



**CENTRAL SOUTH CONSORTIUM  
REPORT FOR JOINT COMMITTEE**

**15<sup>TH</sup> SEPTEMBER 2017**

**JOINT EDUCATION SERVICE**

**REPORT OF THE TREASURER – 2017/18 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 2017/18 revenue budget.
- 1.2 To provide Members with an update of the projected outturn for 2017/18 (projected as at July 2017).
- 1.3 To provide Members with a summary of 2017/18 grant funding allocations.

**2. RECOMMENDATIONS**

It is recommended that Members:

- 2.1 Note and approve the proposed budget virements within the 2017/18 budget.
- 2.2 Note the current outturn position for 2017/18.
- 2.3 Note and endorse the approach to fund future redundancy costs, should they arise.
- 2.4 Note the current grant position for 2017/18.

**3. REVENUE BUDGET 2017/18**

- 3.1 The 2017/18 revenue budget was agreed by Joint Committee on the 8<sup>th</sup> December 2016. 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 financial 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

<b>Category</b>	<b>Original Budget 2017/18 £</b>	<b>Revised Budget 2017/18 £</b>	<b>Proposed Budget Virement £</b>
<b>Expenditure</b>			
Employees	3,511,735	3,370,745	(140,990)
Premises	539,940	539,475	(465)
Transport	26,000	25,000	(1,000)
Supplies & Services	304,004	335,275	31,271
Repayment of Redundancy Costs	100,000	100,000	0
Commissioning (Additional support for schools)	0	0	0
Support Services	126,100	122,241	(3,859)
<b>Gross Expenditure</b>	<b>4,607,779</b>	<b>4,492,736</b>	<b>(115,043)</b>
<b>Income</b>			
Local Authority Contributions	3,985,879	3,985,879	0
Ty Dysgu Income	405,000	407,020	(2,020)
Grants & Other Income	216,900	99,837	117,063
<b>Total Income</b>	<b>4,607,779</b>	<b>4,492,736</b>	<b>115,043</b>
<b>Net Expenditure</b>	<b>0</b>	<b>0</b>	

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

- Employees – an element of the Employee core budget is eligible to be funded from grant; this has resulted in a reduction in the Employee core budget requirement for this year;
- Supplies and Services – an increase in budgeted expenditure in respect of Management Information System (MIS) licence and ICT hardware (mobile devices) annual costs;
- Support Services – a decrease in Service Level Agreement charges by Rhondda Cynon Taf County Borough Council; and
- Grants and Other Income – removal of budgeted income that covered the Consortium's costs for administering Managed Programmes and

Training Hub Schools due to there no longer being a requirement for the Consortium to provide this function.

- 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 financial year.

### **BUDGET MONITORING 2017/18**

- 3.4 A summary of the revised budget, projected outturn for the full year (projected as at July 2017) and variance is presented in Table 2 below.

Table 2 – Projected outturn position

<b>Category</b>	<b>Revised Budget 2017/18 £</b>	<b>Projected Out-turn 2017/18 £</b>	<b>Variance (Under)/ Over spend £</b>
<b>Expenditure</b>			
Gross Employees	3,370,745	3,349,169	(21,576)
<b>Net Employees</b>	<b>3,370,745</b>	<b>3,349,169</b>	<b>(21,576)</b>
<b>Premises</b>			
Rent	270,000	270,000	0
Utilities	49,200	48,800	(400)
Non Domestic Rates	164,025	129,740	(34,285)
Maintenance	25,400	24,401	(999)
Other	30,850	32,100	1,250
<b>Total Premises Cost</b>	<b>539,475</b>	<b>505,041</b>	<b>(34,434)</b>
<b>Transport</b>	<b>25,000</b>	<b>24,950</b>	<b>(50)</b>
<b>Supplies &amp; Services</b>			
Continuing Professional Development /Staff Adverts	41,795	36,795	(5,000)
Licences/Mobile & Telephone Charges/ Computer Costs – Hardware/Software	142,290	146,921	4,631
Photocopying / Postage / Advertising / Stationery/General Office Expenses	46,290	48,752	2,462
External Audit & Actuary Fee, Employer	54,750	56,038	1,288

<b>Category</b>	<b>Revised Budget 2017/18 £</b>	<b>Projected Out-turn 2017/18 £</b>	<b>Variance (Under)/ Over spend £</b>
Liability & Public Liability Insurance			
Managed Program Support Costs	1,000	(2,449)	(3,449)
Restaurant Provisions	31,150	31,150	0
Governor Training	8,000	0	(8,000)
Induction Program Elected Members, Partnership Framework Development	10,000	10,000	0
<b>Total Supplies &amp; Services</b>	<b>335,275</b>	<b>327,207</b>	<b>(8,068)</b>
<b>Repayment of Redundancy Costs</b>	<b>100,000</b>	<b>311,116</b>	<b>211,116</b>
<b>Support Services</b>	<b>122,241</b>	<b>122,241</b>	<b>0</b>
<b>Gross Expenditure</b>	<b>4,492,736</b>	<b>4,639,724</b>	<b>146,988</b>
<b>Income</b>			
Local Authority Contributions	3,985,879	3,985,879	0
Ty Dysgu Income	200,295	205,180	(4,885)
Ty Dysgu Income - Catering	206,725	220,164	(13,439)
Grants & Other Income	89,837	127,086	(37,249)
Other Income - Managed Program	10,000	2,420	7,580
<b>Total Income</b>	<b>4,492,736</b>	<b>4,540,729</b>	<b>(47,993)</b>
<b>Net Expenditure</b>	<b>0</b>	<b>98,994</b>	<b>98,995</b>

