 be noted.
2. The initial revenue budget proposals for 2019/20 be considered and any recommendations, including those relating to cost pressures and savings, be passed to the Corporate Performance and Resources Scrutiny Committee as the lead Scrutiny Committee.

##### **Reasons for the Recommendations**

1. To advise Committee of amendments to the 2018/19 budget.
2. In order that Cabinet be informed of the recommendations of Scrutiny Committees before making a final proposal on the budget.

##### **Background**

2. The Council's budget is determined largely by the Revenue Support Grant (RSG) settlement set by the Welsh Government (WG). The provisional RSG settlement was received from WG on 9th October 2018, with the final settlement due to be received on 19th December 2018.
3. The Council is required under statute to fix the level of council tax for 2019/20 by 11th March 2019 and in order to do so, will have to agree a balanced revenue budget by the same date. To be in a position to meet the statutory deadlines and the requirements for consultation set out in the Council's Constitution, much of the work

on quantifying the resource requirements of individual services needs to be carried out before the final RSG settlement is notified to the Council.

## Revised Budget 2018/19

4. Appendix 1 to this report sets out the amended budget for 2018/19 for this Committee, together with the necessary adjustments to be made to the original budget.
5. Asset Rents, International Accounting Standard (IAS) 19, Transfers and Recharges - These adjustments have no overall effect on the net budget of the Council. These are accounting adjustments largely outside the control of services. They reflect charges for the use of capital assets, changes to inter-service recharges and transfers and pensions adjustments to comply with accounting standards.
6. The following table compares the amended budget with the projected outturn for 2018/19. Services are anticipating drawing down from reserves this year.

	2018/19	2018/19	2018/19	Variance
	Original	Amended	Projected	(+)Favourable
Directorate/Service	Budget	Budget	Outturn	(-) Adverse
	£'000	£'000	£'000	£'000
<b>Learning and Skills</b>				
Schools	84,458	84,458	84,458	0
Strategy, Culture, Community Learning & Resources	11,530	11,081	11,039	+42
Directors Office	232	232	205	+27
Achievement for All	4,650	4,650	5,013	-363
School Improvement	1,058	1,058	1,013	+45
Unplanned use of reserves to fund overspend	0	0	(107)	+107
Additional Saving to be Found	0	0	(142)	+142
<b>Total</b>	<b>101,928</b>	<b>101,479</b>	<b>101,479</b>	<b>0</b>

7. The forecast for Learning and Skills is an overspend of £142k after an anticipated use of reserves, however, the Directorate has been requested to look at ways of mitigating this position to deliver an outturn within budget at year end.
8. Schools - The delegated budget relating to schools is expected to balance as any under/over spend is carried forward by schools.
9. Strategy, Culture, Community Learning & Resources - It is anticipated that this budget will outturn with a favourable variance of £42k. There are favourable variances of £73k on staffing, £43k on Libraries, £10k on independent nursery placement costs, £20k relating to school repairs and £29k on the reversing of a commitment from a historic grant. This will be offset by an overspend of £133k on

mainstream transport. This is mainly due to the increased price in certain contracts since a contractor's licence was revoked. These routes had to be retendered and there has been a general increase in prices. There will be a planned transfer from reserves of £552k. £312k will be required from the Schools Rationalisation reserve to fund one off costs in relation to the transformation of secondary schools in Barry, £187k of the Catering reserve will be used to invest in Catering equipment and update the service's ICT infrastructure, £28k will be transferred from the School Deferred Pension reserve to fund in year pension strain costs of early retirement and £25k will be transferred from the Schools Invest to Save reserve to fund redundancy costs in schools.

10. Directors Office - It is anticipated that this budget will outturn with a favourable variance of £27k due to a post being held vacant to partly mitigate the overspend elsewhere in the Directorate.
11. Achievement for All - It is anticipated that this service will overspend by £363k at year end before a transfer of £107k from reserves to fund overspends. The complex needs Out of County placements, independent placements and Looked After Children residential placements budget will overspend in total by £319k. There is an overspend of £135k relating to the resource bases and outreach teams. There is an overspend of £82k on the provision for pupils not educated at schools (EOTAS) and £25k in the Youth service due to one off restructuring costs. Both these overspends totalling £107k will be funded from the Youth Service reserve. This adverse position will be offset by a favourable variance of £120k relating to recoupment income and £78k on staffing due to posts being held vacant to partly mitigate the overspend.
12. School Improvement - It is anticipated that this budget will outturn with a favourable variance of £45k due to a senior post being held vacant to partly mitigate the overspend elsewhere in the Directorate.

