

**CENTRAL SOUTH CONSORTIUM
REPORT FOR JOINT COMMITTEE**

19TH DECEMBER 2018

JOINT EDUCATION SERVICE

**REPORT OF THE TREASURER – 2018/19 BUDGET MONITORING UPDATE &
2019/20 BUDGET SETTING PROCESS**

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1. PURPOSE OF REPORT

- 1.1 To provide Members with an update of the projected outturn position for 2018/19.
- 1.2 To provide Members with a summary of 2018/19 grant funding.
- 1.3 To seek Joint Committee approval of the 2019/20 revenue budget.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Note the current projected outturn position for 2018/19.
- 2.2 Note the current grant position for 2018/19.
- 2.3 Note and approve the budget for 2019/20 in order for the home Councils to approve, as appropriate, and to confirm back to the next meeting of the Joint Committee.
- 2.4 Agree for the review of the basis of apportionment of local authority contribution levels to be incorporated into current programmes of work.

3. BUDGET MONITORING 2018/19

3.1 A summary of the 2018/19 projected outturn position is set out in Table 1 below.

Table 1 – Projected Outturn Position 2018/19

Category	Revised Budget 2018/19 £	Projected Out-turn 2018/19 £	Variance (Under)/ Over spend £
<u>Expenditure</u>			
Employees	3,232,073	3,232,675	602
Premises			
Rent	180,833	180,633	(200)
Utilities	20,371	6,932	(13,439)
Non Domestic Rates	27,596	27,097	(499)
Maintenance	4,691	4,436	(255)
Other	27,270	6,327	(20,943)
Total Premises Cost	260,761	225,425	(35,336)
Transport	34,333	34,333	0
Supplies & Services			
Continuing Professional Development / Staff Adverts	32,600	32,600	0
Licences / Mobile and Telephone Charges / Computer Costs – Hardware / Software	72,853	74,631	1,778
Photocopying / Postage / Advertising / Stationery / General Office Expenses	63,420	73,402	9,982
External Audit and Actuary Fee, Employers Liability and Public Liability Insurance	56,220	56,220	0
Managed Program Support Costs	1,000	1,000	0
Restaurant Provisions	2,917	1,677	(1,240)
Induction Program Elected Members, Partnership Framework Development	3,000	0	(3,000)
Communication Strategy	5,000	0	(5,000)
Total Supplies & Services	237,010	239,530	2,520
<u>Repayment of Redundancy Costs</u>			
Total In-Year Redundancy Costs	0	301,802	301,802
Local Authority Contribution Made Towards Redundancy Costs	0	(170,963)	(170,963)
Net In-Year Redundancy Costs To Be Met By The Consortium	100,000	130,839	30,839

Category	Revised Budget 2018/19 £	Projected Out-turn 2018/19 £	Variance (Under)/ Over spend £
Support Services	120,230	115,195	(5,035)
Gross Expenditure	3,984,407	3,977,997	(6,410)
Income			
Local Authority Contributions	3,906,161	3,906,161	0)
Ty Dysgu Income	19,306	19,484	(178)
Grants and Other Income	58,940	54,634	4,306
Total Income	3,984,407	3,980,279	4,128
Net Expenditure	0	(2,282)	(2,282)

3.2 The projected outturn position (projected as at November 2018), is a £2.2k underspend (a projected outturn position of £3.5k was forecast at the 13th September 2018 Joint Committee meeting). Key variances within the updated projected outturn position (Table 1) include:

- Premises (£35k projected underspend) – this is primarily due to lower costs than budgeted being incurred during the occupation of Ty Dysgu in the first half of the financial year together with the transfer of eligible core costs to grant;
- Supplies and Services (£2.5k projected overspend) – the projected position takes account of the estimated cost of the ISOS Review¹ and has been partly off-set by projected underspends across Supplies and Services budget areas;
- Repayment of redundancy costs (£31k projected overspend) – the projected overspend relates to approved costs incurred in 2018/19 to support the ongoing programme of restructuring within the service. For Members information, the current budget in place of £100k is fully committed to re-pay redundancy costs incurred pre-2016;
- Support Services (£5k projected underspend) – the projected underspend is in respect of Service Level Agreement costs with the Lead Authority being lower than budgeted; and
- Income - projected to be £4k lower than budgeted in line with current levels of 'Grant and Other Income' forecasted to be received during the year.

