



**CENTRAL SOUTH CONSORTIUM  
REPORT FOR JOINT COMMITTEE**

**17<sup>TH</sup> DECEMBER 2014**

**JOINT EDUCATION SERVICE**

**REPORT OF THE TREASURER – 2014/15 FORECAST & 2015/16 BUDGET**

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**1. PURPOSE OF REPORT**

- 1.1 To provide Members with the projected outturns for 2014/15 for the CSC.
- 1.2 To provide Members with a revised budget for 2014/15.
- 1.3 To seek the Joint Committee's approval of the 2015/16 revenue budget.
- 1.4 To provide Members with details of the proposed principles to be used for the apportionment of the 2015/16 grant.

**2. RECOMMENDATIONS**

It is recommended that Members:

- 2.1 Note the projected outturn for the service for 2014/15.
- 2.2 Approve the proposed revised budget for 2014/15.
- 2.3 Note and approve the budget for 2015/16 in order for the home Councils to approve as appropriate and to confirm back at the next meeting of the Joint Committee.
- 2.4 Note the proposed basis of apportionment of the 2015/16 Education Improvement Grant for Schools.

### 3. **BUDGET MONITORING 2014/15**

- 3.1 A summary of the projected outturn for the Joint Committee is presented here for information along with the reasons for any variances.
- 3.2 Following the Joint Committee on 30<sup>th</sup> September 2014 a detailed review of the income and expenditure for the Consortium has been carried out, and as a result some minor changes to the original budget are proposed. These changes mainly relate to the supplies & services and income lines for the managed programme. There is no change to the value or apportionment basis of the Local Authority contributions. The revised budget is drafted in the table below.

#### **CORE BUDGET**

<b>Category</b>	<b>Original Budget 2014/15 £</b>	<b>Revised Budget 2014/15 £</b>	<b>Projected Out-turn 2014/15 £</b>	<b>Variance (Under)/ Over £</b>
<b>Expenditure</b>				
Employees	3,651,525	3,651,525	3,607,988	(43,537)
Premises	501,229	501,229	536,010	34,781
Transport	95,116	94,065	57,302	(36,763)
Supplies & Services	315,782	543,636	568,040	24,404
Repayment of Redundancy Costs	100,000	100,000	100,000	0
Commissioning (Additional support for schools)	357,102	333,153	332,363	(790)
Support Services	83,078	83,078	100,002	16,924
<b>Gross Expenditure</b>	<b>5,103,832</b>	<b>5,306,686</b>	<b>5,301,705</b>	<b>(4,981)</b>
<b>Income</b>				
LA Contributions	4,416,486	4,416,486	4,416,486	0
Ty Dysgu Income	280,000	280,000	306,725	(26,725)
Grants & Other Income	407,346	610,200	543,019	67,181
<b>Total Income</b>	<b>5,103,832</b>	<b>5,306,686</b>	<b>5,266,230</b>	<b>40,456</b>
<b>Net Expenditure</b>	<b>0</b>	<b>0</b>	<b>35,475</b>	<b>35,475</b>

#### 3.3 Reasons for the variances include:

- Employees – The budget was prepared based on the previous structure April-August 2014/15 and the new agreed structure from September to March 2014/15. On this basis, the following variances have incurred:
  - Staggered appointments and secondment arrangements for Senior Challenge Advisor and Challenge Advisor positions.
  - A review of the forecasts for agency and seconded staff was carried out and the actual number of days support required was amended.

- Re-profiling of grant employee costs into the core budget in compliance with grant T&C's.
  - Additional project Management costs incurred for support in preparing the operational Plan.
  - Various adjustments within Business Support following restructure.
  
  - Premises:
    - £35k Pressure – Transfer of grant costs into the core service.
  
  - Transport:
    - £37k 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.
    - £20k Saving – Value for money review of printing services.
    - £15k Saving – General review of costs.
  
  - Support Services:
    - £38k Pressure – Costs of additional responsibilities passed to consortium including Governor Support, SACRE, 14-19 and WC review.
    - £20k Pressure – Increase in staff advertisements due to new structure.
    - £30k Saving – Value for money review on cost of Printing, photocopying and marketing.
  
  - Income:
    - £27k Saving – Increased projection for restaurant and conference centre income.
    - £33k Pressure – Reduction in grant administration income.
    - £34k Pressure – Change to the NQT training programme in respect of literacy and numeracy.
- 3.4 The budget will be closely monitored during the final quarter of the financial year and the consortium senior management is confident it can achieve a balanced budget by year-end.