### **Savings 2018/19**

13. As part of the Final Revenue Budget Proposals for 2018/19, a savings target of £6.298m was set for the Authority. Attached at Appendix 2 is a statement detailing the projected progress against savings targets for 2018/19 for this Committee.
14. Each savings target has been given a RAG status. Green indicates that it is anticipated that the target will be achieved in full within the year, amber indicates that it is considered that the saving in the year will be within 20% of the target and red indicates that the saving to be achieved in year will be less than 80% of the target.
15. It is currently projected that all savings relating to this Committee will be achieved this year.

### **Budget Strategy 2019/20**

16. Cabinet approved the Budget Strategy for 2019/20 on the 16th July 2018, min no. C366.
17. The Budget Strategy for 2019/20 outlines that in order to establish a baseline, services should prepare initial revenue budgets based on the cost of providing the current level of service and approved policy decisions and including the existing savings target.

18. Increases to budgets approved during the course of a financial year can restrict the freedom the Council has to allocate its resources to priorities during the following budget cycle when it is aware of all the competing demands. Consequently:
- Supplementary estimates will only increase the base budget if Council has given specific approval to this effect. Increases met by virement within a year will not be treated as committed growth.
  - Directors should find the cost of increments and staff changes from their base budget unless the relevant specific approval has been given for additional funding.
  - The effect of replacing grant from outside bodies that has discontinued will not be treated as committed growth. In addition, before any project or initiative that is to be met either wholly or partly by way of grant may proceed, the exit strategy must be approved.
  - Certain items of unavoidable committed growth will continue and these include the effect of interest changes and the financing cost of the capital programme, increases in taxes, increases in levies and precepts charged by outside bodies and changes to housing benefits net expenditure.
  - Services will be expected to achieve savings already approved by Cabinet as part of the 2018/19 final budget proposals and Directors are asked to continue work on achieving their Reshaping Services savings targets.
  - It is envisaged that the costs of service development will need to be met from within the respective directorates.
19. Having regard to the above, it is therefore proposed in respect of the 2019/20 Budget Process that Directors be instructed to prepare initial revenue budgets in accordance with a timetable agreed by the Head of Finance. Preparation should be on the following basis:
- Capital charges, central accommodation costs and central support costs to be estimated centrally.
  - Services to prepare baseline budgets on current service levels as set out in the 2018/19 Final Revenue Budget report.
  - Budgets to be broken down subjectively and objectively in as much detail as deemed appropriate by the Head of Finance.
  - Budget reports to include revised estimates for 2018/19.
  - Full account to be taken of the revenue costs, other than debt charges, of new capital schemes coming into use.
  - Minimum savings targets to be met initially as detailed in the 2018/19 Final Revenue Budget report. Any savings made directly by services over and above individual service targets to count towards future saving targets or to meet unavoidable service cost pressures.
  - Directors will continue to draw up Service Plans that set out the aims and objectives for the service and any possible future developments and efficiencies.
  - As stated previously, it is expected that the revenue costs of service development will need to be met from within the respective services (in particular, from the savings made). As such, no revenue bids are initially to be made. However, services may still

be asked to identify and prioritise any burgeoning revenue cost pressures for consideration.

### **Medium Term Financial Plan**

20. The Medium Term Financial Plan (MTFP) 2018/19 to 2021/22 was presented to Cabinet on 17th September 2018 min no. C411.
21. It assumed a reduction in WG funding of 1% for the years 2019/20, 2020/21 and 2021/22. This resulted in the requirement to find savings of £15.714m over this period, with £3.627m currently having been identified. There was therefore further savings to be identified of £12.087m over the 3 year period.
22. The latest Plan factored in a managed level of cost pressures, a notional increase in council tax of 2.5% each year, projected annual pay awards and limited non pay inflation.

