

CENTRAL SOUTH CONSORTIUM

REPORT FOR JOINT COMMITTEE

18th MARCH 2021

JOINT EDUCATION SERVICE

**JOINT REPORT OF THE MANAGING DIRECTOR AND THE TREASURER –
2020/21 BUDGET MONITORING AND MEDIUM TERM FINANCIAL PLAN
UPDATE**

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1. PURPOSE OF REPORT

1.1 To provide Members with an update of:

1.1.1 The projected outturn position for 2020/21 and a summary of 2020/21 grant funding.

1.1.2 The work underway to refresh the Medium Term Financial Plan.

2. RECOMMENDATIONS

It is recommended that Members:

2.1 Note the current projected outturn position for 2020/21.

2.2 Note the current grant funding position for 2020/21.

2.3 Consider and agree the broad parameters for the Consortium to work within to refresh the Medium Term Financial Plan and for an updated position to be reported to the July 2021 Joint Committee.

3. BUDGET MONITORING

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

Table 1 – Projected Outturn Position 2020/21

Category	Revised Budget 2020/21 £	Projected Out-turn 2020/21 £	Variance (Under)/ Over spend £
<u>Expenditure</u>			
Gross Employees	3,029,596	2,880,092	(149,504)
Net Employees	3,029,596	2,880,092	(149,504)
Premises			
Rent	153,250	153,250	0
Maintenance	150	0	(150)
Other	600	170	(430)
Total Premises Cost	154,000	153,420	(580)
Transport	7,000	4,918	(2,082)
Supplies & Services			
Continuing Professional Development / Staff Adverts	35,500	86,660	51,160
Licenses / Mobile and Telephone Charges / Computer Costs – Hardware / Software	63,585	147,028	83,443
Photocopying / Postage / Advertising / Stationery / General Office Expenses	30,760	81,814	51,054
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	368,522	180,657
Commissioning	126,000	125,578	(422)
Support Services	114,566	111,844	(2,722)
Gross Expenditure	3,619,027	3,644,374	25,347
<u>Income</u>			
Local Authority Contributions	3,599,527	3,599,527	0
Grants and Other Income	19,500	46,097	(26,597)

Category	Revised Budget 2020/21 £	Projected Out-turn 2020/21 £	Variance (Under)/ Over spend £
Total Income	3,619,027	3,645,624	(26,597)
Net Expenditure	0	(1,250)	(1,250)

3.2 The full year projected outturn position (projected as at January 2021) is a £1.3k underspend (£1.5k projected underspend reported to the 16th December 2020 Joint Committee meeting). Key variances within the projected outturn position include:

- Employees (£150k projected underspend) – due to in-year staffing vacancies forecasted to year-end;
- Supplies & Services (£181k 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 £27k higher than budget) – primarily in respect of additional unbudgeted income received in relation to administrative support provided to the Additional Learning Needs Transformational Team.

Earmarked Reserves

3.3 In line with the decision approved by the Joint Committee on the 16th December 2020, £322k of the Service Improvement earmarked reserve has been redistributed to Member local authorities and the remaining £10k has been retained by the Consortium to support the delivery of a sensory project. In line with accounting rules, if the sensory project costs are not incurred by 31st March 2021, the Joint Committee will be requested to consider approving an earmarked reserve to support this project work in 2021/22.

3.4 Members will be aware that a £200k earmarked reserve is also in place to support the re-modelling of the service over the medium term. It is anticipated that re-modelling costs will be incurred over this timeframe and the Joint Committee will be requested to consider the carry forward of this funding into 2021/22, as part of the year-end report for 2020/21.

4. GRANT FUNDED SERVICE 2020/21

4.1 Table 2 sets out the grant allocations received by the Consortium from Welsh Government as at January 2021.

Table 2 – 2020/21 project outturn position

	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)	46,263,857	4,719,591	41,544,266
Centrally Retained Salaries	2,937,961	2,937,961	0
Business Plan Activity	1,781,630	1,781,630	0
Central South Wales Challenge Model	859,300	0	859,300
Welsh Government Priority Areas	492,009	0	492,009
Cluster Funding	1,683,861	0	1,683,861
Professional Learning	2,224,249	0	2,224,249
EIG Element	34,916,488	0	34,916,488
Delegated to Schools/PRUs	323,325	0	323,325
Foundation Phase – Non Maintained Settings			
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	80,357,819	4,942,348	75,415,471

- 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. MEDIUM TERM FINANCIAL PLAN UPDATE

- 5.1 Medium Term Financial Planning has been a key part of the Consortium's planning arrangements in recent years, informing service remodeling and the annual budget setting process.
- 5.2 As Members will recall, the 21st January 2020 Joint Committee agreed a 3-year indicative budget based on local authority contributions reducing by 3% in 2020/21, 1% in 2021/22 and 1% in 2022/23, and the Consortium managing pay and non-pay inflation and the delivery of budget savings.
- 5.3 Since this time, the Consortium has worked within the above parameters and it is positive to note the financial position for 2020/21 forecasted to be in line with budget (as set out in Section 3 of this report), a balanced budget set for 2021/22 as agreed by Joint Committee on 16th December 2020 and, in parallel, the continued delivery of high quality school improvement activities throughout an unprecedented period.
- 5.4 Looking ahead, work is underway to update the Consortium's Medium Term Financial Plan for the next 3 years and refresh key assumptions, including, changing service priorities; pay and non-pay inflation forecasts; and budget pressures and saving opportunities.
- 5.5 Linked to the above, the Joint Committee is requested to consider and, if appropriate, support the following key parameters to inform the update process:
 - (a) The need to protect frontline school improvement resources and target available funding to key priorities.
 - (b) The continued delivery of efficiency savings (recognising that the on-going delivery of savings at levels achieved in previous years will be extremely challenging).
 - (c) The Consortium to fully fund:
 - Estimated employee costs and National Insurance Contribution levels; and
 - Estimated non-pay costs (including goods and services inflation).
- 5.6 Subject to Joint Committee's feedback, the Managing Director and lead Section 151 Officer will coordinate the process, in consultation with the Chief Executives of member local authorities, and report an updated Medium Term Financial Plan to the July 2021 Joint Committee and will subsequently serve to inform the 2022/23 budget setting process.

6. CONCLUSIONS

- 6.1 The projected outturn position for the full year is a £1.3k underspend (projected as at January 2021). The Consortium will continue to closely monitor and manage its resources and report updates to the Joint Committee through to financial year-end.
- 6.2 The 2020/21 Grants Register has been updated to reflect the current grant funding position and will continue to be regularly reviewed to ensure resources are maximised for the benefit of the schools and Councils within the Central South Consortium area.
- 6.3 Preparatory work is underway to update the Consortium's Medium Term Financial Plan and, subject to the Joint Committee's consideration of broad parameters to inform the process, an updated Plan will be reported to the July 2021 Joint Committee meeting.

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

18th MARCH 2021

CENTRAL SOUTH CONSORTIUM JOINT COMMITTEE

List of background papers

Freestanding matter

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