

**CENTRAL SOUTH CONSORTIUM
REPORT FOR JOINT COMMITTEE**

30TH SEPTEMBER 2014

JOINT EDUCATION SERVICE

**CENTRAL SOUTH CONSORTIUM STATEMENT OF ACCOUNTS FOR THE
FINANCIAL YEAR ENDED 31ST MARCH 2014**

REPORT OF THE TREASURER

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1. PURPOSE OF REPORT

- 1.1 This report is intended to ensure that the Joint Committee complies with the legal requirements relating to the production of a "Statement of Accounts" for the financial year ended 31st March 2014.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Approve the Statement of Accounts for the financial year 2013/14 (Appendix 1) and associated Letter of Representation of the Joint Committee (Appendix 2); and
- 2.2 Note the audited final out-turn position for the Joint Committee for the 2013/14 financial year and the level of General Reserve Balances held.

3. STATUTORY APPROVAL PROCESS

- 3.1 The Accounts and Audit (Wales) Regulations require the Responsible Financial Officer to certify the unaudited Statement of Accounts by 30th June following financial year end. The Joint Committee complied with the regulations in this respect and the unaudited accounts were signed by the Treasurer on 30th June 2014.

- 3.2 The regulations require that the Joint Committee approve the **audited** Statement of Accounts by 30th September.

4. STATEMENT OF ACCOUNTS

- 4.1 Following certification by the Treasurer the Statement of Accounts was submitted to the Wales Audit Office (WAO) for external audit.
- 4.2 One correction has been made to the accounts in relation to the treatment of Welsh Government grants. In addition, a small number of presentational amendments were requested by the WAO, which have been made to the final audited accounts in Appendix 1.
- 4.3 The audit adjustments have not affected the general reserve balances, which remain as follows:

	SIS £'000	LiNKS £'000	Total £'000
Balance as at 31st March 2014	550	(16)	534

- 4.4 Under the terms of the draft CSC legal agreements the Joint Committee is required to decide upon the treatment of any surplus or deficit balance held by the Joint Education Service following the completion of the audit of the accounts.
- 4.5 As part of the restructure of the service in 2014 the consortium made a number of redundancy payments, and it is the view of the S151 Officers that the general reserves should be used to fund part of these costs. When the final values have been agreed a report will be prepared for the Joint Committee for consideration.

5. LETTER OF REPRESENTATION

- 5.1 It is normal practice for the Wales Audit Office to request that the Responsible Finance Officer provides a "Letter of Representation", which highlights material issues relating to the completeness and accuracy of the information included in their financial statements and could, therefore influence his audit opinion. This is to ensure that the Accounts properly reflect the Joint Committee's financial standing and is consistent with the approach taken by the Wales Audit Office in prior years.
- 5.2 The Letter of Representation for the Joint Committee has been prepared after full consultation with all relevant officers, and is attached at Appendix 2.

6. CONCLUSION

- 6.1 The completion of the audit process of the statutory accounts provides the Joint Committee with the assurance that the financial affairs of the

committee have been conducted appropriately during the financial year 2013/14.

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAFF COUNTY BOROUGH COUNCIL

SEPTEMBER 2014

CENTRAL SOUTH CONSORTIUM JOINT COMMITTEE

List of background papers

Appendix 1 – Central South Consortium Statement of Accounts 2013/14
Appendix 2 – Central South Consortium Letter of Representation 2013/14

Officer to Contact :

Mr Martyn Pennell

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**CENTRAL SOUTH
CONSORTIUM
JOINT EDUCATION SERVICE
JOINT COMMITTEE**

STATEMENT OF ACCOUNTS

2013/14

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Explanatory Foreword

1. Introduction

The Central South Consortium Joint Education Service was created on 1st September 2012 to provide a range of school improvement services within the local authority areas of Bridgend, Cardiff, Merthyr Tydfil, Rhondda Cynon Taf and the Vale of Glamorgan.

The Consortium is split into two distinct units:

- School Improvement Service (SIS) – Provides the statutory school monitoring function on behalf of each local authority.
- Learning & Innovation Network for Schools (LiNKS) – Offers support services and courses to schools to support their individual improvement plans.

The Central South Consortium is managed and administered by the Central South Consortium Joint Committee, under powers conferred by the Local Government (Wales) Act 1994. The Joint Committee is made up of ten members, two from each Local Authority. Rhondda Cynon Taf CBC became the Host Authority upon formation of the Joint Committee.

The information contained in these accounts allows the user to see the nature of the transactions from 1st April 2013 to 31st March 2014 and its financial composition as at that date.

These accounts will present:

- the financial statements legally required and their supporting notes,
- the accounting policies that have been applied when preparing the accounts.

2. Summary of Financial Performance

The table overleaf shows the budgeted controllable income and expenditure against the actual controllable income and expenditure for the period 1st April 2013 to 31st March 2014:

	Budget £'000	Actual £'000	Variance £'000
Expenditure			
Employees	5,785	5,514	(271)
Premises	656	567	(89)
Transport	126	90	(36)
Supplies & Services	1,004	887	(117)
Third Party Payments	600	667	67
Support Services	160	95	(65)
	8,331	7,820	(511)
Income			
Local Authority Contributions	(4,417)	(4,417)	0
Grants & Other Income	(4,007)	(3,427)	580
	(8,424)	(7,844)	580
Net Expenditure	(93)	(24)	69

The reasons for the variances between budgeted and actual expenditure were:

- Employees – The budget was prepared based on the estimated resource requirements identified in the original consortium business case. The service has managed its staffing based on the actual requirements during the year.
- Premises – In 2012/13 the building used by the consortium was bought by Rhondda Cynon Taf CBC and the agreed rental charge was lower than budgeted.
- Supplies & Services - A commissioning budget held by LiNKS to provide flexibility to resource to service demand levels was partly used during the year to procure external support and training packages. This was not matched by a corresponding increase in income, contributing towards the overall deficit on the LiNKS service.
- Third Party Payments – The School Improvement Service incurred additional commissioning costs on specific school improvement packages. These costs partly offset the underspend on the Employees category.
- Support Services – Some costs included within the original ICT SLA were paid for directly by the consortium and are included within the Supplies and Services category.
- Income -
 - Additional grants were received during the year for specific projects.
 - The use of the LiNKS commissioning budget was not matched by an increase in income (see Supplies and Services category).

In addition, the following categories of income and expenditure relating to specific grants were processed through the consortium accounts:

	Actual £'000
Expenditure	
Employees	1,608
Premises	38
Transport	14
Supplies & Services	48,511
	50,171
Income	
Grants & Other Income	(50,171)
	(50,171)
Net Expenditure	0

As at 31st March 2014, the Central South Consortium held General Reserves of £534k. Movements on reserves are detailed within the Movement in Reserves Statement on Page 9.

3. Capital Expenditure 2013/14

No expenditure this financial year.

4. Pensions Assets and Liabilities

As a result of International Accounting Standard (IAS) 19 "Employee Benefits", local authorities are required to account for pensions liabilities in respect of the cost of decisions made up to the balance sheet date. Please refer to note 17.0 to the Core Financial Statements for further details.

The effect of IAS 19 upon the reserves of the Joint Committee is as follows:

	£'000
Net Assets/(Liabilities) excluding Pensions Reserve	896
Net Assets/(Liabilities) as per Balance Sheet	80

5. Introduction to Accounting Statements

Statement of Accounting Policies

The purpose of this statement is to explain the basis of the figures in the accounts. It outlines the accounting policies adopted.

Statement of Responsibilities for the Statement of Accounts

This sets out the responsibilities of the Council as the administering Authority and the Group Director - Corporate Services for the preparation of the Statement of Accounts. The Statement has to be signed and dated by the presiding member at the Joint Committee meeting at which the Accounts are approved.

Certificate of the Group Director - Corporate Services

This is the certificate of the true and fair presentation of the accounts by the Group Director - Corporate Services.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Joint Committee, analysed into 'usable reserves' (i.e. those that the Joint Committee may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use) and 'unusable reserves'. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Joint Committee's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

Comprehensive Income and Expenditure Statement

This statement is prepared to record income and expenditure on an accruals basis. It includes items such as salaries and wages, running costs of the service and income received. The statement is based upon International Financial Reporting Standards (IFRS).