### **Provisional Settlement 2019/20**

23. The Council's provisional settlement was announced by WG on 9th October 2018. The Council is currently in the process of responding to the provisional settlement and a report is being presented to Corporate Performance and Resources Scrutiny Committee which outlines a suggested response, with a reference to Cabinet for consideration on 19 November 2018.
24. WG has advised the Council that its provisional SSA (Standard Spending Assessment) for 2018/19 is £226.748m. SSA represents WG's view of the relative resources needed to provide a standard level of service in each local authority in Wales and its primary use is to allocate RSG to these authorities.
25. The Council will receive from WG Revenue Support Grant of £110.163m and a share of the Non- Domestic Rates (NDR) of £41.76m. Together these figures constitute the Council's provisional Aggregate External Finance (AEF) of £151.923m. This represents a cash reduction of 0.7% (£1.037m) for 2019/20 after taking into account adjustments. This is a slightly smaller reduction than the 1% (£1.524m) projected in the MTFP, although it does not take into account inflation. Wales as a whole has seen a decrease of 0.3%.
26. There are transfers into the RSG settlement for 2019/20 totalling £479k as follows:
  - Teachers Pay Grant : £354k
  - Free School Meals Grant : £125k
27. As part of the 2018/19 settlement, WG had also provided an indicative figure for the change in AEF for 2019/20 as a further reduction of 1%. No indicative figure has currently been provided for 2020/21.
28. The value of some grant funding to be made available to councils on an all Wales level has been received from WG. Several grants including Flying Start, Families First, Out of School Childcare, St David's Day Fund, Communities First Legacy, Promoting Positive Engagement for Young People at Risk of Offending and Communities for Work Plus will be merged into one Children and Communities grant. Only an all Wales grant figure has been received at this point, however, the funding appears to be £1.2m (0.9%) lower than in 2018/19 and therefore the utilisation of the

grant will need to be reviewed within the Council once the grant approval and full implication for the Council is received.

29. On 29th October 2018, as part of the Chancellor's Autumn Budget, over £550 million of additional funding was confirmed for the Welsh Government through to 2020/21. Details of whether any of this funding will be provided to Local Government and if so when and in what form, is currently unknown.

### **2019/20 Initial Budget Proposals**

30. As part of these initial proposals, it has been necessary to revisit the cost pressures facing services in order to build up a complete and up to date picture of the financial position of the Council and an updated list for this Committee is shown in Appendix 3. These are not shown in any order of priority.
31. One of the larger new cost pressures facing the Council over the next 2 years is the increase in Teachers Pension contributions which is due to increase from 16.48% to 23.6% from 1st September 2019 and could cost the Council around £3.1m. No additional funding has been provided by WG for this cost pressure.
32. A savings target of 1% for Schools is included for future years, which is in line with the level for previous years. Further work is ongoing to identify future projects that will realise savings for the Council via the Reshaping Service Tranche 4 process.
33. A summary of the overall base budget for 2019/20 for this Committee is attached at Appendix 4. This has been derived by adjusting the 2018/19 budget for items such as pay inflation and unavoidable growth, but does not include identified cost pressures or savings. These are shown as a note to the table. Adjustments shown include the following :
- Asset Rents, International Accounting Standard (IAS) 19 - Relates to accounting items outside the control of services. They reflect charges to services for the use of capital assets and adjustments in respect of pensions to comply with accounting standards.
  - Recharges/Transfers - Relates to changes in inter-service and inter Directorate recharges.
  - Pay Inflation - This figure relates to pay awards for 2019/20. The projection is based on the preferred option included in the report that was approved by Cabinet on 17th September 2018 and is currently being consulted upon. Any further update will be included as part of the Final Budget Proposals report. A figure has been identified in the settlement for teachers' pay, however this only partially funds the pay settlement as both the UK and Welsh Government have assumed that local authorities will pay the first 1% of the recently agreed pay deal. Currently due to the level of the projected shortfall no non pay inflation has been included for 2019/20.
  - Committed Growth - This totals £479k and relates to the transfers into the RSG for WG grants.
34. Once the base budget for 2019/20 has been established, it must then be compared to the funding available to identify the extent of any shortfall. With a projected AEF of £151.923m and Council Tax at a current level of £69.573m, total available funding would be £221.496m. When compared to a base budget of £226.416m, this would result in a funding deficit for 2019/20 of £4.920m.

