



CITY AND COUNTY OF SWANSEA
DINAS A SIR ABERTAWE

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Date / Dyddiad: 9 February 2015

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Dear Phil

School Budget Forum Response to Budget Consultation

Thank you for the Forum's letter of 20 January 2015 and the way that you, the forum and head teachers have engaged in the process to date. You will by now be aware we have, as ever, given particular prominence to the Forum's response by inclusion separately in its own appendix in the budget report to Cabinet on 10 February. The Forum's statutory basis and wide representation of schools and school users is noted and reflected in that prominence, being reported separately from the summary of much wider consultation.

As the Forum notes the financial challenges facing the Council are enormous. Schools outcomes in Swansea are recognised when judged against peers are recognised very positively despite previous challenging financial settlements. Nevertheless the scale of challenges to come means that even relatively protected services will face inevitable cash budget reductions.

Swansea's financial settlement is set by Welsh Government and as the Forum notes there is nothing the Council can do about this. The comparisons on funding are noted but should be treated with some caution as different authorities do present some budget detail differently and there is an inherent element of choice at local level in all councils over how to spend funding. A ranking of 19th on spend versus 17th on funding is I feel a relatively marginal debate.

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As the Forum has noted, the Delegated Schools budget is relatively prioritised and recognises the inter linkages and integration with other services.

The national education funding guarantee is a Welsh Ministerial pledge which local authorities are asked to consider meeting. Under legislation and under the terms of a non hypothecated revenue grant settlement there is no legal basis to the guarantee. To be clear the Council is as a first step proposing to meet the £1.3m it estimates it needs to put in to schools to meet the Ministerial pledge

The Council is of course mindful of the Ministerial pledge but equally in balancing all competing demands in a shrinking cash budget, predominantly affected by a shrinking grant allocation from Welsh Ministers, the Council is looking at all of its services as a whole and considering the impact of budget decisions in the round.

Consequently it is proposing to adopt similar thinking to that set out by Welsh Ministers and apply a number of savings requirements after meeting that increase:

- By moving to a rolling cumulative funding commitment - exactly in line with the Welsh Government budget for 2015-16 and its own redrafting of the meaning of the commitment – allowing us to legitimately take out previous over funding;
- By top slicing costs of prudential borrowing for the schools capital programme – as is permitted under the monitoring arrangements for the ministerial guarantee – the exact amount is to be determined but I think we all accept that there is a substantial borrowing requirement to meet our ambitious future schools capital programme;
- We are proposing that schools make efficiencies in their activities including those delegated from previous non delegated budgets - this is a challenging ask but one that would likely have been asked even if these budgets had remained non delegated – in an era of austerity and budget reductions nothing is ruled out – be it a delegated or non delegated budget;
- And we are seeking an overall 1% efficiency saving – this has to be set in the context of the rest of the budget where we are saying relatively unprotected services face budget reductions of up to a total of 50% over the next three years.

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As to the intentions of other local authorities in Wales as regards the funding guarantee I cannot comment. That is a matter for individual authorities.

I agree entirely the beneficial value of the Pupil Deprivation Grant increase is limited because of the very specific conditions attached to the grant and I would have wished there to be greater block grant funding for this and all other Councils rather than targeted support through time limited grants with specific conditions and constraints.

All budgets at the Council will be under great challenge and pressure and it will be difficult to balance competing priorities and set balanced budgets year on year without fundamental shifts in how we deliver all our services. Whilst only a short term solution it would be remiss of me not to remind schools that they are in a relative fortunate position, though actual circumstances in each school do of course vary, in having their own school reserves to use to cushion, plan and implement fundamental change. No other Council specific revenue budgets other than the Housing Revenue account has that facility

Unequivocally the Council in considering its budget will make proper revenue provision for all budgets and schools as best it can within reducing resources. Inevitably and regrettably that will mean reduced overall resources and reduced real terms resources for all activities. The broad medium term strategy does provide for around a 5% increase in poverty and prevention activity as we believe early intervention saves later action and reaction and ultimately costs but it equally has to be said this is an extra 5% of a relatively small budget, whereas the education and schools delegated budgets already dwarf this level of spend and mathematically (Poverty and Prevention in the budget is 3% of the value of the education budget, so 5% in cash here is worth just 0.15% of the education budget). The 5% indicative funding figure was shared with schools at the request of the School Budget forum in order to allow schools to plan for the future. Whilst this year's budget is firm, future years projections are based on a number of key assumption which may or may not prove to be correct. However as we have said publicly should any additional funding be made available to the council, then Education and Social Care would be the natural choice for additional investment.

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The proposed top slicing of school budgets for prudential borrowing will in practice be done on the basis of best evidenced actual borrowing for schools. There is some inherent difficulty in estimating the exact costs as we borrow for a range of activities in a pool of funding rather than for specific projects one at a time. There is no intention to top slice to subsidise non school capital spending and indeed if one looks at the longer term capital programme and shortfall in funding for schools capital spend, the current proposed top slice for prudential borrowing is very modest indeed.

Any developer contribution or capital receipts which help reduce the need for borrowing will reduce the top slice required but it fundamentally goes without saying that this does need actual school site surplus land disposals to happen.

Single Status costs will be funded where they are evidenced as they are for all employees. The only constraint is that funding is to be provided as a school Budget overall quantum level and cannot be guaranteed at an individual school level

I note your concerns on the non delegated budgets. But I equally reiterate what I have already said, resources are being cut nationally and we have seen this Council's funding cut and expect it to be continued to be cut. Something simply has to give and we cannot protect everything. Indeed schools and the wider education budgets remain relatively protected as priorities. Notwithstanding the small targeted additional funding to go into Poverty and Prevention, Education and Children's Social Services will have the lowest reductions in budgets going forward. Other areas of activity, particularly within Place and Corporate Services are facing 50% reductions in funding in our planning assumptions and that is going to fundamentally remove most, if not all areas of discretionary activity by value, in relatively unprotected budget areas.

It is though a matter for local discussion, debate and democracy as to what areas of discretionary spend will continue. Indeed it is part of the fundamental principles of local government and local democracy that there is local decision taking and making which makes each local council unique and reflective of its populace and community. It would be a very sad day for local democracy if we were all turned into mere delivery agents of national government charged with simply delivering a fairly standard set of homogenised statutory services with no discretionary element or local flavour.

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I note and share your conclusion that the delegated schools budget is to be relatively protected. I do consider we will make proper revenue provision for schools having due regard to the funding available to us and having due regard to all other competing issues. I can assure you the decisions being taken are not taken lightly and we are all well aware that funding reductions on the scale we have to implement will affect services.

We have tried through our open and consultative process to in many respects identify the least worse options and minimise the impact on front line service provision. We also believe some of the decisions we are taking will lay the stepping stones for releasing efficiencies, transforming services, reducing costs and ultimately improving services.

I can assure you we have seriously considered the points the School Budget Forum has made and we have weighed these against all other opinions and comments made from our wider consultative process with other consultees on the wider budget proposals before firming up on what will be taken as budget savings and where there is targeted but limited scope for future investment.

Yours sincerely

COUNCILLOR ROB STEWART
LEADER & CABINET MEMBER FOR FINANCE AND STRATEGY

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