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Joint Committee. The net assets of the Joint Committee (assets less liabilities) are matched by the reserves held by the Joint Committee.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Joint Committee during the reporting period. The statement shows how the Joint Committee generates and uses cash and cash equivalents by classifying cash flows into operating and investing activities. The amount of net cash flows arising from operating activities is a key indicator of the

extent to which the operations of the Joint Committee are funded from the recipients of services provided.

Annual Governance Statement

This statement sets out the framework within which Rhondda Cynon Taf CBC, as administering authority, manages and reviews internal control. It outlines the main components of the framework, including the arrangements for Internal Audit and how the consortium has complied with the various elements of the framework.

6. Prior Period Adjustment

Changes in the accounting policy for Pensions costs within the Employee Benefits policy have required a Prior Period Adjustment to the Comprehensive Income and Expenditure Statement. Therefore, the 2012/13 comparators are noted as "Restated". There is no impact upon the 2012/13 Balance Sheet. The changes in policy are a result of the Code of Practice on Local Authority Accounting adopting the 2011 amendments to IAS 19 'Employee Benefits'.

The changes relate to:

- Interest Cost and Expected Return on Asset being replaced by a single Net Interest item calculated at the discount rate.
- Administration expenses previously deducted from Expected Return on Assets now being included within Current Service Cost.

Please refer to Accounting Policies for further details.

7. Grant Funding Changes

Until 2012/13 the Welsh Government paid education grants directly to the individual authorities. From 2013/14 these grants are paid to the consortium who then allocate the funding to the authorities and schools. These transactions are recognised in the accounts of the Joint Committee from 2013/14 and impact upon:

- CI&E Statement:
 - Receipt of grant from WG in 'Grants & Other Income'
 - Payment of grant to LA's in 'Supplies & Services'
- Balance Sheet:
 - Outstanding receipts due from WG in Debtors
 - Outstanding payments due to LA's in Creditors

Statement of Responsibilities for the Statement of Accounts Central South Consortium Joint Education Service

The Council's Responsibilities

The Council is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Group Director – Corporate Services.
- To manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets.

The Joint Committee's Responsibilities

- To approve the accounts.

Signature: _____

Date: _____

Chair of Central South Consortium Joint Education Service Joint Committee

Cllr Christopher Elmore
Vale of Glamorgan Council
Civic Offices
Holton Road
Barry
CF63 4RU

The Group Director - Corporate Services' Responsibilities

The Group Director is responsible for the preparation of the Statement of Accounts. In terms of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, the Statement of Accounts is required to give a true and fair view of the financial position of the organisation at the accounting date and its income and expenditure for the period ended 31st March 2014.

In preparing the Statement of Accounts, the Group Director has:

- Selected suitable accounting policies, and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code.

The Group Director has also throughout the financial year:

- Maintained proper accounting records that were kept up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Group Director – Corporate Services as Treasurer of the Joint Committee

I certify that the statement of accounts give a true and fair view of the financial position of the Joint Committee at 31st March 2014 and its income and expenditure for the period then ended.

Signed: _____

Date: _____

Christopher D. Lee

Group Director – Corporate Services

Bronwydd House

Porth

CF39 9DL

Movement in Reserves Statement for the Period ended 31st March 2014

	CSEC General Reserves	Earmarked Reserves	Total Usable Reserves	Total Unusable Reserves	Total CSEC Reserves
	£'000	£'000	£'000	£'000	£'000
Notes:	15.1	15.2		16.0	
Balance as at 1st April 2013	(509)	(7)	(516)	1,285	769
Movement in reserves during 2013/14					
(Surplus) or deficit on the provision of services (accounting basis)	(94)	0	(94)	0	(94)
Other comprehensive income and expenditure	0	0	0	(755)	(755)
Total comprehensive income and expenditure	(94)	0	(94)	(755)	(849)
Adjustments between accounting basis and funding basis under regulations					
Adjustments involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the CI&ES	(919)	0	(919)	919	0
Employer's pensions contributions and direct payments to pensioners payable in the year	591	0	591	(591)	0
Adjustments primarily involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	12	0	12	(12)	0
Net increase or decrease before transfers to Earmarked Reserves	(410)	0	(410)	(439)	(849)
Transfers to or from Earmarked Reserves	385	(385)	0	0	0
Increase or decrease in the Year	(25)	(385)	(410)	(439)	(849)
Balance as at 31st March 2014	(534)	(392)	(926)	846	(80)

Comprehensive Income and Expenditure Statement for the Period ended 31st March 2014

7 Months ended 31/03/13 Restated £'000		Year ended 31/03/14 £'000	Note
	Expenditure		
3,252	Employees	7,395	3.0
323	Premises	605	4.0
35	Transport	104	5.0
430	Supplies & Services	49,398	6.0
118	Third Party Payments	667	
66	Support Services	95	
4,224		58,264	
	Income		
(2,588)	Local Authority Contributions	(4,417)	
(2,022)	Grants & Other Income	(53,983)	
(4,610)		(58,400)	7.0
(386)	Net Cost of Services	(136)	
0	Interest Receivable and Similar Income	(1)	23.0
25	Net Interest on Net Defined Liability	43	17.2
(361)	(Surplus)/Deficit on the Provision of Services	(94)	
1,130	Actuarial (Gains)/Losses on Pension Fund Assets & Liabilities	(755)	17.2
769	Total Comprehensive Income and Expenditure	(849)	

Balance Sheet at 31st March 2014

31/03/13		31/03/14	Note
£'000		£'000	
	Current Assets		
1	Inventories	2	11.0
1,953	Debtors	16,647	12.0
1,954	Total Current Assets	16,649	
	Current Liabilities		
(1,480)	Creditors	(15,753)	13.0
474	Net Current Assets	896	
474	Total Assets Less Current Liabilities	896	
	Long-Term Liabilities		
(1,243)	Defined Benefit Pension Scheme Liability	(816)	17.5
(769)	Net Assets/(Liabilities)	80	
	Represented by:		
	Usable Reserves		
(371)	School Improvement Service General Reserves	(550)	15.1
(138)	LiNKs General Reserves	16	15.1
(7)	Earmarked Reserves	(392)	15.2
	Unusable Reserves		
1,243	Pensions Reserve	816	17.5
42	Short-Term Accumulating Compensated Absence Account	30	16.2
769	Total Reserves	(80)	

Cash Flow Statement for the Period ended 31st March 2014

7 Months ended 31/03/13 £'000		Year ended 31/03/14 £'000	Note
	Operating Activities		
	Cash Outflows		
3,122	Cash Paid to and on Behalf of Employees	7,122	
901	Other Operating Cash Payments	38,533	
	Cash Inflows		
(2,657)	Cash Received for Goods & Services	(43,706)	
0	Interest Received	(1)	
1,366		1,948	20.0
1,366	Net (Increase) or Decrease in Cash and Cash Equivalents	1,948	20.0
	Analysis of Changes in Cash and Cash Equivalents		
0	Balance as at 1 st April	1,366	
1,366	Net Cash (Inflows)/Outflows	1,948	
1,366	Cash Balance Owed To/(From) Host Authority	3,314	20.0

All cash transactions are administered by Rhondda Cynon Taf CBC as Central South Consortium does not operate its own bank account.

Notes to the Core Financial Statements

1.0 Accounting Policies

The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) 2013/14 based on International Financial Reporting Standards (IFRS) and the Service Reporting Code of Practice for Local Authorities 2013/14 (SeRCOP).

1.1 Change to Accounting Policy

The Code of Practice on Local Authority Accounting has adopted 2011 amendments to IAS 19 Employee Benefits. This is a change in accounting policy. The impact of the revised IAS 19 on the financial statements is as follows:

- Interest Cost and Expected Return on Asset being replaced by a single Net Interest item calculated at the discount rate.
- Administration expenses previously deducted from Expected Return on Assets now being included within Current Service Cost.

The changes in Accounting Policy have required a Prior Period Adjustment to the Comprehensive Income and Expenditure. Therefore, the 2012/13 comparators are noted as "Restated". There is no impact upon the 2012/13 Balance Sheet.

Please refer to the specific "Employee Benefits" accounting policy for further details.

1.2 Accruals of Expenditure and Income

The accounts of the Joint Committee have been prepared on an accrual of income and expenditure basis in accordance with the Code of Practice on Local Authority Accounting. This ensures activity is accounted for in the year that it takes place not when cash payments are made or received.

Revenue from the sale of goods or services is recognised when the Joint Committee transfers the significant risks and rewards of goods or provides the services to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Joint Committee.

Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date material supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure in the Comprehensive Income and Expenditure Statement on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows determined by the contract.