If all identified cost pressures were funded, this would increase the shortfall to £14.164m. If all proposed savings were achieved, the shortfall would be reduced to £10.420m.

<b>Projected Budget Shortfall</b>	<b>2019/20</b>
	<b>£000</b>
Funding Available	
Provisional AEF	151,923
Council Tax (Assumes no increase) *	69,573
Projected Funding Available	221,496
Base Budget	226,416
<b>Projected Shortfall Against Base Budget</b>	<b>4,920</b>
Assume all Cost Pressures Funded	9,244
<b>Projected Shortfall with Cost Pressures Funded</b>	<b>14,164</b>
Assume all Savings Achieved (including Schools)	(3,744)
<b>Projected Shortfall</b>	<b>10,420</b>

\* This assumes no increase in Council Tax at this stage.

35. This shortfall above does not include any increase in Council Tax. A 1% increase in Council Tax equates to £696k. The following table shows the funding that could be raised from a range of Council Tax increases. The level of increase in Council Tax will need to be carefully considered in parallel with the other options available to the Council in order to reduce the funding gap and to consider the impact on the residents of the Vale.

<b>Examples of Council Tax Increase %</b>	<b>Additional Funding Raised £000</b>
2.5%	1,740
3%	2,088
3.5%	2,436
4%	2,784
4.5%	3,132
5%	3,480
5.5%	3,828
6.0%	4,176

36. The shortfall above is also based on the assumption that the savings target of £3.744m set for 2019/20 will be achieved in full. However, a high proportion of these savings relate to Reshaping Services schemes which reflect a new way of working and therefore require a lengthy period of time to implement. While all services are working towards achieving their 2019/20 targets, not all savings will be achieved in full for 2018/19. The potential for re-profiling savings will need to be assessed when setting the budget for 2019/20.
37. Further work will be undertaken by the Budget Working Group (BWG) in order to achieve a balanced budget for the final budget proposals for 2019/20. This will include a review of the use of reserves, a possible increase in council tax, a review of all cost pressures, possible changes to the approved saving targets, a review of the inflation assumptions and the current financial strategies.
38. The BWG will consider the results of the budget engagement process in determining priorities for future savings and service delivery.
39. The BWG will also ensure that budget proposals consider the requirements of the Well-being of Future Generations Act and the Council's 4 well-being outcomes as detailed in the Corporate Plan. They will also ensure that the budget proposals reflect the 5 ways of working which are:-
  - Looking to the long term: The budget proposals are a means of planning for the future and should take a strategic approach to ensure services are sustainable and that future need and demand for services is understood.
  - Taking an integrated approach: The budget proposals should consider and encourage ways of working with partners.
  - Involving the population in decisions : As part of the budget proposal process there will be engagement with residents, customers and partners.
  - Working in a collaborative way: The budget proposals should recognise that more can be achieved and better services can be provided by collaboration and this way of working in the future should be encouraged.
  - Understanding the root cause of issues and preventing them: The budget process is proactive and will allow an understanding of the financial position so that issues can be tackled at the source during the process.

## **Next Steps**

40. The next stage is for the estimates to be submitted to Scrutiny Committees for consultation. Committees are asked to review the level of cost pressures with a view to suggesting ways in which these could be managed downwards and/or mitigated and to consider proposals for savings. Corporate Performance and Resources Scrutiny Committee is the lead Scrutiny Committee and will consider both the Initial Revenue Budget Proposals and any recommendations that other Scrutiny Committees have made. The responses of Scrutiny Committee must be made no later than the 13th December 2018.
41. The BWG held a series of meetings in November 2018 with the relevant Cabinet Members and officers to consider the budget proposals and they will submit their recommendations so that the Cabinet may make its final budget proposal. Before making its recommendation, the BWG will consider the comments made by Scrutiny, together with the results of consultation. The final proposals to Cabinet will include a

review of the financial strategies required to achieve a balanced budget, which is sustainable in future years. Currently, the approved timetable requires Cabinet to approve the final budget proposals by no later than 18th February 2019 and that Cabinet's final budget proposals will be considered by Council at a meeting to be held on 27th February 2019 to enable the Council Tax to be set by 11th March 2019.