¹ ISOS Review - the agreement to proceed with the review was endorsed at the 8th November 2018 Joint Committee meeting

- 3.3 Members will be aware that Joint Committee approved a £130k earmark reserve to support the remodelling of the service over the medium term. For the purposes of this budget monitoring up date, the earmark reserve funding has been fully committed.

GRANT FUNDING

2018/19

- 3.4 The Central South Consortium has received the following grant allocations for 2018/19 from Welsh Government, as set out in Table 2 below.

Table 2 – 2018/19 grant allocations and projected outturns

Grant	Grant Award 2018/19 £	Projected Out-turn 2018/19 £	Variance (Under)/ Over £	Comment
<u>Regional Consortia School Improvement Grant (RCSIG)</u>				
Centrally Retained to fund National Priorities	9,222,871	9,222,871	0	Includes the transfer of eligible core staff costs to the RCSIG.
Delegated: Local Authority / Schools	35,959,429	35,959,429	0	
<i>TOTAL RCSIG</i> (including match funding of £2,989,052)	45,182,300	45,182,300	0	
<u>Pupil Development Grant (PDG)</u>				
Centrally Retained to fund National Priorities	396,000	396,000	0	Includes the transfer of eligible core staff costs to the PDG.
Delegated: Local Authority / Schools	31,205,321	31,205,321	0	
<i>TOTAL PDG</i>	31,601,321	31,601,321	0	
Total	76,783,621	76,783,621	0	

- 3.5 Formal notification has been received (22nd November 2018) from the Welsh Government in respect of additional funding to support school improvement activities, with the expenditure to be incurred by the end of the current financial year (March 2019). A separate update will be reported to the 19th December 2018 Joint Committee meeting seeking Members consideration and if deemed appropriate, approval to accept the award of funding.

2019/20

- 3.6 Looking ahead to the forthcoming year, although notification of all 2019/20 grant funding levels are yet to be finalised, the Provisional Local Government Revenue and Capital Settlement 2019/20 (from hereon the Provisional Settlement), announced on the 9th October 2018, indicated that the Education Improvement Grant element for schools of the RCSIG allocation and the Pupil Development Grant will remain at 2018/19 funding levels.
- 3.7 In addition, at the time of publication of the Provisional Settlement, Welsh Government advised that the full suite of funding allocations was not available. For Members information, the Final Local Government Settlement is due to be announced on the 19th December 2018 at which point a fuller picture of grant funding levels for 2019/20 is expected.
- 3.8 Following on, external grants will represent the single most significant source of funding to the Consortium in 2019/20 and it will be imperative that it continues to effectively use this resource to support the strategic priorities set out in the Business Plan. With this in mind, key priority areas over the medium term, as referenced within the 2019/20 draft Business Plan, will align with 'Education in Wales: Our National Mission' and will be to:
- Develop a high-quality education profession;
 - Develop inspirational leaders and to facilitate their working collaboratively to raise standards;
 - Develop strong and inclusive schools committed to excellence, equity and well-being;
 - Develop robust assessment, evaluation and accountability arrangements supporting a self-improving system;
 - Provide professional learning opportunities in line with the national priorities to ensure all schools engage with the transition to curriculum for Wales and wider reform; and
 - To continue to improve the efficiency and effectiveness of the Consortium.

4. REVENUE BUDGET 2019/20

- 4.1 Under the terms of the Central South Consortium's Legal Agreement, the Joint Committee is required to approve its budget by the 31st December for the following financial year in order that member local authorities can consider and approve their contributions.
- 4.2 As Members will be aware, the [8th November 2018](#) Joint Committee meeting approved core budget saving proposals for the 2019/20 financial year that would further improve the efficiency of the service and reduce member local authority contribution levels by 5%. At this meeting, the Committee also instructed the Lead Authority's Section 151 Officer to incorporate the financial effect into a 2019/20 Budget Setting Report and for this to be presented to the December 2018 Joint Committee meeting.
- 4.3 In line with the above requirements, Table 3 sets out a draft 2019/20 Revenue Budget incorporating the approved budget saving proposals.