1.3 Cash and Cash Equivalents

All cash transactions are administered by Rhondda Cynon Taf CBC as Central South Consortium does not operate its own bank account.

1.4 Inventories

Inventories of stock are measured at the lower of cost and net realisable value. When such inventories are sold, exchanged or distributed, the carrying amount shall be recognised as an expense when the income (if any) is recognised.

1.5 Value Added Tax

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to Her Majesty's Revenue and Customs and all VAT paid is recoverable from them.

1.6 Reserves

The Joint Committee sets aside specific amounts as reserves for future policy purposes or to cover contingencies. These are deemed Earmarked Reserves. Earmarked Reserves are created by appropriating amounts out of the General Reserves in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year. To ensure this isn't a charge against General Reserves, the expenditure is funded via an adjustment in the Movement in Reserves Statement.

Certain reserves are kept to manage the accounting processes for retirement and employee benefits and do not represent usable resources for the Joint Committee.

1.7 Income

Income is credited to the year of account to which it relates, regardless of when that income was actually received.

1.8 Cost of Support Services

The costs of support services have been charged to the Consortium in line with agreed Service Level Agreements.

1.9 Employee Benefits

All costs relating to employee benefits are accounted for on an accruals basis.

Pensions

The Joint Committee participates in two separate pension schemes.

Staff on Teachers Terms & Conditions - This is an unfunded scheme administered by the Teachers' Pension Agency. The Agency sets contribution rates on the basis of a notional fund. Whilst this is a defined benefit scheme, the Teachers Pensions Agency is unable to identify the Joint Committee's share of the underlying assets and liabilities and accordingly, the Joint Committee has accounted for its contributions to the scheme as if it were a defined contribution scheme.

Other employees - Rhondda Cynon Taf CBC administer a fund on behalf of employees under the Local Government Pension Scheme Regulations 1997 (as amended), under which contribution rates are set by the fund's actuary based on triennial actuarial valuations. Under the regulations, contribution rates are set in order to lead to full funding of the overall liability of the Fund over time. The Local Government Scheme is accounted for as a Defined Benefit Scheme.

- The liabilities of the Rhondda Cynon Taf Pension Fund attributable to the Joint Committee are included in the Balance Sheet on an actuarial basis using the projected unit credit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.3%. (4.5% 2012/13)
- The Rhondda Cynon Taf Pension fund is a multi-employer scheme. The assets of the Fund are not formally allocated to any employer within the fund, and are not the legal property of any employer within the Fund. For the purpose of completing the calculations for each triennial valuation of the Fund, the actuary calculates a notional allocation of assets for each employer. The assets of the pension fund notionally attributed to the Joint Committee are included in the Balance Sheet at their fair value:

Quoted Securities	–	Current Bid Price
Unitised Securities	–	Current Bid Price
Property	–	Market Value

- The change in the net pensions liability is analysed into the following components:
 - Current Service Cost – the increase in liabilities as a result of years of service earned this year allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked plus administration expenses.
 - Past Service Cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
 - Net Interest – interest on the present value of liabilities and interest on the net changes in those liabilities over the period, calculated using the discount rate at the start of the period, offset by interest applied to assets and the net changes in the assets over the period using the discount rate at the start of the period – represented in the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement.
 - Settlements and Curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
 - Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their financial / demographic or experience assumptions – debited or credited to the Pensions Reserve.
 - Contributions Paid to the Pension Fund – cash paid as employer's contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense in the Comprehensive Income and Expenditure Statement.

In relation to retirement benefits, statutory provisions require the Joint Committee Fund Balance to be charged with the amount payable by the Joint Committee to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Reserves of being required to account for retirement

benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Joint Committee is able to make discretionary awards of retirement benefits in the event of early retirements. Any such liabilities arising are accrued in the year of decision to make the award.

Accumulated Absences

The Joint Committee accrues for staff holidays earned but not taken at each year-end. The Welsh Government has issued regulations to mitigate the impact of this charge. This Joint Committee has taken advantage of the regulations and charged the additional costs to the Short-Term Accumulating Compensated Absences Account in Unusable Reserves.

1.10 Government Grants and Other Contributions

Grants and other contributions relating to capital and revenue expenditure shall be accounted for on an accruals basis and recognised in the Comprehensive Income and Expenditure Statement when there is reasonable assurance that;

- the conditions for their receipt have been/will be complied with, and
- the grant or contribution will be received.

Monies advanced where there is no reasonable assurance of the above two criteria, are held as creditors in the Balance Sheet.

Revenue grants are credited to the relevant service and capital grants are credited to the Taxation and Non Specific Grant Income section of the Comprehensive Income and Expenditure Statement.

Where a revenue grant has been recognised in the Comprehensive Income and Expenditure Statement but not yet used to fund expenditure, it is set aside as an Earmarked Reserve.

Where a claim has yet to be signed off by the Wales Audit Office, Balance Sheet values in relation to grants are included on an unaudited draft claim basis.

1.11 Leases

Whether a lease is a finance or operating lease depends upon the substance of the transaction rather than the legal form. Leases are reviewed at inception and classed as finance or operating by reviewing arrangements such as:

- Transfer of ownership at the end of lease contract.
- Option to purchase asset at a price lower than fair value.
- Lease term is for major part of economic life of asset.
- Present value of minimum lease payments amounts to at least substantially all of the fair value of leased asset.
- Leased assets are specialist and only the lessee can use them without major modifications.
- Leases of land and buildings are considered separately for the purpose of lease classification.

Finance Leases

A finance lease is one which transfers substantially all the risks and rewards incidental to ownership of an asset.

Where the Joint Committee is lessee, an asset and liability is recognised at lease inception. The asset is subsequently depreciated and revalued as though it were the legal property of the Joint Committee. The liability reduces as lease payments are made.

Operating Leases

An operating lease is deemed to be any lease other than a Finance Lease.

Where the Joint Committee is lessee, lease payments are recognised as an expense in the Comprehensive Income and Expenditure Statement on a straight-line basis unless another systematic basis is more representative of the benefits received.

1.12 Events after the Balance Sheet Date

Events after the reporting period are those both favourable and unfavourable that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

The financial statements are authorised for issue in accordance with the Accounts and Audit Regulations (Wales) 2005 (as amended). Regulations state the Statement of Accounts shall be authorised for issue when certified by the Responsible Finance Officer. Certification of unaudited accounts takes place by 30th June following financial year-end.

Regulations require the audited Statement of Accounts to be published by 30th September. The published Statement of Accounts shall reflect events after the reporting period up to the date the accounts were authorised for issue. This is the date the Responsible Finance Officer re-certifies the accounts.

Two types of events can be identified;

- a) those that provide evidence of conditions existing at the end of the reporting period (adjusting events that shall be recognised in the financial statements),
- b) those that are indicative of conditions that arose after the reporting period (non-adjusting events that are not reflected in accounting statements but where material, disclosure is made in the Notes to the Core Financial Statements).

2.0 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

This Statement of Accounts contains estimated figures that are based on assumptions made by the Joint Committee about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because assets and liabilities cannot always be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Joint Committee's Balance Sheet at 31st March 2014 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

2.1 Pensions Liability

- Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. AON Hewitt is engaged to provide the Joint Committee with advice about the assumptions to be applied.
- The effects on the net pensions liability of changes in individual assumptions can be measured, however the assumptions interact in complex ways.

