

APPENDIX 5

DEALING WITH THE SCHOOLS' BUDGET IN 2023/24

1. **Background:** The relevant elements of the Council's draft budget for 2023/24 was reported to the Schools' Budget Forum meeting on 6 February 2023, where it was noted that there will be a normal increase in the Gwynedd schools' quantum this year, as the Council (unlike some local authorities) funds inflation, pay increments, and demography.
2. **Inflation:** The schools' budget will increase by **£6.4m** this year for inflationary increases, including teachers' pay inflation, a decrease in employer's National Insurance contribution of 1.25% and a reduction of 1.2% in the employer's pension contribution for APT&C workers. This will cover the cost of teachers 5% pay increase for the 5 months April – August, which is the full year effect of the September 2022 pay agreement, and an estimated further increase of 4% cost for the September 2023 pay agreement (for the 7 months September 2023 – March 2024). The increase in non-teaching staff costs for April 2022 and an estimate of 5% for April 2023 is also included. Of course, schools' allocations for energy, including 120% for electricity, will also increase with the level of related inflation.
3. **Staff Pay Increments:** £573k will be added towards the Council's budget for 2023/24 due to pay increments and a reduction of -£718k for staff turnover.
4. **Demography (pupil numbers):** The schools' budget will increase this year due to the usual "demography" adjustments, resulting from changes in pupil numbers. The actual number of pupils in September 2022 will be used to calculate 2023/24 allocations. The situation differs from school to school, but overall, the impact of increasing pupil numbers means that the schools' budget as a whole would increase by **£229k**, which includes a reduction of -£135k for the Primary sector, an increase of +£49k for the Secondary sector and +£315k for the Special sector. Individual schools will expect an increase / decrease in their allocations proportionate to the change in pupil numbers in schools.
5. **Recommended Bids Approval:** The bids section (Appendix 2) of this report shows that there is a recommendation to agree to fund 2023/24 permanent 'bid' for the Education Department totalling **£286k**, to fund the higher cost of preparing lunch for primary/special schools.
6. **Savings and Cuts 2023/24 and 2024/25:** As part of the 'Gwynedd Challenge', on 5 March 2015, Gwynedd Council decided on a £4.3m savings target when setting the 2015/16

budget, Gwynedd schools have not been asked for any additional new savings. Since 2015/16, Gwynedd Council will have realised £33.5m of savings plans, of which £4.3m (13% of savings) has been harvested from schools (this represents 30% of the Council's net expenditure). By 2023/24 its unavoidable that schools will have to implement savings and cuts. The recommendation is to cap a maximum 3% cut on an individual mainstream school with no cuts for the special sector. Also, the cut will be applied over two financial years, which coincides with schools' academic year. The total cut is £1.966m and is apportioned to £1.147m (7/12ths) in 2023/24 and then £0.819m (5/12ths) in 2024/25.

7. **Education Specific Grants:** It appears that specific grants from Welsh Government will continue in Education in 2023/24 at a similar level to 2022/23.
8. **Overall Conclusion:** Having taken all the above factors into account, the schools' budget will be higher in 2023/24 than in 2022/23.