## **Resource Implications (Financial and Employment)**

42. Based on the assumption that all cost pressures will be funded in full, the estimated funding shortfall for 2019/20 will be £14.164m assuming no increase in Council Tax.
43. WG has not issued details regarding the level of funding post 2019/20, however, it is anticipated that there will be further reductions in funding for Local Government going forward. It is therefore important that Directors achieve approved savings and look to mitigate further cost pressures through alternative means of service delivery and collaborative ventures.
44. Reserves are a way of setting aside funds from budgets in order to provide security against future levels of expenditure and to manage the burden across financial years. Funds no longer required may be transferred to the Council Fund and then set aside for other purposes or used to reduce council tax.
45. The Council has always taken a prudent approach with regard to specific reserves and uses them to mitigate known risks (financial and service) and contingent items, e.g. Insurance Fund. Other reserves have been established to fund Council priorities, in particular the Capital Programme, e.g. School Investment Strategy Reserve. This is important as the Council has limited capacity to realise sufficient sums from the sale of assets for capital investment.
46. The Council Fund Reserve as at 31st March 2019 is projected to stand at £13.634m. The possible use of this reserve will be considered by the BWG when setting the 2019/20 budget, however, use of this reserve to balance the revenue budget will result in a higher level of savings being required in future years. The Section 151 Officer currently believes that the minimum balance on the Council Fund Reserve should be no less than £7m. This is considered sufficient to cover unforeseen expenditure whilst, in the short term, maintaining a working balance. Unforeseen expenditure can be substantial and several instances can occur in a year. Whilst there is no set requirement for the minimum level for the Council Fund Reserve, some commentators use 5% of the net budget as a guide. For the Vale this is about £11m. However, in view of the prudent approach the Council takes with regard to specific reserves, £7m is considered a reasonable minimum.
47. The Council presently benefits from a reasonable level of reserves, however, they are not inexhaustible and have taken years of careful financial management to develop to their current level. As part of the usual Budget process, an examination of the level of reserves is undertaken to ascertain their adequacy and strategy for use. A view to their level (i.e. whether the amount held in the fund is sufficient to requirements) and purpose (i.e. whether the need to hold the fund is still relevant) has been taken. The requirement for each specific reserve has also been considered in light of the Council's priorities and at this stage of the budget process no transfers between reserves are proposed.
48. Appendix 5 sets out the actual reserves as at 31st March 2018 for this Committee and shows the estimated reserves balance for each year up to 31st March 2022.

49. The Council is planning to use a considerable amount of its specific reserves over the coming years, however, as reserves are a non-recurring means of funding, they can only be used as part of a specific financial strategy. The use of all reserves will be reviewed further, by the BWG, as part of the final budget setting process.
50. Not all the savings required to meet the shortfall in funding will result in a reduction in staffing. Although the impact on individuals is likely to be mitigated as a result of natural wastage and the deletion of vacant posts, it is, nevertheless, expected that there will be a number of redundancies. The trade unions will be consulted on the details of any possible redundancies once known. Staffing implications relating to budget pressures within schools, will need to be considered by individual governing bodies.

### **Sustainability and Climate Change Implications**

51. The promotion of sustainability and action to arrest climate change is central to the work of the Council and a key consideration when allocating scarce resources to meet the needs of the present without compromising the ability of future generations to meet their own needs.

### **Legal Implications (to Include Human Rights Implications)**

52. The Council is required under statute to fix its council tax by 11th March 2019 and in order to do so will have to agree a balanced revenue budget by the same date.

### **Crime and Disorder Implications**

53. The obligations of the Council with regard to Section 17 of the Crime and Disorder Act 1998 needs to be fully considered in the budget decision making process.