3.0 Officers' Emoluments

2012/13 (7 months) Restated £'000		2013/14 £'000
	Salaries & Wages	
2,296	Advisors	4,365
242	Administration	642
240	Management	302
141	Finance Team	148
27	Catering Staff	50
21	Site Staff	39
11	Cleaning Staff	17
134	Agency	1,485
28	Employee Insurance	46
24	Employee Advertising	16
3,164	Sub Total	7,110
88	IAS 19 adjustments	285
3,252	Total	7,395

4.0 Premises Costs

2012/13 (7 months) £'000		2013/14 £'000
173	Rent	313
21	Repair and Maintenance	66
28	Electricity and Gas	54
3	Cleaning Materials	5
98	Rates and Water Charges	167
323	Total	605

5.0 Transport

2012/13 (7 months) £'000		2013/14 £'000
35	Car Allowances	100
0	Vehicle Hire	4
35	Total	104

6.0 Supplies and Services

2012/13 (7 months) £'000		2013/14 £'000
113	Office Expenses	350
75	Consultants Fees	775
0	Grants & Subscriptions	344
54	Office Equipment	119
48	Computer Costs	60
37	Catering Costs	57
30	Photocopying	81
18	Printing	15
12	Subscriptions	2
10	Marketing	49
9	Audit Fees	9
6	Clothing	8
6	Telephones	18
5	Postage	17
4	Training	174
3	Provision for Bad Debt	4
	Grant paid to local authorities:	
0	SEG	7,551
0	PDG	10,934
0	Foundation Phase	28,209
0	Other	622
430	Total	49,398

7.0 Income

2012/13 (7 months) £'000		2013/14 £'000
	Contributions	
(894)	The City of Cardiff Council	(1,535)
(733)	Rhondda Cynon Taf CBC	(1,237)
(406)	Bridgend CBC	(698)
(382)	Vale of Glamorgan Council	(653)
(173)	Merthyr Tydfil CBC	(294)
(2,588)	Total Contributions	(4,417)
	Other Income	
(634)	School Income	(1,074)
(457)	Other	(917)
(796)	Grants	(51,800)
(135)	Catering	(192)
(2,022)	Total Other Income	(53,983)
(4,610)	Total Income	(58,400)

8.0 Related Party Transactions

In accordance with IAS 24, the Joint Committee has a duty to disclose any material transactions with a "related party". This is to ensure that financial statements contain disclosures necessary to draw attention to the possibility that the reported financial position and results may have been affected by the existence of related parties and by material transactions with them.

All cash transactions are administered by the host authority as the consortium does not operate its own bank account. At 31st March 2014 the consortium owes the Council £3,314k relating to these cash transactions. During 2013/14, Central South Consortium was charged £95k by Rhondda Cynon Taf CBC in respect of Central Establishment Charges (included in table below).

The Joint Committee provides advisory and inspection services to the Local Authorities and its Schools within the Consortium. During the year, transactions with related parties arose as follows:

2012/13 (7 months) £'000	Local Authority	2013/14	
		Exp. £'000	Inc. £'000
(1,345)	The City of Cardiff Council	857	(1,984)
(1,283)	Rhondda Cynon Taf CBC	946	(2,457)
(692)	Bridgend CBC	246	(938)
(541)	Vale of Glamorgan Council	322	(864)
(321)	Merthyr Tydfil CBC	83	(400)

In addition, the consortium received various grants from the Welsh Government and paid these to the Local Authorities as follows:

2012/13 (7 months) £'000	Local Authority	2013/14 £'000
0	The City of Cardiff Council	16,909
0	Rhondda Cynon Taf CBC	13,482
0	Bridgend CBC	7,194
0	Vale of Glamorgan Council	6,364
0	Merthyr Tydfil CBC	3,367

In 2012/13 grants were paid by the Welsh Government directly to the individual authorities.

Pension contributions are made to both the Rhondda Cynon Taf CBC Pension Fund and the Teachers Pension Agency, in respect of Joint Committee employees. See notes 17.0 and 18.0 for further information.

An interim manager was employed through the ISOS Partnership between January and March 2014. The consortium paid the company

£75k during the year (including the costs for the interim manager post), with £10k outstanding at the year end.

Interests of Members of the Joint Committee are maintained in a register held by their own Local Authority. The following organisations are related parties (by virtue of Member interest in them) with whom the Joint Committee has had dealings:

Category of Organisation	2012/13	2013/14
	£'000	£'000
Educational Establishments	4	113

The table above does not include payments to/from the Local Authorities or schools within the consortium. These are included elsewhere within this note.

9.0 Audit Fees

2012/13 (7 months) £'000		2013/14 £'000
9	Wales Audit Office Fees Relating to External Audit	9

10.0 Leases

The Joint Committee uses general office equipment which is financed under the terms of an operating lease. Operating lease rentals paid to lessors in 2013/14 totalled £12k.

There are no long-term lease agreements at the balance sheet date.

The Joint Committee holds no assets on Finance Leases.

11.0 Inventories

Inventories consist of food stock in respect of the Restaurant.

31/03/13 £'000		31/03/14 £'000
0	Balance as at 1st April	1
39	Purchases	61
(38)	Recognised as an Expense in the Year	(60)
0	Written Off	0
1	Balance as at 31st March	2

12.0 Debtors

31/03/13 £'000		31/03/14 £'000
1	Host Authority	14
1,774	Local Authorities and Schools	160
107	Central Government Bodies	16,409
74	Other Entities and Individuals	71
1,956		16,654
(3)	Provision for Bad Debt	(7)
1,953	Balance as at 31st March	16,647

13.0 Creditors

31/03/13 £'000		31/03/14 £'000
(1,366)	Host Authority	(5,344)
(20)	Local Authorities and Schools	(10,186)
(52)	Other	(193)
(42)	Employee Absences Accrual	(30)
(1,480)	Balance as at 31st March	(15,753)

All cash transaction are administered by Rhondda Cynon Taf CBC as the Central South Consortium does not operate its own bank account. The host authority creditor includes the 'cash' balance owed by the Consortium to Rhondda Cynon Taf CBC.

14.0 Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the SeRCOP. However, decisions about resource allocation are taken by the Joint Committee on the basis of budget reports analysed across groups. These reports are prepared on a different basis from the accounting policies used in the financial statements. The following reconciles controllable costs to Net Cost of Services and to the (Surplus)/Deficit on Provision of Services.

Service Information for 2013/14						
	School Improvement Service	Athrawon Bro	LiNKs	Grants	Total	
	£'000	£'000	£'000	£'000	£'000	
Income	(4,526)	(1,077)	(2,241)	(50,171)	(58,015)	
Costs						
Employees	3,226	865	1,423	1,608	7,122	
Premises	188	40	339	38	605	
Transport	48	24	18	14	104	
Supplies & Services	169	129	589	48,511	49,398	
Third Party Payments	667	0	0	0	667	
Support Services	50	19	26	0	95	
Net Controllable Costs	(178)	0	154	0	(24)	
Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement						
Add amounts included in Comprehensive Income and Expenditure Statement Net Cost of Services but not included as reported controllable costs					479	
Remove amounts included within reported controllable costs but not included within Comprehensive Income and Expenditure Statement					(591)	
Net Cost of Services					(136)	
Reconciliation to Subjective 2013/14						
	Service Analysis	Not Reported to Management	Not Included in CI&ES	Net Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges & Other Service Income	(53,598)	(385)	0	(53,983)	0	(53,983)
Local Authority Contributions	(4,417)	0	0	(4,417)	0	(4,417)
Interest and Investment Income	0	0	0	0	(1)	(1)
Total Income	(58,015)	(385)	0	(58,400)	(1)	(58,401)
Employee Expenses	7,122	864	(591)	7,395	43	7,438
Other Service Expenses	50,869	0	0	50,869	0	50,869
Total Operating Expenses	57,991	864	(591)	58,264	43	58,307
(Surplus)/Deficit on Provision of Services	(24)	479	(591)	(136)	42	(94)

15.0 Movement on Usable Reserves

	General Reserves £'000	Earmarked Reserves £'000	Total £'000
Balance as at 1 st April 2013	(509)	(7)	(516)
(Increase)/Decrease	(25)	(385)	(410)
Balance as at 31st March 2014	(534)	(392)	(926)

15.1 CSEC General Reserves

The Fund Balance is a distributable revenue reserve, which consists of the accumulated surpluses of the Consortium's operations.

	SIS £'000	LiNKS £'000	Total £'000
Balance as at 1 st April 2013	(371)	(138)	(509)
(Increase)/Decrease	(179)	154	(25)
Balance as at 31st March 2014	(550)	16	(534)

15.2 Earmarked Reserves

This note sets out the amounts set aside from the General Reserves balance in earmarked reserves to provide financing for future expenditure. All earmarked reserves are deemed to be revenue reserves.

Revenue Grant Reserves	SIS £'000	LiNKS £'000	Total £'000
Balance as at 1 st April 2013	0	(7)	(7)
(Increase) / Decrease	0	(385)	(385)
Balance as at 31st March 2014	0	(392)	(392)

16.0 Movements on Unusable Reserves

Reserve	Pension Reserve £'000	Short-Term Acc Comp Absence Account £'000	Total £'000
Balance as at 1 st April 2013	1,243	42	1,285
(Increase) / Decrease	(427)	(12)	(439)
Balance as at 31st March 2014	816	30	846

16.1 Pension Reserve

The Pension Reserve is the balancing account to offset the inclusion of Pension Liability in the Balance Sheet as required by IAS 19 "Employee Benefits". See note 17.0 for further information.

