



**CENTRAL SOUTH CONSORTIUM
REPORT FOR JOINT COMMITTEE**

16th DECEMBER 2020

JOINT EDUCATION SERVICE

**JOINT REPORT OF THE MANAGING DIRECTOR AND THE TREASURER
– 2020/21 BUDGET MONITORING UPDATE AND 2021/22 BUDGET
SETTING**

**Authors: Clara Seery (Managing Director) and Stephanie Davies (Head of
Finance - Education and Financial Reporting)**

1. PURPOSE OF REPORT

To provide Members with:

- 1.1 An update of the projected outturn position for 2020/21 and a summary of 2020/21 grant funding.
- 1.2 The proposed 2021/22 revenue budget and basis of apportionment of local authority contribution levels for this period.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Note the current projected outturn position for 2020/21.
- 2.2 Note and approve the re-distribution of the un-committed earmark reserve balance to member local authorities (paragraph 3.3).
- 2.3 Note the current grant funding position for 2020/21.

- 2.4 Consider and approve the budget for 2021/22 in order for the member local authorities to approve, as appropriate, and to confirm their approval to the next meeting of the Joint Committee.

3. **BUDGET MONITORING 2020/21**

- 3.1 A summary of the 2020/21 projected outturn position is set out in Table 1.

Table 1 – Projected Outturn Position 2020/21

Category	Revised Budget 2020/21 £	Projected Out-turn 2020/21 £	Variance (Under) / Overspend £
<u>Expenditure</u>			
Gross Employees	3,029,596	2,874,194	(155,402)
Net Employees	3,029,596	2,874,194	(155,402)
Premises			
Rent	153,250	153,250	0
Maintenance	150	150	0
Other	600	670	70
Total Premises Cost	154,000	154,070	70
Transport	7,000	6,902	(98)
Supplies & Services			
Continuing Professional Development / Staff Adverts	35,500	88,284	52,784
Licenses / Mobile and Telephone Charges / Computer Costs – Hardware / Software	63,585	132,399	68,814
Photocopying / Postage / Advertising / Stationery / General Office Expenses	30,760	90,307	59,547
External Audit and Actuary Fee, Employers Liability and Public Liability Insurance	53,020	53,020	0
Communication Strategy	5,000	0	(5,000)
Total Supplies & Services	187,865	364,010	176,145
Commissioning	126,000	125,578	(422)
Support Services	114,566	114,566	0

Category	Revised Budget 2020/21 £	Projected Out-turn 2020/21 £	Variance (Under) / Overspend £
Gross Expenditure	3,619,027	3,639,320	20,293
<u>Income</u>			
Local Authority Contributions	3,599,527	3,599,527	0
Grants and Other Income	19,500	41,232	(21,732)
Total Income	3,619,027	3,640,759	(21,732)
Net Expenditure	0	(1,439)	(1,439)

3.2 The full year projected outturn position (projected as at October 2020) is a £1.5k underspend (£1.5k projected underspend reported to the 14th September 2020 Joint Committee meeting). Key variances within the projected outturn position include:

- Employees (£155k underspend) – due to in-year temporary staff vacancies forecasted to year-end;
- Supplies & Services (£176k projected overspend) – estimated additional one-off costs to enable investment in an Improvement Partners pilot project (staff training / accreditation and ICT hardware) to support the Consortium in developing further its school improvement capabilities together with facilitation of a coaching and mentoring program across schools; and
- Income (projected to be £22k higher than budget) – in respect of unbudgeted income forecasted to be received in relation to administrative support to be provided to the Additional Learning Needs Transformational Team.

3.3 Members will be aware that the audited 2019/20 Statement of Accounts included two specific earmarked reserves, the current position for each is as follows:

- £332k to support school improvement activities – the current commitment against this earmarked reserve is £10k, to support the delivery of a sensory project. As there are no further commitments against this reserve, subject to Joint Committee approval, the remaining balance of £322k will be re-distributed to member local authorities in line with current Indicator Based Assessments (IBAs).
- £200k to support the re-modelling of the service over the medium term – to date there are no costs which require to be funded from the re-modelling earmarked reserve.

4. **GRANT FUNDED SERVICE 2020/21**

4.1 Table 2 sets out the 2020/21 grant allocations received by the Consortium from Welsh Government as at October 2020.

Table 2 – 2020/21 Grant Allocations

Grant	Total Grant	Retained to Fund National Priorities	Delegated to Schools/Local Authorities
	2020-21 £	2020-21 £	2020-21 £
Regional Consortia School Improvement Grant (including match funding)	45,621,010	4,885,605	40,735,405
Centrally Retained Salaries	3,164,416	3,164,416	0
Business Plan Activity	1,721,189	1,721,189	0
Central South Wales Challenge Model	859,300	0	859,300
Welsh Government Priority Areas	492,009	0	492,009
Cluster Funding	875,000	0	875,000
Professional Learning	2,224,249	0	2,224,249
EIG Element	34,916,488	0	34,916,488
Delegated to Schools/PRUs			
Foundation Phase – Non Maintained Settings	323,325	0	323,325
Grant Administration	67,021	0	67,021
Allocation of resources to react to specific local need	978,013	0	978,013
Pupil Development Grant	34,093,962	222,757	33,871,205
Main	25,956,650	0	25,956,650
Early Years	5,584,400	0	5,584,400
Children Looked After	1,920,500	122,757	1,797,743
Education Other Than At School	277,150	0	277,150
PDG Consortia Led	255,262	0	255,262
Pupil Development Grant Adviser	100,000	100,000	0
Total	79,714,972	5,108,362	74,606,610

4.2 The Consortium has updated its Grants Register to reflect the position set out in Table 2 and will continue to monitor expenditure to ensure the use and effectiveness of grants are maximised across the region.