Table 3 – Draft Revenue Budget 2019/20

Category	Revised Budget 2018/19 £	Proposed Budget 2019/20 £	Budget Increase / (Decrease) £
Expenditure			
Employees	3,218,125	3,106,886	(111,239)
Repayment of Redundancy Costs (pre-2016)	100,000	0	(100,000)
Apprenticeship Levy	13,948	10,000	(3,948)
Gross Employees	3,332,073	3,116,886	(215,187)
Premises	260,761	235,000	(25,761)
Transport	34,333	35,000	667
Supplies and Services	237,010	227,637	(9,373)
Support Services	120,230	120,230	0
Gross Expenditure	3,984,407	3,734,753	(249,654)
Income			
Local Authority Contributions	3,906,161	3,710,853	195,308
Ty Dysgu Income	19,306	0	19,306
Grants and Other Income	58,940	23,900	35,040
Total Income	3,984,407	3,734,753	249,654
Net Expenditure	0	0	0

- 4.4 The draft 2019/20 revenue budget (Table 3) has been constructed as follows:

- Employee Budgets
 - A remodelled staffing establishment that incorporates a 2% pay award from April 2019 for APT&C posts and a 2% pay award from September 2019 for posts on Soulbury terms and conditions;
 - With specific regard to posts within the Business Support Team (APT&C terms and conditions), the removal of a 3% budgeted vacancy assumption due to a restructuring of the Team;
 - Senior Leadership and Senior Challenge Adviser eligible costs to be funded from the RCSIG;
 - Eligible salaries for Strategic Advisers administration support to continue to be funded from RCSIG; and
 - Removal of the £100k annual budget commitment to re-pay redundancy costs incurred pre-2016.
- Premises budgets – revised in line with the 2018/19 projected outturn position and the ongoing needs of the service.
- Income budgets
 - Local authority contributions reduced by 5%; and
 - A reduction in ‘Grants and Other Income’ reflecting the cessation of an officer secondment arrangement that the Consortium received income for in 2018/19.

4.5 Members will note that funding contributions from each Local Authority are based on specific Indicator Based Assessments (IBAs) published by the Welsh Government. Table 4 below details the 2019/20 Local Authority contributions using the latest IBA information published by the Welsh Government as part of the Provisional Local Government Revenue and Capital Settlement 2019/20.

Table 4 – 2019/20 local authority contribution levels

Authority	2019/20 IBA '000	Allocation %	2018/19 Contribution £	2019/20 Contribution (5% reduction) £	Reduction £
Bridgend	86,161	15.38%	605,898	570,729	(35,169)
Cardiff	202,756	36.20%	1,413,498	1,343,329	(70,169)
Merthyr Tydfil	35,440	6.33%	246,599	234,897	(11,702)
Rhondda Cynon Taf	153,094	27.33%	1,066,107	1,014,176	(51,931)
Vale of Glamorgan	82,702	14.76%	574,059	547,722	(26,337)
Total	560,153	100.00%	3,906,161	3,710,853	(195,308)

- 4.6 Members will also note that under the Central South Consortium's Legal Agreement (Section 8.3), a formal review of the basis for the apportionment of contributions from constituent local authorities is required to be undertaken on a three yearly basis, with the next review being scheduled for the 2019/20 financial year.
- 4.7 With this in mind, in light of the independent review currently being undertaken on future regional delivery arrangements together with the review work by Section 151 Officers around the level and allocation of resources, it is considered more appropriate for the basis of apportionment of local authority contributions to be built into this work rather than undertaken as a stand-alone exercise. Subject to Joint Committee's view of the way forward, the basis of apportionment of local authority contribution levels will be incorporated into programmes of work already underway.

5.0 CONCLUSIONS

- 5.1 The Central South Consortium is projecting to deliver a balanced revenue budget for the 2018/19 financial year and this position will be closely monitored through to year-end to ensure the Consortium continues to make the best use of resources.
- 5.2 The 2018/19 grants position has been updated and is being regularly reviewed to ensure current resources and in-year notifications of additional funding are maximised for the benefit of the schools and councils within the Central South Consortium area.
- 5.3 A draft 2019/20 Revenue Budget for the Consortium has been prepared, following detailed consideration by the Joint Committee at its November 2018 meeting, and reflects a 5% reduction in member local authority contribution levels.
- 5.4 In line with the current programmes of work to consider the future regional model and resource levels, the Joint Committee is requested to agree for the review of local authority contribution apportionments to be incorporated into existing programmes of work that are underway.

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

19th DECEMBER 2018

CENTRAL SOUTH CONSORTIUM JOINT COMMITTEE

List of background papers

Freestanding matter

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