### 3.5 The reasons for key variances are set out below:

- Employees (£22k projected underspend) – this is due to vacancy savings within Business Support and the transfer of eligible staff costs to the Education Improvement Grant (EIG) to optimise the use of external funding. This area will continue to be closely monitored through to year-end in parallel with reviewing the level of on-going Challenge Advisor support needed as a result of final school categorisations;

- Premises (£34k projected underspend) – this is related to the revaluation of Ty Dysgu resulting in a reduction in Non Domestic Rates;
- Supplies & Services (£8k projected underspend) – the projected underspend is due to the re-prioritising of expenditure requirements across this area in addition to the transfer of eligible costs to the EIG;
- Repayment of redundancy costs (£211k projected overspend) – the projected overspend relates to redundancy costs incurred in 2017/18 to date, in support of an on-going programme of restructuring within the Service, and is projected to be fully funded from in-year resources. For Members information, the current budget in place of £100k is fully committed to re-pay redundancy costs incurred pre-2016.

Following on, to ensure good financial governance can be demonstrated and in line with recent discussions with the Wales Audit Office, Members are requested to note and endorse the following approach to fund future redundancy costs, should they arise, whereby:

- The primary requirement will be for all such costs to be funded from within existing resources during the year.
  - Where this approach is not deemed possible, following a joint assessment and sign-off by the Consortium and the Responsible Finance Officer, the repayment period should be limited to a maximum of 3 years.
  - The above requirements built into service planning and decision making arrangements.
- Income - (projected to be £48k higher than budgeted). Key variances within this position include:
    - Revised projected income for the Conference Centre / Restaurant (additional unbudgeted income £18k). The Conference Centre will continue to market the building to maximise usage and income generation opportunities.
    - General Income (additional unbudgeted income £30k) partly in respect of additional Foundation Phase and Welsh Medium charter work undertaken by Challenge Advisors.

3.6 A review of all areas of expenditure and income is currently underway to address the projected overspend of £99k 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 2017/18**

- 4.1 Table 3 sets out the 2017/18 grant allocations received by the Consortium from Welsh Government.

Table 3 – 2017/18 grant allocations

<b>Grant</b>	<b>Total Grant</b>	<b>Centrally Retained Grant</b>	<b>Delegated</b>
	<b>2017-18</b>	<b>2017-18</b>	<b>2017-18</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Education Improvement Grant for Schools (EIG)	45,544,495 (including match funding of £3,061,582)		
Centrally Retained Salaries and Support Cost		2,199,937	
Funding for Specific circumstances		3,214,653	
Delegated Local Authority Delegated Schools			5,124,983 35,004,922
School Cymru Challenge	78,945	78,945	0
Pupil Development Grant	30,467,400	1,523,750	28,943,650
Learning in Digital Wales	150,462	150,462	0
Support for children and young people's informal Welsh	77,800*	To be confirmed	To be confirmed
South Wales Valleys Project	52,500	17,850	34,650
Year 2-6 National Numerical reasoning Tests	5,000	5,000	0
Advisory team on Delivery of FP Nursery Provision for 3-4 year olds	3,784	3,784	0
<b>Total</b>	<b>76,380,386</b>	<b>7,194,381</b>	<b>69,108,205</b>

\* denotes Academic Year Grant (September 2017 to August 2018)

- 4.2 The Consortium has updated 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.

- 4.3 Table 4 below sets out indicative funding for the Raising Standards Grant (RSG), the award of funding for which currently remains pending. Further to the draft terms and conditions being finalised and received from Welsh Government, a further breakdown of activity and apportionment will be reported to Joint Committee.

Table 4 – 2017/18 indicative grant allocations

<b>Raising Standards Grant (RSG)</b>	<b>Total Grant 2017-18 £</b>
Pedagogy	1,522,493
Self Improving System	488,989
Leadership	641,537
Curriculum & Assessment	290,728
Research & Evaluation	60,000
<b>Total</b>	<b>3,003,747</b>

<b>Other Grants</b>	<b>Total Grant 2017-18 £</b>
Enrichment and Experiences programme for schools	25,000
National Network for Excellence in Science and Technology (NNEST)	24,137
Pioneer Block Grant	2,018,116
<b>Total</b>	<b>2,067,253</b>

## **5. CONCLUSION**

- 5.1 Following the Joint Committee approving the 2017/18 revenue budget on the 8<sup>th</sup> December 2016, a number of proposed budget virements have been identified, informed by updated service information, to more accurately reflect the actual costs to be incurred during the course of the financial year.
- 5.2 The projected outturn for the full year is a £99k overspend (projected as at July 2017) with the Consortium currently reviewing all areas of expenditure and income to address this position. In addition, an up dated approach for funding future redundancy costs has been proposed, and subject to the endorsement of the Joint Committee, this will be built into existing service planning arrangements.
- 5.3 The 2017/18 Grants Register has been updated to reflect the current grant funding position.

- 5.4 An update report will be presented to Joint Committee on the use of the Raising Standards Grant (RSG) and “Other Grants” following confirmation of funding from the Welsh Government.

**LOCAL GOVERNMENT ACT 1972**

**AS AMENDED BY**

**THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**15<sup>th</sup> SEPTEMBER 2017**

**CENTRAL SOUTH CONSORTIUM JOINT COMMITTEE**

**List of background papers**

Freestanding matter

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