## GRANT FUNDED SERVICE

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

Grant	Centrally Retained Grant £	Outturn £	Variance (Under)/ Over £	Comments
<b>Welsh in Education Grant (WEG)</b>	<b>1,064,081</b>	<b>1,013,585</b>	<b>(50,496)</b>	Staffing underspend due to vacancies and staggered appointments
<b>School Effectiveness Grant (SEG)</b> <i>Employees</i> <i>Transport</i> <i>Interventions</i> <i>SIGs</i> <i>C&amp;D Additional Support</i> <i>Match Funding</i>	<b>2,128,362</b>	<b>1,678,362</b> <i>993,594</i> <i>10,000</i> <i>545,744</i> <i>564,000</i> <i>0</i> <i>(434,976)</i>	<b>(450,000)</b>	Total (£845k) across these Grants have been offered up as part of the in-year clawback of Education Grant 14-15.
<b>Foundation Phase Attendance Grant</b>	<b>1,180,777</b>	<b>850,777</b>	<b>(330,000)</b>	This funding was to be used to support vulnerable schools' improvement planning
<b>Schools Challenge Cymru</b> <i>Criteria 1 – SCC Advisors</i> <i>Criteria 2 – Building Capacity</i> <i>Criteria 3 – Schools Plans</i> <i>* (Delegated to Schools)</i>	<b>4,965,000</b>	<b>4,965,000</b> <i>280,000</i> <i>1,485,000</i> <i>3,200,000</i>	<b>0</b>	Full spend anticipated by year-end
PESS	265,500	265,500	0	
Physical Literacy Program in Schools	435,000	435,000		
CSC Regional Education Consortia – new GCSE, PISA, Science Literacy	551,100	551,100	0	
NQT	117,000	117,000	0	
HLTA	57,210	57,210	0	
Learning in Digital Wales	74,902	74,902	0	
Policy Observatory	26,100	26,100	0	
NPQH	103,236	103,236	0	
<b>Total</b>	<b>11,118,268</b>	<b>10,222,772</b>	<b>895,496</b>	

- 3.6 The consortium will continue to monitor expenditure to ensure that the use and effectiveness of grants can be maximised across the region.

#### **4. REVENUE BUDGET 2015/16**

- 4.1 Under the terms of the consortium legal agreement the Joint Committee is required to approve its budget by the 31<sup>st</sup> December for the following financial year in order that Local Authorities can consider and approve their contributions. A proposed budget for 2015/16 has been prepared for consideration by the Joint Committee.
- 4.2 The proposed budget assumes that the total Local Authority contributions will remain at the same levels as in 2013/14 and 2014/15. The actual apportionment by authority will be based on the appropriate IBA's published by the Welsh Government as part of the 2015/16 revenue budget settlement.
- 4.3 The Consortium has made good progress in developing a school to school model of school improvement, but this is still in its infancy and considerable support is still required to support and challenge under-performing schools. Education performance across the region is improving and the Education Directors recommend that Members provide a period of stability and continuity of school improvement provision for at least the next financial year, until 31 March 2016, and retain the current levels of financial support to the Consortium. In the future years, as the school to school model becomes suitably robust, the local authorities' contributions to the Consortium may decrease to reflect the changing school improvement roles.
- 4.4 Included within the budget is an allowance of £250k towards the costs of the additional services identified in the national model to be provided at a regional level (HR / 14-19 and Governor Support). It is proposed that these costs are funded through a reduction in the match funding that Local Authorities make towards the education grants for the region. Further information is provided in section 5 below.
- 4.5 A summary of the proposed budget is given below:

<b>Category</b>	<b>Revised Budget 2014/15 £</b>	<b>Proposed Budget 2015/16 £</b>
<b>Expenditure</b>		
Employees (including secondments and school led capacity building)	3,651,525	3,828,632
Premises	501,229	482,580
Transport	94,065	65,000
Supplies & Services	543,636	260,444
Repayment of Redundancy Costs	100,000	100,000
Commissioning (Additional support for schools)	333,153	210,270
Support Services	83,078	90,000
<b>Gross Expenditure</b>	<b>5,306,686</b>	<b>5,036,926</b>
<b>Income</b>		
LA Contributions	4,416,486	4,416,486
Ty Dysgu Income	280,000	300,440
Grants & Other Income	610,200	320,000
<b>Total Income</b>	<b>5,306,686</b>	<b>5,036,926</b>
<b>Net Expenditure</b>	<b>0</b>	<b>0</b>

