



CENTRAL SOUTH CONSORTIUM JOINT EDUCATION SERVICES

JOINT COMMITTEE

9TH DECEMBER 2015

REPORT OF THE TREASURER – 2015/16 BUDGET MONITORING UPDATE & 2016/17 BUDGET SETTING PROCESS

**Author: Martyn Pennell, Group Accountant
Tel. No. 01443 680384**

1. PURPOSE OF REPORT

- 1.1 To provide Members with an update of the projected outturn for 2015/16.
- 1.2 To provide Members with a summary of 2015/16 grant funding.
- 1.3 To seek the Joint Committee's approval of the 2016/17 revenue budget.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Note the current outturn position for 2015/16.
- 2.2 Note the current grant position for 2015/16.
- 2.3 Note and approve the budget for 2016/17 in order for the home Councils to approve as appropriate and to confirm back at the next meeting of the Joint Committee.

3. BUDGET MONITORING 2015/16

- 3.1 A summary of the projected outturn is presented below:-

Category	Revised Budget 2015/16 £	Projected Out-turn 2015/16 £	Variance (Under)/ Over £
Expenditure			
Gross Employees	3,797,269	3,779,587	(17,682)
Less Secondment Income	0	(109,964)	(109,964)
Net Employees	3,797,269	3,669,623	(127,646)
Premises			
Rent	217,500	270,000	52,500
Utilities	61,500	56,500	(5,000)
NNDR	125,917	156,671	30,754
Maintenance	33,200	33,236	36
Other	20,750	20,750	0
Total Premises Cost	458,867	537,157	78,290
Transport	57,500	47,550	(9,950)
Supplies & Services			
CPD	25,000	33,000	8,000
Licences	24,000	32,075	8,075
Mobile & Telephone Charges	23,000	22,654	(346)
Photocopying / Postage / Advertising / Stationary	49,500	49,500	0
Computer Costs – Hardware/Software/Maintenance	11,500	8,380	(3,120)
Hospitality & Awards	10,000	10,000	0
External Audit & Actuary Fee	20,000	20,000	0
General Office Expenses	12,350	8,570	(3,780)
Managed Program Support Costs	60,000	106,477	46,477
Hub School Reimbursement	150,000	286,634	136,634
Restaurant Provisions	63,500	57,419	(6,081)
Total Supplies & Services	448,850	634,709	185,859
Repayment of Redundancy Costs	100,000	100,000	0
Commissioning (Additional support for schools)			
Governor Support	20,000	10,000	(10,000)
Portal Development	40,000	40,000	0
Cardiff University Research Paper	0	5,736	5,736
LA Annexes	0	100,000	100,000
Closing the Gap Cluster Capacity Building	0	120,000	120,000

Category	Revised Budget 2015/16 £	Projected Out-turn 2015/16 £	Variance (Under)/ Over £
Regional Joint Working Model	0	20,000	20,000
Total Commissioning	60,000	295,736	235,736
Support Services	110,000	110,000	0
Gross Expenditure	5,032,486	5,394,775	362,289
Income			
LA Contributions	4,416,486	4,416,486	0
Ty Dysgu Income	140,000	150,000	(10,000)
Grants & Other Income	11,000	18,749	(7,749)
Catering Income	180,000	178,036	1,964
Hub School Income	185,000	330,090	(145,090)
Managed Program Income	100,000	317,490	(217,490)
Total Income	5,032,486	5,410,851	(378,365)
Net Expenditure	0	(16,076)	(16,076)

3.2 Reasons for the variances Include:

- Employees - £127k Underspend projected due to staggered appointments within the new structure, offset by additional costs of Challenge Advisor appointments made above the average grade due to consultancy etc. Also, there has been a transfer of eligible staff costs to the Education Improvement Grant (EIG) to maximise external funding where underspends have been forecast.
- Premises – £78k pressure - The Rent and NNDR budgets were reduced in line with plans to hand back the middle floor to RCT, however as plans have now been postponed full costs will be incurred. This will be offset by income from trading the extra rooms on the floor. Slight savings have been made on utilities due to an energy efficiency exercise carried out in the building.
- Supplies & Services – £186k pressure due to the provision of additional Hub and Managed program courses, which are offset by additional income (see income category). Also, the Consortium is carrying out an efficiency review on all supplies and services and savings are being made where possible.
- Commissioning – £236k pressure:
 - £100k commitment added to support LA Annexes - Merthyr £18k and Cardiff £50K. We are still awaiting firm commitments from Bridgend, Vale of Glamorgan and RCT.
 - £120k - The Consortium are proposing to launch a pledge and provide capacity building support for schools with recognised track records in Closing the Gap to develop their practice and share / be