5. REVENUE BUDGET 2021/22

- 5.1 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.
- 5.2 As Members will be aware, the 21st January 2020 Joint Committee meeting approved indicative Revenue Budget levels for the period 2020/21 to 2022/23, to aid the Consortium's medium term service planning arrangements. For the 2021/22 financial year, the agreed local authority contribution level was set at -1% of the 2020/21 level.
- 5.3 Since this time, the Chief Executives of the five member local authorities that comprise the Central South Consortium, in discussion with the Managing Director, having considered budget saving proposals in parallel with the following principles:
- The need to protect frontline school improvement resources and target available funding to key priorities;
 - The continued delivery of efficiency savings; and
 - The Consortium to fully fund pay and non-pay related inflation.
- 5.4 The overall saving requirement for 2021/22 totals £85k, comprising a £36k reduction in local authority contribution levels (i.e. a -1% reduction on the 2020/21 level), an assumed 2.75% pay award (£45k) and the impact of non-pay inflation (£4k). The required budget savings, in line with the principles set out in paragraph 5.3, are proposed to be delivered through realizing cost reductions on part vacant positions and revising non-pay budget areas in line with service needs for the forthcoming year.
- 5.5 The Treasurer has validated the core budget saving proposals and has confirmed that they would be available for release in the 2021/22 financial year.
- 5.6 With specific regard to pay inflation, a 2.75% increase has been incorporated into the Budget in line with the level of pay award for the current year (i.e. 2020/21). It is against this position that the Consortium has sought to balance its Budget and deliver the agreed 1% reduction in contribution levels. Members will note the UK Government announcement on public sector pay as part of the Spending Review ("paused") and also the agreement of annual pay levels for local government being subject to national negotiation between employers and trade unions; these processes will now need to run their course.

5.7 Bringing together the information set out in paragraphs 5.3 to 5.6, Table 3 sets out the draft revenue budget for 2021/22.

Table 3 – Draft Revenue Budget 2021/22

Category	Revised Budget 2020/21	Proposed Budget 2021/22	Budget Increase / (Decrease)
	£	£	£
<u>Expenditure</u>			
Employees	3,019,596	3,057,186	37,590
Apprenticeship Levy	10,000	10,000	0
Gross Employees	3,029,596	3,067,186	37,590
Premises	154,000	156,605	2,605
Transport	7,000	28,000	21,000
Supplies and Services	187,865	189,020	1,155
Commissioning	126,000	27,655	(98,345)
Support Services	114,566	114,566	0
Gross Expenditure	3,619,027	3,583,032	(35,995)
<u>Income</u>			
Local Authority Contributions	3,599,527	3,563,532	35,995
Grants and Other Income	19,500	19,500	0
Total Income	3,619,027	3,583,032	35,995
Net Expenditure	0	0	0

5.8 Members will recall that the 14th September 2020 Joint Committee agreed in-year budget virements to reflect lower expenditure forecasts across Employee, Transport and Supplies and Services categories due to the in-year impact of Covid-19. The estimated reduction in expenditure totaled £126k and the approved virement transferred this sum to the Commissioning budget category for 2020/21. For the 2021/22 budget, this position has reverted to the original core budget level of £27k, with commissioning activities being funded through a mix of core and external grant funding.

5.9 With regard to funding contributions from each Local Authority, Members will note that these are based on specific IBAs published by the Welsh Government (in accordance with the Central South Consortium's Legal Agreement). Table 4 sets out the 2021/22 Local Authority contributions on

this basis.

Table 4 - 2021/22 Local Authority contribution levels

Local Authority	2021/22 Allocation Basis (Based on 2020/21 IBA)		2020/21 Contribution	2021/22 Contribution	Change Increase / (Decrease)
	£'000	%	£	£	£
Bridgend	95,094	15.39%	553,967	548,428	(5,539)
Cardiff Council	223,701	36.19%	1,302,669	1,289,642	(13,027)
Merthyr Tydfil	39,186	6.34%	228,210	225,928	(2,282)
Rhondda Cynon Taf	168,698	27.29%	982,311	972,488	(9,823)
Vale of Glamorgan	91,433	14.79%	532,370	527,046	(5,324)
Total	618,112	100.00%	3,599,527	3,563,532	(35,995)

- 5.10 Subject to the decision of the Joint Committee, agreed contribution levels for 2021/22 will be notified to member local authorities for their approval and confirmation back to the next Joint Committee meeting.

6. CONCLUSIONS

- 6.1 The projected outturn position for the full year is a £1.5k underspend (projected as at October 2020) and the Consortium will continue to closely monitor and manage its resources and report updates to Joint Committee through to year-end.
- 6.2 The 2020/21 Grants Register has been updated to reflect the current grant funding position.
- 6.3 A draft 2021/22 Revenue Budget for the Consortium has been prepared and reflects a -1% reduction in member local authority contribution levels, this being in line with the indicative three-year revenue budget agreed by Joint Committee in January 2020.

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

16th DECEMBER 2020

CENTRAL SOUTH CONSORTIUM JOINT COMMITTEE

List of background papers

Freestanding matter

Officers to Contact:

Mrs. Clare Seery (Tel No. 01443 281400)

Ms. Stephanie Davies (Tel No. 01443 680560)