



**CENTRAL SOUTH CONSORTIUM
REPORT FOR JOINT COMMITTEE**

29TH SEPTEMBER 2016

JOINT EDUCATION SERVICE

REPORT OF THE TREASURER – 2016/17 BUDGET

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PURPOSE OF REPORT

- 1.1 To seek the Joint Committee's approval for proposed budget virements to be made to the 2016/17 revenue budget.
- 1.2 To provide Members with an update of the projected outturn for 2016/17 (projected as at August 2016).
- 1.3 To provide Members with a summary of 2016/17 grant funding allocations.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Note and approve the proposed budget virements within the 2016/17 budget.
- 2.2 Note the current outturn position for 2016/17.
- 2.3 Note the current grant position for 2016/17.

3. REVENUE BUDGET 2016/17

- 3.1 The 2016/17 revenue budget was agreed by Joint Committee on the 9th December 2015. Since this time, a number of proposed budget virements within categories of expenditure and income have been identified, informed by up dated service information, to more accurately reflect the actual costs to be incurred during the year. The overall effect of the proposed virements would not impact upon the value of contributions from the constituent authorities and are shown in Table 1 overleaf.

Table 1 – Proposed budget virements

Category	Original Budget 2016/17 £	Revised Budget 2016/17 £	Proposed Budget Virement £
Expenditure			
Employees	3,650,528	3,502,145	(148,383)
Premises	540,744	550,744	10,000
Transport	40,000	40,000	0
Supplies & Services	501,290	365,618	(135,672)
Repayment of Redundancy Costs	100,000	100,000	0
Commissioning (Additional support for schools)	0	114,055	114,055
Support Services	111,100	126,100	15,000
Gross Expenditure	4,943,662	4,798,662	(145,000)
Income			
Local Authority Contributions	4,195,662	4,195,662	0
Ty Dysgu Income	400,000	400,000	0
Grants & Other Income	348,000	203,000	145,000
Total Income	4,943,662	4,798,662	145,000
Net Expenditure	0	0	0

3.2 The main reasons for the proposed budget virements to the Original Budget set are as follows:

- Employees – an assumed staffing vacancy percentage built into staffing budgets, resulting in a reduction in the Employee budget requirement, along with the reclassification of budgeted costs from ‘Employee’ to ‘Support Services’ to reflect the provision of agreed additional services;
- Premises – an increase in budgeted expenditure in respect of room hire and catering charges for internal use at Ty Dysgu;
- Supplies and Services – removal of budgeted expenditure to Training Hub Schools (£145k), the payments representing the Consortium ‘passing on’ income it has collected on behalf of each Hub (an equal and compensating adjustment has also been made to the income budget line ‘Grants and Other Income’). This is a presentation adjustment and has no financial impact on the Consortium or Schools;

- Commissioning (additional support for schools) – an element of the reduction in the Employee budget requirement, as referenced above, has been realigned to create a Commissioning budget to support commitments for the Local Authority Annexes;
- Support Services – the reclassification of budgeted expenditure from ‘Employees’ to reflect the provision of agreed additional services (also referenced under ‘Employees’ above); and
- Grants and Other Income – as noted for the Supplies and Services category above, removal of budgeted income in respect of Training Hub Schools (£145k), the monies representing the Consortium ‘passing on’ income it has collected on behalf of each Hub (an equal and compensating adjustment has also been made to the expenditure budget line ‘Supplies and Services’). This is a presentation adjustment and has no financial impact on the Consortium or Schools.

3.3 The Joint Committee is requested to approve the proposed budget virements, as set out in Table 1, to more accurately reflect the actual costs to be incurred during the year.

BUDGET MONITORING 2016/17

3.4 A summary of the revised budget, projected outturn for the full year (projected as at August 2016) and variance is presented in Table 2 below.

Table 2 – Projected outturn position

Category	Revised Budget 2016/17 £	Projected Out-turn 2016/17 £	Variance (Under)/ Over spend £
Expenditure			
Gross Employees	3,502,145	3,695,196	193,051
Less Secondment Income	0	0	0
Net Employees	3,502,145	3,695,196	193,051
Premises			
Rent	270,000	270,000	0
Utilities	55,494	53,497	(1,997)
NNDR	165,000	164,025	(975)
Maintenance	31,000	30,693	(307)
Other	29,250	30,087	837
Total Premises Cost	550,744	548,302	(2,442)