### **Equal Opportunities Implications (to include Welsh Language issues)**

54. These initial budget proposals have due regard to the requirements of the Council's Strategic Equality Plan including the Equalities Act 2010 and Public Sector Equality Duty for Wales. The subsequent development of individual strategies for achieving savings will require the completion of Equality Impact Assessments. This involves systematically assessing the likely (or actual) effects of policies on individuals who have a range of protected characteristics under the Act.

### **Corporate/Service Objectives**

55. Funds allocated in the budget contribute to the wide range of Corporate/Service Objectives as set out in the Corporate Plan.

### **Policy Framework and Budget**

56. This report is following the procedure laid down in the Constitution for the making of the budget and so does not need to be referred to Council at the proposal stage. However, the final 2019/20 budget will require the approval of full Council.

### **Consultation (including Ward Member Consultation)**

57. The Corporate Management Team has been consulted on this report. The initial budget proposals will be the subject of consultation with Scrutiny Committees. The Trade Unions and Schools Forum will also be consulted.

## **Relevant Scrutiny Committee**

58. The lead Scrutiny Committee is Corporate Performance and Resources.

## **Background Papers**

Medium Term Financial Plan 2018/19 to 2021/22  
Budget Strategy 2019/20

## **Contact Officer**

Carolyn Michael  
Operational Manager - Accountancy

## **Officers Consulted**

Corporate Management Team

## **Responsible Officer:**

Paula Ham  
Director of Learning and Skills

**AMENDED BUDGET 2018/19**

**APPENDIX 1**

	<b>2018/19 ORIGINAL AMENDED BUDGET</b>	<b>ASSET RENTS, IAS19, TRANSFERS &amp; RECHARGES</b>	<b>2018/19 AMENDED BUDGET</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
<b>Learning and Skills</b>			
Schools	84,458	0	84,458
Strategy, Culture, Community Learning & Resources	11,530	(449)	11,081
Directors Office	232	0	232
Achievement for All	4,650	0	4,650
School Improvement	1,058	0	1,058
<b>TOTAL BUDGET 2018/19</b>	<b>101,928</b>	<b>(449)</b>	<b>101,479</b>

Title of Saving	Description of Saving	Target Saving £000	Projected Saving	RAG Status	Update Comments, Issues & Actions	Relevant Scrutiny Committee	Project Manager
<b>LEARNING AND SKILLS</b>							
<b><u>Schools</u></b>							
Schools	General saving across all schools	824	824	Green	Allocated to schools via funding formula	Learning & Culture	Trevor Baker
<b>Total Schools</b>		<b>824</b>	<b>824</b>	<b>Green</b>	<b>100%</b>		
<b><u>Strategy, Culture, Community Learning &amp; Resources</u></b>							
Reshaping Tranche 3 - Procurement	More efficient and effective procurement of goods and services	37	37	Green	Savings allocated and will be achieved in-year	Learning & Culture	Trevor Baker
Reshaping Services - Tranche 2	General saving across division	50	50	Green	Savings allocated and will be achieved in-year	Learning & Culture	Trevor Baker
Reshaping Services - Tranche 1	Additional Learning Needs saving reallocated to general service savings	26	26	Green	Savings allocated and will be achieved in-year	Learning & Culture	Trevor Baker
Reshaping Tranche 3 - Establishment Review	Review of various payments to staff and efficient utilisation of staff	22	22	Green	Savings allocated and will be achieved in-year	Learning & Culture	Trevor Baker
<b>Total Strategy, Culture, Community Learning and Resources</b>		<b>135</b>	<b>135</b>	<b>Green</b>	<b>100%</b>		
<b><u>School Improvement</u></b>							
Reshaping Services - Tranche 1	Additional Learning Needs saving reallocated to general service savings	77	77	Green	Savings allocated and will be achieved in-year	Learning & Culture	Trevor Baker
Reshaping Tranche 3 - Procurement	More efficient and effective procurement of goods and services	3	3	Green	Savings allocated and will be achieved in-year	Learning & Culture	Trevor Baker
<b>Total School Improvement</b>		<b>80</b>	<b>80</b>	<b>Green</b>	<b>100%</b>		
<b><u>Directors Office</u></b>							
Reshaping Tranche 3 - Procurement	More efficient and effective procurement of goods and services	8	8	Green	Savings allocated and will be achieved in-year	Learning & Culture	Trevor Baker
<b>Total Directors Office</b>		<b>8</b>	<b>8</b>	<b>Green</b>	<b>100%</b>		