16.2 Short-Term Accumulating Compensated Absences Account

The Short-Term Accumulating Compensated Absences Account absorbs the differences that would otherwise arise on CSEC Reserves from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31st March 2014.

	2013/14 £'000
Balance as at 1st April 2013	42
Settlement or cancellation of accrual made at the end of the preceding year	(42)
Amounts accrued at the end of the current year	30
Balance as at 31st March 2014	30

17.0 Retirement Benefits – Defined Benefit Schemes**17.1 Participation in Pension Schemes**

As part of their terms and conditions, the employees of Central South Consortium are offered retirement benefits by the Joint Committee. Although these benefits will not be payable until retirement, the Joint Committee has a commitment to make these payments. The liability for these payments needs to be accounted for at the time future entitlement is earned.

The Joint Committee participates in two pension schemes:

- Teachers – Please refer to note 18.0.
- Other employees – The Local Government Pension Scheme administered by Rhondda Cynon Taf CBC. This is a funded defined benefit salary scheme, meaning that the Joint Committee and participants pay contributions into the fund calculated at a level intended to balance the pensions liabilities with investment assets. The pension costs that are charged to the Joint Committees' accounts are defined by IAS 19 "Employee Benefits".

17.2 Transactions Relating to Post-Employment Benefits

The cost of retirement benefits is recognised in the Comprehensive Income and Expenditure Account when earned by employees, rather

than when benefits are actually paid as pensions. However, the charge required to be made to the Comprehensive Income and Expenditure Account is based on the cash payable in the year. The cost of retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been posted in the year:

Comprehensive Income and Expenditure Account	2012/13 Restated £'000	2013/14 £'000
Cost of Services:		
Current Service Cost	342	852
Past Service Cost	0	24
Settlements and curtailments	0	0
<i>Financing and Investment Income and Expenditure</i>		
Net Interest Expense	25	43
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	367	919
<i>Remeasurement of the Net Defined Benefit Liability Comprising:</i>		
Return on Plan Assets (Excluding the Amount included in the Net Interest Expense)	(579)	(339)
Actuarial (Gains) and Losses Arising on Liabilities – Demographic Assumptions	0	(347)
Actuarial (Gains) and Losses Arising on Liabilities – Financial Assumptions	544	(668)
Actuarial (Gains) and Losses Arising on Liabilities – Experience	0	599
Actuarial (Gains) and Losses Arising on inherited pension and assets and liabilities	1,165	0
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	1,497	164
<i>Movement in Reserves Statement</i>		
Reversal of Net Charges Made to the Surplus or Deficit for the Provision of Services for Post Employment Benefits in Accordance with the Code	(367)	(919)
<i>Actual Amount Charged Against the General Fund Balance for Pensions in the Year:</i>		
Employers' Contributions Payable to Scheme	254	591

2012/13 (restated) includes a loss of £1,165k relating to the inherited pension assets and liabilities transferred into the consortium on its formation. Whilst all liabilities were transferred 'fully funded', the differing accounting assumptions required under IAS 19 have resulted in an accounting loss. Due to accounting rules this has no impact on the

General Reserves of the joint committee as the costs are reversed in the Movement in Reserves Statement.

The total actuarial gains and losses recognised in Other Comprehensive Income and Expenditure to the 31st March 2014 is a gain of £755k. (£35k gain in 2012/13 (restated) plus the inherited loss of £1,165k gives a total loss of £1,130k in 2012/13 (restated)).

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure statement to the year ending 31st March 2014 is a loss of £375k.

The figures above do not include allowance for any membership (or associated assets) relating to members who have joined the employer but have not yet exercised their option to link their past service rights to their current employment.

Following the UK Government's announcement on 22nd June 2010, the inflation index used for pension increases has changed from the Retail Price Index (RPI) to the Consumer Price Index (CPI). CPI is expected to be less than RPI over the long-term which means that the obligation to pay pensions has reduced.

17.3 Reconciliation of Present Value of the Scheme Liabilities

	2012/13 Restated £'000	2013/14 £'000
Opening balance at 1 st April	6,426	7,440
Current Service Cost	342	852
Interest Cost on Defined Obligation	157	362
Contributions by Scheme Participants	106	235
<i>Remeasurement (Gains) and Losses:</i>		
Actuarial (Gains) and Losses Arising on Liabilities – Demographic Assumptions	0	(347)
Actuarial (Gains) and Losses Arising on Liabilities – Financial Assumptions	544	(668)
Actuarial (Gains) and Losses Arising on Liabilities – Experience	0	599
Benefits Paid	(135)	956
Past Service Costs	0	24
Entity combinations	0	0
Curtailments	0	0
Settlements	0	0
Carried Forward at 31st March	7,440	9,453

17.4 Reconciliation of Fair Value of the Scheme Assets

	2012/13 Restated £'000	2013/14 £'000
Opening balance at as at 1 st April	5,261	6,197
Interest Income	132	319
<i>Remeasurement (Gains) and Losses</i>		
The Return on Plan Assets, Excluding the Amount Included in the Net Interest Expense	579	339
Other	0	0
Employer Contributions	254	591
Contributions by Scheme Participants	106	235
Benefits paid	(135)	956
Entity Combinations	0	0
Settlements	0	0
Carried Forward as at 31st March	6,197	8,637

17.5 Scheme History

	2012/13 £'000	2013/14 £'000
Present Value of Defined Obligation	(7,440)	(9,453)
Fair Value of Plan Assets	6,197	8,637
Surplus / (Deficit)	(1,243)	(816)

The liabilities show the underlying commitments that the Joint Committee has in the long run to pay retirement benefits. The total liability of £816k has a substantial impact on the net worth of the Joint Committee as recorded in the Balance Sheet.

However, statutory arrangements for funding the deficit mean that the financial position of the Joint Committee remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

17.6 Local Government Pension Scheme Assets

Local Government Pension Scheme Assets (full scheme not JES element) are comprised as follows:

	Fair Value of Scheme Assets	
	2012/13 £'000	2013/14 £'000
UK Equities	413,777	462,816
Overseas Equities	991,347	1,112,695
UK Fixed Interest Gilts	210,907	176,791
Continued Overleaf...		

UK Index Linked Gilts	5,646	13,111
UK Corporate Bonds	227,990	240,655
Overseas Corporate Bonds	5,383	18,378
Property	119,871	130,201
Cash and net current assets	68,499	65,050
Total	2,043,420	2,219,697

17.7 Basis for Estimating Assets & Liabilities

The Rhondda Cynon Taf Pension Fund employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles.

Liabilities have been estimated on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Council Fund liabilities have been assessed by AON Hewitt Ltd, an independent firm of actuaries, estimates for the Council Fund being based on the latest full valuation of the scheme as at 31st March 2013.

The principal assumptions used by the actuary have been:

	31/03/13	31/03/14
Long-Term Expected Rate of Return on Assets in the Scheme:		
Equity Investments	7.8%	N/A*
Property	7.3%	N/A*
Government Bonds	2.8%	N/A*
Corporate Bonds	3.8%	N/A*
Cash	0.9%	N/A*
Other	7.8%	N/A*
Mortality Assumptions:		
Longevity at 65 for current pensioners:		
Men	23.3	22.9
Women	24.7	25.8
Longevity at 65 for future pensioners:		
Men	25.2	25.1
Women	26.6	28.2
RPI Inflation	3.7%	3.4%
CPI Inflation	2.8%	2.4%
Rate of Increase in Salaries	4.7%	3.9%
Rate of Increase in Pensions	2.8%	2.4%
Rate for discounting scheme liabilities	4.5%	4.3%
Take-up of Option to Convert Annual Pension into Retirement Lump Sum:		
Post-2010 Service	75%	-
Pre-2010 Service	50%	-
Post-2008	-	75%
Pre-2008	-	75%

*Please note that from 2013/14 the “expected return on assets” item (which is a credit to the Comprehensive Income & Expenditure Statement) will no longer be calculated based on the best estimate of the expected returns on the investments held, but will instead be calculated using the assumption adopted for the discount rate.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Increase in Assumption £'000	Decrease in Assumption £'000
Longevity (Increase or Decrease in 1 Year)	195	(195)
Rate of Increase in Salaries (increase or decrease by 0.1%)	75	(76)
Rate of Increase in Pensions (increase or decrease by 0.1%)	132	(132)
Rate for Discounting Scheme Liabilities (increase or decrease by 0.1%)	(208)	208

17.8 Impact on Joint Committee’s Cash Flow

The objectives of the scheme are to keep employers’ contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme’s actuary to achieve a funding level of 100% over the next 25 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31st March 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31st March 2014 (or service after 31st March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Employer's regular contributions to the Fund for the accounting period ending 31st March 2015 are estimated to be £551k.