a resource for others in the region. This work has been evaluated by Ipsos Mori.

These additional commitments have been funded by the eligible transfer of £120k match funding income into the core budget.

If further underspends occur in the grant there is a possibility of transferring a further £140k into the core budget. If this transpires the Consortium would like to earmark this income to fund additional commitments to offset potential reductions in grant likely in 2016/17 enabling school to school working, qualifications support and leadership provision to continue to be seed funded albeit at a lower level across the region.

- Income – Additional income for Hub and Managed program to offset additional costs as mentioned above. Also the transfer of match funding from the EIG.

4. GRANT FUNDED SERVICE 2015/16

- 4.1 The consortium has received the following grant allocations for 2015-16 from Welsh Government and Sports Wales:

Grant	Grant Award 2015/16 £	Projected Out-turn 2015/16 £	Variance (Under)/ Over £	Comment
EIG				
<i>Support / Admin Costs</i>	396,539	447,958	51,419	Underspends have occurred within salaries due to staggered appointments to fill vacant posts. A full establishment is now in place. The one off savings have been utilised to fund further eligible project work in order to maximise the use of the grant. Any underspend will be returned to DfES
<i>Literacy & Numeracy</i>	2,549,962	2,603,908	53,946	
<i>Foundation Phase</i>	452,335	411,480	(40,855)	
<i>Welsh in Education</i>	1,051,646	997,618	(54,028)	
<i>Subject Development Specialists</i>	421,291	421,291	0	
<i>NQT</i>	65,555	65,555	0	
<i>HLTA</i>	26,357	26,357	0	
Total Retained	4,963,685	4,974,167	10,482	
Delegated	42,119,391	42,119,391	0	
Total EIG	47,083,076	47,093,558	10,482	

Grant	Grant Award 2015/16 £	Projected Out-turn 2015/16 £	Variance (Under)/ Over £	Comment
PDG	24,803,100	24,803,100	0	
LAC	1,328,315	1,328,315	0	
LAC Retained	18,835	18,835	0	
Early Years	1,586,100	1,586,100	0	
Total PDG	27,736,350	27,736,350	0	
Learning in Digital Wales Program	143,902	143,902	0	
Qualified for Life	743,892	746,549	2,657	
School Challenge Cymru				
Criteria 1	309,475	309,475	0	
Criteria 2	1,200,000	1,200,000	0	
Criteria 3	4,127,741	4,127,741	0	
	5,637,216	5,637,216	0	
Welsh Baccalaureate	81,000	52,919	(28,081)	Current underspend on project. Looking to re-profile to schools supporting WBACC (To be agreed by WG)
Physical Literacy Programme in Schools	555,985	524,722	(31,263)	Current underspend on project. Looking to re-profile to schools (To be agreed by WG)
Yr 9 Curricula LNF	70,000	70,000	0	
South Wales Valleys Project	105,000	105,000	0	
Regional Consortia Qualification Support	100,000	100,000	0	
HLTA Slippage 14-15	33,547	33,547	0	
NQT 14-15 Slippage	112,218	112,218	0	
Foundation Phase 14-15 slippage	159,382	159,382	0	
NPQH 14-15 Slippage	91,500	91,500	0	
Mentoring and Network Support for Headteachers – Aug 15	30,000	30,000	0	
Mentoring and Network Support for Headteachers – Aug 16	25,000	25,000	0	
Support Lit/Num/Foreign Languages	280,000	280,000	0	
Modern Foreign Languages	120,000	120,000	0	
Yr2-6 National Numerical Reasoning Tests 2015	5,000	5,000	0	
Total	83,113,068	83,066,863	(46,205)	

- 4.2 The Consortia retained element of the EIG has incurred savings due to the staggered appointment of vacancies within the new structure. This has allowed the eligible transfer of salary costs from the core budget to relieve pressures on the core budget. Also, part of the Literacy & Numeracy match funding has been transferred to fund further commitments within the Consortia Commissioning budget.
- 4.3 The consortium will continue to monitor expenditure to ensure that the use and effectiveness of grants can be maximised across the region.

