

Cllr G Hinchey
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Cc. Cllr S Merry

12th January 2016

Dear Cllr Hinchey

Council Budget Proposals 2016/17

I'm writing to formally respond to the Council's budget proposals on behalf of Cardiff Schools' Budget Forum following our meeting on 9th December and additional comments received from Forum members.

The Forum fully appreciates the Council is under financial challenge due year on year reductions in the Aggregated External Finance (AEF) set against increasing cost pressures. However we have to make you aware of our concerns about the impact that the budget proposals will have on schools which we believe has the potential to damage the City's education system.

The Forum welcomes the Council's consistent approach in honouring the Welsh Government protection for the schools delegated budget and meeting the demographic pressures caused by increasing pupil numbers. However the proposal to only meet 60% of the additional pay and inflation pressures faced by schools will jeopardise the progress made in improving educational standards at a time when the Local Authority is under Estyn scrutiny having been found in need of significant improvement and will undermine the ability of schools to make further improvements. This proposal follows on from earlier challenging budget settlements that have resulted in schools (particularly secondary schools) making difficult decisions to cut provision, lose key staff members and increase class sizes. These proposals will force schools to cut deeper into the teaching and backroom staff with the inevitable effect on teacher workload, staff welfare, parental and pupil satisfaction rates and pupil outcomes. The ultimate losers in this will be children who may well face a narrowed and reduced curriculum. To quote one member of the Budget Forum "education should not be regarded as a cost but as an investment in the future".

Putting a 40% cap on funding the pay and inflationary pressures faced by schools results in 81 schools facing an in-year deficit (63/101 Primary Schools, 14/19 Secondary Schools, 4/7 Special Schools). This cap requires an efficiency saving of £20K per £1M budget which the Forum believes is unachievable without a significant negative impact on schools. Whilst this will save expenditure from delegated budgets, significant costs will be incurred in funding redundancy payments. These budget proposals are not about the efficiency of processing revenue, they are about the absence of the revenue itself and the impact caused by not being able to meet the expenditure demands to run schools across the phases.

As previously stated, the only way for Governors to make these savings will be through redundancies. Schools spend at least 85% of their delegated budget on staff costs and many have already reduced other costs significantly. Whilst redundancies will save expenditure from delegated budgets, will it result in real savings to the Council once the cost of meeting the significant financial penalty of funding redundancy pay-outs has been calculated?

Secondary school base line operational costs are not being met by sufficient revenue funding. Currently there are no short term proposals, strategically placed before the Budget Forum, to address a funding crisis in Cardiff Secondary schools, nor any mooted strategy about supporting schools facing severe difficulties over the next few years. This is needed to address the unprecedented challenges faced. Whilst annually this might be understandable, there needs to be a three year 'recovery plan' to deal with this secondary crisis. There should be no false sense of security by the recent freezing of the Post 16 grant to 11 to 18 schools, where deeper cuts were envisaged, in the urgency in dealing with the overall funding crisis.

The council needs through funding revenue, to support Governing Bodies through the funding crisis of the next three years, whilst more medium term planning and actions can be brought about as change management for the City. Effective school organisation planning is also part of this sustainable strategic recovery process. A key issue is whether the Council can move fast enough to act to address the issues raised about school revenues. Revenue needs to be moved from the centre (LA core funding and Central South Consortium) and into school budgets. The principle of greater delegation and shared back office efficiencies between schools is being endorsed by officers as part of the medium term planning, but can the rate and pace of such a 'switch' be done at a faster rate than the proposed cuts?

The distribution of funding between the secondary and primary phases has been questioned by secondary heads as some primary schools carried large balances into the current financial year. However primary heads have cautioned against a move to pay less for each primary child and more for each secondary child and have requested a better analysis of the level of surplus balances by expressing them as a percentage of delegated funding. It is essential that primary schools have the ability to intervene early where children are falling behind their peers. Research has shown that children living in poverty often start school academically behind their better-off peers. Further discussion about the distribution of funding and updating the formula should be informed by the current exercise of benchmarking what it costs to run primary, secondary and special schools.

The Forum is concerned over the growing issue of children living in families facing 'in-work poverty' and the ability of schools to provide the extra support these children need. Such children are not entitled to free school meals and therefore don't attract any Pupil Deprivation Grant. Their families are under significant financial strain with parents often working multiple jobs which contribute to family stress that is likely to impact negatively on children's learning.

In regards to the savings proposed for the Education Directorate, the Forum believes that some of the savings will result in schools taking on additional responsibility without an equivalent increase in resources, adding extra burden on schools already under pressure to absorb the 40% funding cap.

The Forum supports the proposal to reduce the authority's contribution to Central South Consortium. Members question the value for money of services provided by the Consortium and the effectiveness of some Challenge Advisors. It is essential that the LA continues to work closely with the Consortium to ensure that schools and Governing Bodies receive high quality challenge and an appropriate level of support to ensure the sustainability of the self-improving schools system.

The Forum urges an urgent review of SEN provision to ensure that the correct provision is in place to support the needs of pupil coming back into the city as out of county placements are reduced.

In summary, the Forum urges the Cabinet to reconsider the proposal to place a 40% cap on meeting the increased pay and inflation costs faced by schools, particularly as the provisional local government settlement resulted in a 0.1% reduction in AEF rather than the anticipated 3% reduction. Not to do so has the potential to damage the City's education system and will undermine its capacity to improve, impacting negatively on the experience and life chances of the children of Cardiff.

Thank you for seeking the views of the Forum on your budget proposals.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S. J. Griffiths', with a stylized flourish at the end.

Sarah Griffiths

Chair, Cardiff Schools' Budget Forum