The weighted average duration of the defined benefit obligation for scheme members is 21.2 years, 2013/14 (20.2 years 2012/13).

18.0 Retirement Benefits – Defined Contribution Scheme

Staff employed on Teachers terms and conditions are members of the Teachers' Pension Scheme. The scheme provides teachers with specified benefits upon their retirement, and the Joint Committee contributes towards the costs by making contributions based upon a percentage of members' pensionable salary.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2013/14, the Joint Committee paid £74k to the Teachers' Pension Fund in respect of teachers' retirement benefits, representing 14.1% of pensionable pay. There were no contributions remaining payable at the year-end.

19.0 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Joint Committee on 30th September 2014. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing at 31st March 2014, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no events that took place after 31st March 2014 requiring disclosure providing information that is relevant to an understanding of the Central South Consortium Joint Education Service's financial position.

20.0 Reconciliation of Comprehensive Income and Expenditure Account to Cash flow

2012/13 (7 months) £'000		2013/14 £'000
(361)	(Surplus)/Deficit on the Provision of Services	(94)
(114)	(Increase)/Decrease in Creditors	(12,325)
1,953	Increase/(Decrease) in Debtors	14,694
1	Increase/(Decrease) in Inventories	1
(113)	IAS 19 Transactions	(328)
1,366	Cash (Inflow)/Outflow from Revenue Items	1,948

21.0 Officer's Remuneration

Under the Accounts and Audit (Wales) Regulations 2010, the Joint Committee must disclose in their accounts the number of employees whose remuneration in the year fell in each bracket of a scale in multiples of £5,000 commencing at £60,000 (excluding pension contributions). The disclosure includes redundancy payments.

Remuneration Band	2012/13 Part year	2013/14		
	No. of Employees	No. of Employees		
	Total	At 31/03/14	Left in Year	Total
£60,000 - £64,999	0	7	0	7
£65,000 - £69,999	0	0	0	0
£70,000 - £74,999	0	0	0	0
£75,000 - £79,999	0	1	1	2
£80,000 - £84,999	0	0	0	0
£85,000 - £89,999	0	0	0	0
£90,000 - £94,999	0	0	0	0
£95,000 - £99,999	0	0	0	0
Total	0	8	1	9

An interim manager was employed through the ISOS Partnership between January and March 2014 at a cost of £30k.

22.0 Severance Costs

Severance Cost Band	Number of Compulsory Terminations		Number of Other Terminations		Total Number of Terminations		Total Severance Cost	
							£000s	
	12/13	13/14	12/13	13/14	12/13	13/14	12/13	13/14
£0 - £20,000	0	0	0	1	0	1	0	6
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
Total	0	0	0	1	0	1	0	6

23.0 Interest

Interest is paid daily on the personal account balance due to/from Rhondda Cynon Taf CBC.

2012/13 (7 months) £'000	2012/13 Interest rate %		2013/14 £'000	2013/14 Interest rate %
0	0.26	Interest on Personal Account Balance	(1)	0.26
0			(1)	

RHONDDA CYNON TAF**CENTRAL SOUTH CONSORTIUM 2013/14
ANNUAL GOVERNANCE STATEMENT**

1.	Scope of Responsibility
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1.1 The Central South Consortium serves:

- Bridgend County Borough Council;
- Cardiff Council;
- Merthyr Tydfil County Borough Council;
- Rhondda Cynon Taf County Borough Council; and
- Vale of Glamorgan County Borough Council.

The responsibilities of the Central South Consortium, combined, cover the needs of over 400 schools and approximately 144,000 pupils in the region of the Central South Consortium Joint Education Service.

1.2 The pledge of the Central South Consortium is as follows:

“We want our education system to compare with what the best systems in the world are doing.

Together we are committed to giving all learners the best possible start in life. We want to equip our learners with the knowledge and skills they need to match the standards of the rest of the world so they can flourish as individuals and succeed in a global economy.”

1.3 Rhondda Cynon Taf County Borough Council is responsible for ensuring that its business and that of the Joint Committee, for which it has administrative responsibility, is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and is used economically, efficiently and effectively.**1.4** Rhondda Cynon Taf County Borough Council and the Central South Consortium have several policies and processes that are consistent with the principles of the CIPFA/SOLACE Framework ‘Delivering Good Governance in Local Government’.**1.5** This Annual Governance Statement explains how the Central South Consortium has complied with the various elements of the framework.

2.**The purpose of the governance framework**

- 2.1** The governance framework comprises the systems and processes, and cultural values, by which an organisation is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables an organisation to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2** The system of internal control is a significant part of that framework and is designed to manage the risk to a reasonable level. It cannot eliminate all risk of failure to achieve aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.
- 2.3** The system of internal control is an ongoing process designed to identify and prioritise the risks to the achievement of aims and objectives, to evaluate the likelihood and impact of those risks materialising, and to manage them efficiently, effectively and economically.
- 2.4** The following paragraphs summarise the overall governance framework and the system of internal control, which has been in place for the Central South Consortium for the period covering 1st April 2013 to 31st March 2014.

3.**The Governance Framework**

- 3.1** The CIPFA/SOLACE governance framework sets out six fundamental principles of corporate governance:-
- Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area.
 - Members and officers working together to achieve a common purpose with clearly defined functions and roles.
 - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
 - Developing the capacity and capability of members and officers to be effective.
 - Engaging with local people and other stakeholders to ensure robust public accountability.
- 3.2** This Governance Statement has used these principles to demonstrate how the overall governance arrangements at the Central South

Consortium for the period covering 1st April 2013 to 31st March 2014 are deemed to be satisfactory. The Governance Statement does not document policies, procedures and working practices under each of the six principles, but instead provides an overview of the governance and internal control processes and systems.

3.3 Legal Agreements

3.4 The Interim Legal Agreements (accompanied by draft terms of references and governance principles) in place at the commencement of the Joint Education Service and the Learning and Innovation Network for Schools ('Links') Service was in place for the majority of the 2013/14 financial year. On the 4th December 2013 all parties formally signed the two legal agreements (identified as the Central South Consortium's significant governance issue in the Annual Governance Statement 2012/13). There were no significant amendments to the Legal Agreement documents between the status of 'Interim' (accompanied by draft terms of references and governance principles) and 'Final'. On the basis of there being no significant amendments to the Interim Legal Agreement, from this point forwards in the Annual Governance Statement, reference will be made to the 'Legal Agreement'.

3.5 The Legal Agreement for the Joint Education Service provides the governance framework within which the Service operates and allocates responsibility and accountability, as follows:

- The Host Authority
- The Executive Board
- Operational Management Group & The Director
- Central South Consortium Joint Education Committee
- Financial Management

The Legal Agreement for the Learning and Innovation Network for Schools Service provides the governance framework within which the service operates and allocates responsibility and accountability, as follows:

- The Host Authority
- The Executive Board
- Board of Management
- Central South Consortium Joint Education Committee
- Financial Management

3.6 The Host Authority

The Legal Agreements formally assigns Rhondda Cynon Taf County Borough Council as the Host Authority for the Central South Consortium. Rhondda Cynon Taf County Borough Council provides all support services (save for the day to day administration undertaken by staff in accordance with their duties) required, including but not limited to:

- Financial (Section 151 Officer as defined by section 151 of the

Local Government Act 1972, Accounts, Payroll, Creditors, Debtors, Insurance)

- Human Resources,
- Health & Safety,
- Legal,
- ICT
- Estates,
- PR/Marketing,
- Information Management,
- Internal Audit and;
- Procurement

The costs of which are charged to the CSC Joint Education Committee through Service Level Agreements.

3.7 The Constitution of Rhondda Cynon Taf County Borough Council, which has the financial stewardship of the Central South Consortium, allocates functions and responsibility within the Authority. It also regulates the behaviour of individuals (Members & Officers) and groups through codes of conduct, protocols and rules of procedures. All functions undertaken by the Central South Consortium should be done so in accordance with all relevant Policies and Procedure Rules of Rhondda Cynon Taf County Borough Council.