Title of Saving	Description of Saving	Target Saving £000	Projected Saving	RAG Status	Update Comments, Issues & Actions	Relevant Scrutiny Committee	Project Manager
<b>Achievement for All</b>							
Reshaping Services - Tranche 1	Additional Learning Needs saving reallocated to general service savings	63	63	Green	Savings allocated and will be achieved in-year	Learning & Culture	Trevor Baker
Reshaping Tranche 3 - Procurement	More efficient and effective procurement of goods and services	22	22	Green	Savings allocated and will be achieved in-year	Learning & Culture	Trevor Baker
Reshaping Tranche 3 - Establishment Review	Review of various payments to staff and efficient utilisation of staff	12	12	Green	Savings allocated and will be achieved in-year	Learning & Culture	Trevor Baker
<b>Total Achievement for All</b>		<b>97</b>	<b>97</b>	<b>Green</b>	<b>100%</b>		
<b>TOTAL LEARNING &amp; SKILLS</b>		<b>1,144</b>	<b>1,144</b>	<b>Green</b>	<b>100%</b>		

Green = on target to achieve in full

Amber = forecast within 20% of target

Red = forecast less than 80% of target

No.	Service	2019/20 £'000	2020/21 £'000	2021/22 £'000
<b>Directorate: Learning and Skills</b>				
<b>Schools</b>				
L1	Demographic increase in mainstream schools	1,001	1,000	1,000
L2	Teachers Superannuation increase 16.48% to 23.6% from 1st September 2019	1,808	1,292	0
<b>Total Schools</b>		<b>2,809</b>	<b>2,292</b>	<b>1,000</b>
<b>Achievement for All</b>				
L3	<b>Demographic increase in special school Ysgol Y Deri</b> - There is a demographic increase in the number of pupils requiring specialist school placements at Ysgol Y Deri. The demographic make up of the school has shifted with higher pupil numbers in the lower year groups which will eventually work through the school leaving large groups at all ages. The Y Deri pupils have a much higher unit cost than mainstream pupils costing £25k each on average. If pupils cannot be placed at Ysgol Y Deri, they will require a placement in an independent provision or another authority which will result in increased costs to the council.	575	625	420
L4	<b>Complex Needs Placements in Out of County provision or independent schools</b> - There is a requirement to purchase places from provision outside of the county or in specialist high cost provision for an increasing number of children and young people who are presenting with complex needs.	400	90	100
L5	<b>Educated Other Than At School (EOTAS) Provision for ALN pupils with severe social and emotional behavioural needs</b> - There has been significant growth in numbers of secondary pupils with very complex behavioural issues whose needs cannot be met at the Pupil Referral Unit. These pupils have been placed in specialist provisions with other agencies which has incurred additional cost to the Achievement for All budget. There has also been a significant growth in younger learners displaying very complex social, emotional and behavioural difficulties. In addition to the increase in complexity, the growth in numbers of pupils with these difficulties will require the development of an additional specialist resource base for foundation phase pupils. This will require additional funding but if this provision is not developed there will be a need to access specialist provision from other providers.	150	0	0
L6	<b>Ethnic Minority Achievement Service (EMAS) and Minority Ethnic Achievement Grant (MEAG)</b> - The grants were removed from the Education Improvement grant in April 2018. Funding was later made available to the Council of £181k in 2018/19. Welsh Government indicated that it was their intention to make more funding available to local authorities in 2019/20, although this has not yet been confirmed. No funding has been identified from April 2020 onwards.	0	180	0
<b>Total Achievement for All</b>		<b>1,125</b>	<b>895</b>	<b>520</b>
<b>Strategy, Culture, Community Learning and Resources</b>				
L7	<b>Education Transport</b> - Due to stagnate operator costs (no inflationary increase applied in the past three years) when all school transport services are tendered in 2019 costs are anticipated to rise. The intention is to tender services for a longer period of time which will give operators better financial stability and allow them to submit competitive prices. In addition, catchment problem school transport is rising year on year as local schools are at capacity in certain year groups and the needs of pupils with additional learning is becoming more complex with individual and specialist taxis required.	150	0	0
<b>Total Strategy, Culture, Community Learning and Resources</b>		<b>150</b>	<b>0</b>	<b>0</b>
<b>TOTAL LEARNING AND SKILLS</b>		<b>4,084</b>	<b>3,187</b>	<b>1,520</b>