Category	Revised Budget 2016/17 £	Projected Out-turn 2016/17 £	Variance (Under)/ Over spend £
Transport	40,000	40,000	0
Supplies & Services			
CPD/Staff Adverts	40,000	44,521	4,521
Licences/Mobile & Telephone Charges/ Computer Costs – Hardware/Software	112,000	118,701	6,701
Photocopying / Postage / Advertising / Stationery/General Office Expenses	38,618	58,811	20,193
External Audit & Actuary Fee, EL & PL Insurance	55,000	55,000	0
Managed Program Support Costs	50,000	37,467	(12,533)
Restaurant Provisions	51,000	41,550	(9,450)
Governor Training	14,000	14,000	0
Training for Scrutiny	5,000	0	(5,000)
Total Supplies & Services	365,618	370,050	4,432
Repayment of Redundancy Costs	100,000	100,000	0
Commissioning (Additional support for schools)			
Ipsos Mori	10,000	10,000	0
LA Annex	86,455	37,654	(48,801)
Teacher Assessment	5,000	5,000	0
Cardiff University Research	10,000	0	(10,000)
Parliamentary Review	2,600	2,600	0
Prior Year Reserve adjustment	0	(200)	(200)
Total Commissioning	114,055	55,054	(59,001)
Support Services	126,100	126,100	0
Gross Expenditure	4,798,662	4,934,702	136,040

Category	Revised Budget 2016/17 £	Projected Out-turn 2016/17 £	Variance (Under)/ Over spend £
Income			
Local Authority Contributions	4,195,662	4,195,662	0
Ty Dysgu Income	180,000	176,920	3,080
Ty Dysgu Income - Catering	220,000	210,033	9,967
Grants & Other Income	18,000	31,105	(13,105)
Grants & Other Income - Hub	35,000	50,000	(15,000)
Grants & Other Income - Managed Program	150,000	219,612	(69,612)
Total Income	4,798,662	4,883,332	(84,670)
Net Expenditure	0	51,370	51,370

3.5 The reasons for key variances are set out below:

- Employees (£193k projected overspend) – this is primarily due to the appointment of Consultant Challenge Advisors on higher daily rates than budgeted. This position will be closely monitored during the year in parallel with the level of on-going Challenge Advisor support needed as a result of final school categorisations;
- Supplies & Services (£4k projected overspend) – the projected position mainly relates to a £10k overspend on the Photocopying budget, for printing of the Prospectus, and a £5k overspend on staff recruitment advertising as a result of the need to re-advertise for Challenge Advisors due to low take up ‘first time round’. This has been partly off-set by savings on restaurant provisions;
- Commissioning (£59k projected underspend) – the projected underspend is primarily due to a re-prioritising of expenditure requirements; and
- Income (projected to be £84k higher than budgeted) – in the main due to additional income received via brokerage support from schools for additional Curriculum Support and also additional income receivable from Caerphilly County Borough Council as a result of a new Service Level Agreement for the Outdoor Education Service.

3.6 A review of all areas of expenditure and income is currently underway to address the projected overspend of £51k and bring expenditure back in line with the approved budget, the outcome of which will be included in the next monitoring report.

4. GRANT FUNDED SERVICE 2016/17

- 4.1 Table 3 sets out the 2016/17 grant allocations received by the Consortium from Welsh Government.

Table 3 – 2016/17 grant allocations

Grant	Total Grant 2016-17 £	Centrally Retained Grant 2016-17 £	Delegated 2016-17 £
Education Improvement Grant for Schools (EIG)	44,543,387 (inc match funding)		
Centrally Retained Salaries and Support Cost		2,520,757	
Funding for Specific purposes		1,922,139	
Delegated Local Authority Delegated Schools			5,549,555 34,550,936
Year 2-6 National Numerical Reasoning Tests 2016	5,000	5,000	
GCSE Support Programme 2016-17	932,801	932,801	
Qualification Reform Grant	100,000	100,000	
Global Futures Plan (Modern Foreign Languages)	120,000	120,000	

Grant	Total Grant 2016-17 £	Centrally Retained Grant 2016-17 £	Delegated 2016-17 £
Pioneer Schools Network	361,435		361,435
Pioneer Schools and Professional Learning Development	1,326,720	611,421	715,299
ALN Innovation Fund	250,000		250,000
Pupil Deprivation Grant	29,490,750	130,295	29,360,455
Total	77,130,093	6,342,413	70,787,680

- 4.2 The Consortium has up dated its Grants Register to reflect the position set out in Table 3 and will continue to monitor expenditure to ensure the use and effectiveness of grants are maximised across the region.

5. CONCLUSION

- 5.1 Following the Joint Committee approving the 2016/17 revenue budget on the 9th December 2015, a number of proposed budget virements have been identified, informed by up dated service information, to more accurately reflect the actual costs to be incurred during the year.
- 5.2 The projected outturn for the full year is a £51k overspend (projected as at August 2016) with the Consortium currently reviewing all areas of expenditure and income to address this position.
- 5.3 The 2016/17 Grants Register has been updated to reflect the current grant funding position.

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

29th SEPTEMBER 2016

CENTRAL SOUTH CONSORTIUM JOINT COMMITTEE

List of background papers

Freestanding matter

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