3.8 Member Conduct

Members of the Joint Education Committee are governed by the Code of Conduct of their relevant Council.

3.9 The Public Service Ombudsman and the relevant Council's Standards Committee investigate allegations of misconduct by Members and monitor the conduct of Members.

3.10 Officer Conduct

To ensure a consistent approach to working practices and processes, all officers are subject to the terms and conditions of employment (which are based on RCT operating terms and conditions) as follows:

1. Staff appointed to undertake responsibilities on behalf of the JES since October 2012, are employed / contracted on the standard terms and conditions of employment of the Host.
2. Staff appointed who were previously employed by any of the five partner local authorities prior to October 2012, were upon appointment transferred onto the standard terms and conditions of the Host or if matched to a role, given the option if they so wished to retain the terms and conditions of their home authority.

Regardless of which terms and conditions officers are employed upon, all officers are subject to a common set of operating Employment Policies based on the Host's operating policies and procedures.

3.11 The Executive Board

The purpose of the Executive Board is to support the Director in ensuring that the strategies of the CSC align themselves with the needs of all Parties to raise educational standards.

3.12 The membership, decision making process, meetings and the terms of reference for the Executive Board are documented within Schedule 2 of each Legal Agreement.

**3.13 Joint Education Service:
Operational Management Group & The Director**

The Operational Management Group comprises the Director, the JES Heads of Service and each Parties respective Head of School Improvement. The objective of the group is to deliver school improvement activities with the aim of raising educational standards.

3.14 The membership, decision making process, meetings and the terms of reference for the Operational Management Group are documented within Schedule 3 of the Joint Education Service Legal Agreement.

3.15 In May 2013 the Interim Director left his role at the CSC Joint Education Service. Contingency arrangements were put in place to cover for the duties of the outgoing Interim Director until a further interim appointment was made in October 2013. Following a recruitment process in March/April 2014 the CSC Joint Education Service failed to appoint a permanent Director. Efforts to appoint a permanent Director will continue during 2014, but the current Interim arrangement will continue until such time as the review of the permanent position is completed.

**3.16 Learning and Innovation Network for Schools:
Board of Management & The Director**

The Board of Management comprises the Director, Head of Links, at least 10 but no more than 15 nominated representative Headteachers from Nursery, Primary, Secondary and Special Co-Founder Schools. The objective of the Board is to provide a steer for the strategic direction of the service. To influence, by representing the views of Headteachers, the offer and delivery of the service provided by the Links services.

3.17 The membership, decision making process, meetings and the terms of reference for the Board of Management are documented within Schedule 3 of the Learning and Innovation Network for Schools Legal Agreement.

3.18 Central South Consortium Joint Education Committee

The Central South Consortium Joint Education Committee (hereinafter called the 'Joint Education Committee') comprises of two elected Members from each Council and one officer representative with

responsibility for Education from each Council.

The Joint Education Committee is the joint committee for both the Joint Education Service and the Learning and Innovation Network for Schools ('Links').

The Joint Education Committee has the powers of each Council with reference to the provision of a Joint Education Service and its performance.

The purpose of the Joint Education Committee is to support effective Central South Consortium arrangements which raise education standards across the Consortium.

The membership, decision making process, meetings and the terms of reference for the Joint Education Committee are documented within Schedule 4 of each Legal Agreement.

3.19 Financial Management

Schedule 5 of the Legal Agreements provides the framework within which the finances of the Joint Education Service and the Learning and Innovation Network for Schools Services operate. The Financial Protocol provides the financial framework and relationship between the Parties (the councils), the Host and the Central South Consortium. The following areas of business are documented in each of the two Legal Agreements:

- General principles
- Contributions and charging mechanisms
- Payment arrangements
- Budgetary control & monitoring
- Capital Expenditure & long term contracts
- Annual Accounts & Audit
- Financial insolvency

3.20 The Legal Agreements require the Joint Education Committee to hold at least termly meetings throughout the year. Standard agenda items include a report from the Treasurer.

3.21 The Rhondda Cynon Taf County Borough Council's Financial Procedure Rules provide clear guidance in relation to all financial matters. The Central South Consortium has adopted Rhondda Cynon Taf's Financial & Contract Procedure Rules – as confirmed in Section 17 (Schedule 4) of the Legal Agreements:

"Rules and Procedure

For the avoidance of doubt the CSC Joint Education Committee shall, where relevant and subject to the provisions of this Agreement, operate in accordance with the Hosts schemes of delegation, Rules of Procedure and policies from time to time."

3.22 The Wales Audit Office audits the Central South Consortium's annual

statement of accounts. The 2012/13 statement of accounts were audited by the WAO and approved at the meeting of the Joint Committee on 27th September 2013.

3.23 The Central South Consortium's financial and operational performance is monitored and scrutinised by the Joint Education Committee.

The Joint Education Committee receives reports from:

- The Treasurer, and;
- The Interim Regional Director.

In addition to these regular reports, the Joint Education Committee also receives ad-hoc reports relevant to the operation of the organisation.

Review of Effectiveness

4.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness is informed by the work of Internal Audit and Chief Officers within the Authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates. The requirement to undertake an annual review also extends to Joint Ventures where this Council has lead responsibility.

4.2 Report of the Interim Regional Director

Since the inception of the organisation the Interim Regional Director (or designated representative) provided members of the Joint Education Committee with updates on performance and statistical information.

4.3 In addition to these 'standard' agenda items, issues specific to the operational running of the organisation were also reported to the Joint Education Committee.

4.4 In the Draft Central South Consortium Business Plan (March 2014) the Interim Director reflected upon the performance and delivery of the service during 2013/14 and concluded that
'In 2013, whilst some improvements have been shown, they need to be significantly more marked.'

A transformation is needed. Our ambition is to work alongside schools to enable Headteachers to lead improvement in schools' banding positions, in literacy and numeracy, in performance against the level 2+ threshold and most crucially in closing the attainment gap for disadvantaged pupils.'

In order to address the transformation required, the Business Plan proposes a change in delivery:

'Over the next three to five years moving to a fully school-led system will involve significant cultural change from all parts of the system in order to build the capacity, confidence and behaviours of schools to lead improvement.'

The Business Plan proposes the previous model of the Joint Education Service and the Learning and Innovation Network for Schools ('Links') to cease during the Spring of 2014 with the model being replaced with a strategy which is led by Headteachers from within the region.

4.5 Financial Management

During 2013/14 the Joint Education Committee received regular

finance reports from the Treasurer.

4.6 During 2013/14 the role of the Chief Financial Officer at Rhondda Cynon Taf County Borough Council was compliant with the principles of the CIPFA Statement – Role of the Chief Financial Officer in Local Government 2010.

4.7 Joint Education Committee

During 2013/14 the Joint Education Committee received regular finance reports from the Treasurer and also regular performance reports from the Interim Regional Director. The Joint Education Committee also received reports relevant to the operation and governance of the organisation.

4.8 In accordance with their terms of reference, the Joint Education Committee also considered the recruitment of a permanent Director during April 2014 the outcome of which was unsuccessful and leaves the Joint Education Service with an Interim Director for the foreseeable future.

4.9 Internal Audit

During 2013/14 Internal Audit reviewed the core financial systems of the CSC Joint Education Service and concluded there to be no material weaknesses. Internal Audit also reviewed the reports provided to the Joint Education Committee and the Legal Agreements (which incorporates the Terms of Reference for the Executive Board, Operational Management Group, Board of Management and the Joint Education Committee).

4.10 External Audit

The Wales Audit Office audits the Central South Consortium's annual statement of accounts. The 2012/13 statement of accounts were audited by the WAO and approved at the meeting of the Joint Committee on 27th September 2013.

Significant Governance Issues

- 5.1 Definition of Governance:** A series of policies, roles, responsibilities and processes that set the way an organisation is directed, administrated and controlled.
- 5.2 Definition of a Significant Governance Issue:**
A specific area of the Organisation's work that requires Senior Management attention to ensure that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner, to support improved outcomes for local people.
- 5.3** The following areas are deemed to be significant governance issues during 2014/15:
- 5.4** The need to appoint a permanent Director.
- 5.5** Managing the cultural change required to implement the proposed new model of delivery as outlined within the Draft Central South Consortium Business Plan (March 2014) – subject to approval.

Certification of Annual Governance Statement

Chair

Interim Director

Independent Auditor's Report to the Members of Central South Consortium Joint Committee

I have audited the accounting statements and related notes of Central South Consortium Joint Education Service Joint Committee for the year ended 31 March 2014 under the Public Audit (Wales) Act 2004.