**BASE BUDGET 2019/20**

**APPENDIX 4**

	<b>Original Budget 2018/19 £'000</b>	<b>Asset Rents/ IAS 19 £'000</b>	<b>Original Budget 2018/19 £'000</b>	<b>Rechgs/ Transfs £'000</b>	<b>Pay Inflation £'000</b>	<b>Committed Growth £'000</b>	<b>Base Estimate 2019/20 £'000</b>
<b>Learning and Skills</b>							
Schools	84,458	0	84,458	(34)	1,854	479	86,757
Strategy, Culture, Community Learning and Resources	11,555	(3,314)	8,241	(249)	106	0	8,098
Achievement for All	4,650	2	4,652	192	104	0	4,948
School Improvement	1,033	0	1,033	25	1	0	1,059
Directors Office	232	0	232	0	2	0	234
<b>TOTAL</b>	<b>101,928</b>	<b>(3,312)</b>	<b>98,616</b>	<b>(66)</b>	<b>2,067</b>	<b>479</b>	<b>101,096</b>

<b>Savings Applied £'000</b>	<b>Cost Pressures £'000</b>
(824)	2,809
0	150
0	1,125
0	0
0	0
<b>(824)</b>	<b>4,084</b>

**ANALYSIS OF RESERVES**

<b>Name</b>	<b>Bal</b>	<b>In</b>	<b>Out</b>	<b>Est</b>	<b>Comments</b>	<b>Est</b>	<b>Est</b>	<b>Est</b>
	<b>31/03/18</b>			<b>Bal</b>		<b>Bal</b>	<b>Bal</b>	<b>Bal</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>31/03/19</b>		<b>31/03/20</b>	<b>31/03/21</b>	<b>31/03/22</b>
				<b>£000</b>		<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
<b>Learning and Skills</b>								
School Invest to Save	25	0	-25	0	The reserve is used to support costs of staffing restructures and redundancies in schools.	0	0	0
Schools Rationalisation and Improvements	763	32	-314	482	This reserve will meet the costs of school restructuring and reorganisation and support schools in the improvement of their teaching and learning facilities including the transition of Barry Secondary schools. Transfers in also include reimbursement from schools for the capital loan scheme.	502	502	0
School Deferred Pensions	252	0	-28	224	To initially fund pension costs for schools staff which will be reimbursed by schools over a number of years	200	200	200
Sports Facilities	31	0	0	31	Funding transferred from Pen y Garth Primary School in order to provide a budget to fund ad hoc repairs and maintenance required to sports hall.	31	31	31
Library Fund	151	0	0	151	To finance the improvement of Library services.	0	0	0
Adult Community Learning	89	0	0	89	To finance initial reshaping costs as a result of the anticipated changes in the way adult learning is funded across Wales.	0	0	0
Youth Service	149	0	-107	42	To assist with the implementation of the Youth Engagement & Provision Framework in schools as well as initial costs in relation to the reshaping of the Youth service.	0	0	0
Repairs and Renewals Catering	187	0	-187	0	The primary use is to fund enhancements to premises and the replacement of Catering equipment, ensuring Environmental Health Officer requirements and Health & Safety obligations within school Catering premises are met.	0	0	0
<b>Capital</b>								
School Investment Strategy	11,372	37	-2,501	8,908	To be used to fund schemes identified as part of the Schools Investment Programme including the Band B 21st Century School programme.	6,570	683	240
<b>COMMITTEE TOTAL</b>	<b>13,019</b>	<b>69</b>	<b>-3,162</b>	<b>9,927</b>		<b>7,303</b>	<b>1,416</b>	<b>471</b>