4.6 The apportionment by authority, based on the provisional 2015/16 Welsh Government settlement data, is as follows:

<b>Authority</b>	<b>15/16 IBA (Provisional) '000</b>	<b>Allocation %</b>	<b>Contribution £</b>
Bridgend	86,370	15.68	692,364
Cardiff	195,975	35.56	1,570,985
Merthyr Tydfil	35,909	6.52	287,852
Rhondda Cynon Taf	151,658	27.53	1,215,733
Vale of Glamorgan	81,029	14.71	649,552
<b>Total</b>	<b>550,941</b>	<b>100</b>	<b>4,416,486</b>

## **5. Consortium Grants 2015/16**

5.1 From 2015/16 the Welsh Government is combining 11 education grants into a single regional 'Education Improvement Grant for Schools'. The indicative all-Wales values for the grant have been published, which show a 14.7% reduction to the total of the grants awarded in 2014/15. However, the consortium has not received details its allocation of this grant nor the terms and conditions that will be applied to it. Further discussions with the Welsh Government have suggested that the actual reduction will be nearer to 10%. Based on these figures the total grants available to the consortium in 2015/16 will be:

	2014/15 (Excluding In-year Reduction) £'000	2014/15 (Including In-year Reduction) £'000	2015/16 14.7 % Reduction (Published) £'000	2015/16 10% Reduction £'000
Total of Grants	47,365	45,755	40,667	42,907
LA Match Funding	3,249	3,249	2,771	2,924
LA Funding of Additional Services (HR, Gov. Support & 14/19)	0	0	250	250
<b>Total Funding</b>	<b>50,614</b>	<b>49,004</b>	<b>43,688</b>	<b>46,081</b>

5.2 The figures in the table above include grants that are not managed by the consortium in 2014/15. There is an assumed cut in the Local Authority match funding (to match the level of cut in grant), partially offset by an additional contribution towards the costs of the additional services to be brought into the Consortium.

5.3 Directors have reviewed proposals for the apportionment of the 2015/16 grant throughout the region. Until the final grant settlement figures are received the process cannot be agreed, however the general principles below have been proposed:

- Top Slice for Funding for Specific Circumstances - A number of the 2014/15 grants provided funding for circumstances/issues that are more prevalent in specific authorities, such as the education of Gypsy and Traveller children. It is proposed that funding for these areas should continue to be separately identified and grants should be ring-fenced in the same proportion as in 2014/15. These grants are:
  - Minority Ethnic Achievement Grant (MEAG)
  - Education of Gypsy & Traveller Children
- Top Slice for General Funding – Retention of grant by the consortium and local authorities will be radically reduced, however some support will continue to be provided within the consortium and the local authorities for example to be used to identify sector leading practice and mobilise it for use in supporting schools across the system, to support the educational achievement of LAC children or providing high quality literacy and numeracy support on a match funded basis to vulnerable schools. Furthermore a small number of grants awarded to individual schools have been allocated over academic year, not the financial, therefore these will already be committed for summer term 2015.
- Delegation to Schools – The balance would be delegated to schools as a single grant on an agreed formula e.g. Lump sum per school plus allowance per pupil. It is also proposed that a cap would be used to ensure that the funding to an individual school does not increase or decrease more than an agreed percentage.

- 5.4 As required by the CSC legal agreement, a report from the Executive Board will be prepared for the Joint Committee to consider the apportionment basis when the formal approval is received.

**6. CONCLUSION**

- 6.1 The service is currently projected to overspend by £35k in 2014/15. This will be closely monitored during the final quarter of the financial year and the consortium senior management team is confident it can achieve a balanced budget by year-end.
- 6.2 The 2015/16 proposed budget for the CSC has now been prepared and is to be read in line with the Business Planning paper presented to the Joint Committee. Under the terms of the CSC legal agreement the Joint Committee are now requested to approve the 2015/16 budgets prior to submission to the consortium authorities.
- 6.3 A draft proposal for the apportionment of the single Education Improvement Grant for schools has been prepared, which will be refined when the formal grant approval is received.

**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**

Freestanding Matter

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