Central South Consortium Joint Education Service Joint Committee accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet and the Cash Flow Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2013-14 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the independent auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 8, the responsible financial officer is responsible for the preparation of the statement of accounts for Central South Consortium Joint Education Service Joint Committee, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Central South Consortium Joint Education Service Joint Committee's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any

apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of the Central South Joint Education Service Consortium Joint Committee

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Central South Consortium Joint Education Service Joint Committee as at 31 March 2014 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013-14.

Opinion on other matters

In my opinion, the information contained in the Explanatory Foreword for the financial year for which the accounting statements and related notes are prepared is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the Governance Statement on which I report to you if, in my opinion, it does not reflect compliance with 'Delivering Good Governance in Local Government: Framework' published by CIPFA/SOLACE in June 2007, or if the statement is misleading or inconsistent with other information I am aware of from my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Central South Consortium Joint Education Service Joint Committee in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit Practice issued by the Auditor General for Wales.

Signature: _____ **Date:** _____

Anthony Barrett
Appointed Auditor
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

Appendix 2

Date/Dyddiad:
30th September 2014

Please ask for/Gofynnwch am:
Barrie Davies
(01443) 680559

Anthony Barrett
Appointed Auditor
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

Dear Anthony,

Representations regarding the 2013/14 Central South Consortium – Joint Education Service Joint Committee Financial Statements

This letter is provided in connection with your audit of the financial statements of Central South Consortium – Joint Education Service for the year ended 31st March 2014 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management Representations

Responsibilities:

We have fulfilled our responsibilities for the preparation of the financial statements in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 based on International Financial Reporting Standards; in particular the financial statements give a true and fair view in accordance therewith.

We acknowledge our responsibility for the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information Provided:

We have provided you with;

- full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- our knowledge of fraud or suspected fraud that we are aware of and that affects the Central South Consortium – Joint Education Service Joint Committee and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements;
- the identity of all related parties and all the related party relationships and transactions of which we are aware.
- Any other matters that the auditor may consider necessary.

Financial Statement representations:

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and

accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. All misstatements have been corrected both material and those below materiality thresholds.

Representations by Central South Consortium – Joint Education Service Joint Committee:

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for ensuring that the Council maintains adequate accounting records.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by Central South Consortium – Joint Education Service Joint Committee on 30th September 2014.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

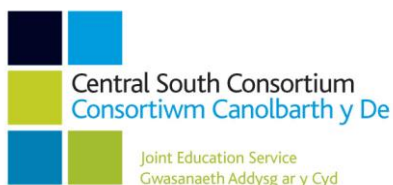
Signed by

S.151 Officer

Chair of Joint Committee

Date

Date



**CENTRAL SOUTH CONSORTIUM
REPORT FOR JOINT COMMITTEE**

30TH SEPTEMBER 2014

JOINT EDUCATION SERVICE

REPORT OF THE TREASURER – 2014/15 BUDGET

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

1. PURPOSE OF REPORT

- 1.1 To seek final approval of the 2014/15 revenue budgets for the Central South Consortium (CSC);
- 1.2 To provide Members with the projected outturns for 2014/15 for the CSC.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Report the decision of their home Councils on the approval of the CSC budgets for 2014/15;
- 2.2 Note the projected outturn for the service for 2014/15.

3. AGREEMENT OF 2014/15 CONSORTIUM BUDGETS

- 3.1 On the 5th June 2014 the Treasurer of the Central South Consortium presented the Joint Committee with the proposed budgets for the CSC for 2014/15. Members were requested to seek approval of the budgets from their home Council and to report the decision back to this Joint Committee meeting.
- 3.2 Subject to the approval by each home Council the budgets for the CSC will be agreed (and recharged accordingly).

4. **BUDGET MONITORING 2014/15**

4.1 A summary of the projected outturn for the Joint Committee is presented here for information along with the reasons for any variances:

CORE BUDGET

Category	Original Budget 2014/15 £	Projected Out-turn 2014/15 £	Variance (Under)/ Over £
Expenditure			
Employees	3,651,525	3,617,221	(34,304)
Premises	501,229	535,721	34,492
Transport	95,116	61,615	(33,501)
Supplies & Services	315,782	443,259	127,477
Repayment of Redundancy Costs	100,000	100,000	0
Commissioning (Additional support for schools)	357,102	357,039	(63)
Support Services	83,078	100,000	16,922
Gross Expenditure	5,103,832	5,214,855	111,023
Income			
LA Contributions	4,416,486	4,416,486	0
Ty Dysgu Income	280,000	296,659	(16,659)
Grants & Other Income	407,346	447,188	(39,842)
Total Income	5,103,832	5,160,333	(56,501)
Net Expenditure	0	54,522	54,522

4.2 Reasons for the variances include:

- Employees:
 - £164k Saving - Staggered appointments and secondment arrangements for senior challenge advisor and challenge advisor positions.
 - £70k Pressure – Transfer of grant costs into the core service.
 - £42k Pressure – Additional costs for support preparing the operational plan.
 - £36k Pressure – Unbudgeted programme manager costs, partly offset by Welsh Government income.
 - £10k Saving – Various adjustments within Business Support following restructure.

- Premises:
 - £35k Pressure – Transfer of grant costs into the core service.
 - Transport:
 - £33k Saving – Staggered appointments and vacancies reducing costs.
 - Supplies & Services:
 - £25k Pressure – Unbudgeted development costs for the portal.
 - £20k Pressure – Additional staff recruitment advertising costs following restructure.
 - £17k Pressure - Transfer of grant costs into the core service.
 - £100k Pressure – Additional costs of running managed programme – offset by additional income.
 - £20k Saving – Value for money review of printing services.
 - £15k Saving – General review of costs.
 - Support Services:
 - £44k Pressure – Costs of additional responsibilities passed to consortium including Governor Support, SACRE, 14-19 and WC review.
 - £12k Pressure – Additional costs of the SIGS meetings.
 - £47k Saving - Transfer of eligible grant costs from the core service.
 - Income:
 - £100k Saving – Additional income from running managed programme – offset by additional supplies and services costs.
 - £16k Saving – Increased projection for restaurant and conference centre income.
 - £36k Pressure – Reduction in grant administration income
 - £34k Pressure – Change to the NQT training programme in respect of literacy and numeracy.
- 4.3 The consortium are closely monitoring the budget and will strive to achieve a balanced position at year-end.

GRANT FUNDED SERVICE

4.4 The consortium has received the following grant allocations for 2014-15 from Welsh Government and Sports Wales:

Grant	Centrally Retained Grant 2014-15	LA Delegated Grant 2014-15	LA Match Funding 2014/15 £	Total Budget £
* Welsh in Education Grant (WEG)	1,064,081	361,788	702,293	2,128,162
* School Effectiveness Grant (SEG)	541,974	7,885,753	2,425,249	10,852,976
*PDG (inc LAC)	0	23,082,192	0	23,082,192
Foundation Phase	1,051,301	27,813,637	0	28,864,938
Schools Challenge Cymru	4,965,000	0	0	4,965,000
PESS	127,098	0	0	127,098
Physical Literacy Program in Schools	435,000	0	0	435,000
CSC Regional Education Consortia – new GCSE, PISA, Science Literacy	551,100	0	0	551,100
NQT	117,000	0	0	117,000
Attendance Grant	150,000	0	0	150,000
HLTA	37,418	0	0	37,418
Learning in Digital Wales	74,902	0	0	74,902
Lead and Emerging Practitioner School	0	360,750	0	360,750
Band 4/5 Schools	0	160,000	0	160,000
Moderation of Yr6 National Numerical Reasoning Tests	5,000	0	0	5,000
Total	9,119,874	59,664,120	3,127,542	71,911,536

*Indicative figures are included in the above table for WEG/SEG/PDG as the Approval letters are yet to be received from Welsh Government.

4.5 The Welsh Government has notified their intention to reduce the value of a range of grants awarded to Local Authorities and the regional consortia in 2014/15. As yet the Welsh Government has not provided specific details on these reductions. An urgent report will be prepared for the Joint Committee outlining the full impact and the options to mitigate any funding reductions when further information is known.

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

SEPTEMBER 2014

CENTRAL SOUTH CONSORTIUM JOINT COMMITTEE

List of background papers

Officer to Contact :

Mr Martyn Pennell

Tel no. 01443 680384