5. REVENUE BUDGET 2016/17

- 5.1 Under the terms of the consortium legal agreement the Joint Committee is required to approve its budget by the 31st December for the following financial year in order that Local Authorities can consider and approve their contributions.
- 5.2 A draft budget for the next financial year has been prepared, which proposes that local authority contribution levels are reduced by 5% from the 2015/16 levels. This is in line with the expected worst case scenario position in the forthcoming Welsh local government settlement for 2016/17. A summary of the budget is given below:

Category	Revised Budget 2015/16 £	Proposed Budget 2016/17 £
Expenditure		
Employees	3,797,269	3,650,528
Premises	458,867	540,744
Transport	57,500	40,000
Supplies & Services	448,850	501,290
Repayment of Redundancy Costs	100,000	100,000
Commissioning (Additional support for schools)	60,000	0
Support Services	110,000	111,100
Gross Expenditure	5,032,486	4,943,662
Income		
LA Contributions	4,416,486	4,195,662
Ty Dysgu Income	320,000	400,000
Grants & Other Income	296,000	348,000
Total Income	5,032,486	4,943,662
Net Expenditure	0	0

The following assumptions have been made in calculating the above:

- The employee budget has been reviewed to reflect the current structure and grades. A 1% pay award has been built in from April 2016 for APT&C staff and from September 2016 for staff on Soulbury terms and conditions.
- The full costs of Ty Dysgu have been built into the budget.
- LA contributions have been reduced by 5%.
- Eligible salaries and commissioning costs have been transferred to the Education Improvement Grant for 2016/17.
- Ty Dysgu income has been increased due to the additional rental space available.

5.3 The actual apportionment by authority will be based on the appropriate Indicator Based Assessments (IBA's) to be published by the Welsh Government as part of the revenue budget settlement. As these are not yet available indicative figures are shown below, which will be updated when the relevant information is received:

Authority	15/16 IBA '000	Allocation %	2015-16 Contribution £	2016/17 Contribution (5% reduction) £	Reduction £
Bridgend	86,592	15.68	692,350	657,733	34,617
Cardiff	196,488	35.56	1,571,022	1,492,471	78,551
Merthyr Tydfil	36,002	6.52	287,857	273,464	14,393
Rhondda Cynon Taf	152,050	27.53	1,215,716	1,154,930	60,786
Vale of Glamorgan	81,238	14.71	649,541	617,064	32,477
Total	552,370	100	4,416,486	4,195,662	220,824

5.4 The 16-17 Education Improvement Grant allocation has not yet been received and the transfer of salaries and commitments from the core budget will cause extra pressures on the grant. There is also a risk of the School Challenge Cymru Building Capacity Grant being withdrawn / cut in 2016-17 therefore the Consortium will no longer be able to fund the Peer Enquiry programme, SIGS, Lead Schools and Pathfinder Partnerships.

6. CONCLUSION

6.1 The service is currently projecting a small surplus position of £16k in 2015/16. This will continue to be monitored and reported to the Senior Leadership Team.

- 6.2 The 2015-16 Grants Register has been updated and is being regularly reviewed to ensure that the use of external funding is maximised for the benefit of the schools and authorities within the consortium area.
- 6.3 The proposed budget for the consortium for 2016/17 has been prepared. Under the terms of the CSC legal agreement the Joint Committee are now requested to approve the budget prior to submission to the consortium authorities.

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

9th DECEMBER 2014

CENTRAL SOUTH CONSORTIUM JOINT COMMITTEE

List of background papers

Freestanding matter

Officer to Contact:

Mr Martyn Pennell

Tel no. 01443 680384

This page intentionally blank