



CENTRAL SOUTH CONSORTIUM
JOINT EDUCATION SERVICE COMMITTEE
26TH MARCH 2015

REPORT OF THE TREASURER

2014/15 FORECAST

Author: Martyn Pennell, Group Accountant
Tel. No. 01443 680384

1. PURPOSE OF REPORT

- 1.1 To provide Members with the projected outturns for 2014/15 for the Central South Consortium.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Note the projected outturn for the service for 2014/15.

3. BUDGET MONITORING 2014/15

- 3.1 A summary of the projected outturn for the Joint Committee is presented here for information along with the reasons for any variances. Analysis is provided for the core budget and the grant funded service areas.

CORE BUDGET

Category	Revised Budget 2014/15 £	Projected Out-turn 2014/15 £	Variance (Under)/ Over £
Expenditure			
Employees	3,651,525	3,653,896	2,371
Premises	501,229	532,266	31,037
Transport	94,065	42,024	(52,041)
Supplies & Services	543,636	653,592	109,956
Repayment of Redundancy Costs	100,000	100,000	0
Commissioning (Additional support for schools)	333,153	364,313	31,160
Support Services	83,078	100,002	16,924
Gross Expenditure	5,306,686	5,446,093	139,407
Income			
LA Contributions	4,416,486	4,416,486	0
Ty Dysgu Income	280,000	325,212	(45,212)
Grants & Other Income	610,200	722,611	(112,411)
Total Income	5,306,686	5,464,309	(157,623)
Net Expenditure	0	(18,216)	(18,216)

3.2 Reasons for the variances include:

- Employees – The budget was prepared based on the previous structure April-August 2014/15 and the new agreed structure from September to March 2014/15. On this basis, the following variances have incurred:
 - Staggered appointments and secondment arrangements for Senior Challenge Advisor and Challenge Advisor positions.
 - A review of the forecasts for agency and seconded staff was carried out and the actual number of days support required was amended.
 - Re-profiling of grant employee costs into the core budget in compliance with grant T&C's.
 - Additional Project Management costs incurred for support in preparing the operational Plan.
 - Various adjustments within Business Support following restructure.
- Premises:
 - £31k Pressure – Transfer of grant costs into the core service.
- Transport:
 - £52k Saving – Staggered appointments, vacancies and changes in working practices have reduced costs.

- **Supplies & Services:**
 - £25k Pressure – Unbudgeted development costs for the portal.
 - £23k Pressure – Additional staff recruitment advertising costs following restructure.
 - £17k Pressure - Transfer of grant costs into the core service.
 - £10k Pressure – TES Campaign advert.
 - £115k Pressure – Unbudgeted costs incurred in relation to the cost of running courses at our Hubs, offset by income reported below.
 - £30k saving on the Managed Programme as a result of lower demand than planned.
 - £40k Saving – Value for money review on general costs.
 - £25k Saving - Purchase of food/provisions for Restaurant due to a value for money review.

 - **Commissioning:**
 - £31k Pressure – Costs of additional responsibilities passed to consortium including Governor Support, SACRE, and 14-19.

 - **Support Services:**
 - £17k Pressure - Transfer of grant costs into the core service.

 - **Income:**
 - £44k Saving – Increased projection for restaurant and conference centre income due to high volume of conference centre bookings.
 - £177k Saving – Additional income not budgeted in respect of the Hubs Courses offsetting expenditure outlined above.
 - £67k Pressure – Reduction in grant administration income and change to the NQT training programme in respect of literacy and numeracy.
- 3.3 Earmark Reserve Proposal - The outturn position above includes commitments for specific items that were unable to be carried out this financial year due to time constraints and now request they be brought forward to 2015/16 as Earmark Reserves. These include the following:
- £50k from surplus managed program income proposed to be earmarked to fund a Transition Pilot to support Literacy and Numeracy.
 - £13k to fund the TES Campaign in the Summer Term
 - £10k to fund SACRE commitments for the Summer Term

Also, further to finalising the bottom line position at year end, possible additional surplus funds are proposed to be earmarked to fund the Pupil Offer Marketing Pledge for the Summer Term.

GRANT FUNDED SERVICE

3.4 The consortium has received the following grant allocations for 2014/15 from Welsh Government and Sports Wales:

Grant	Centrally Retained Grant £	Outturn £	Variance (Under)/ Over £	Comments
School Effectiveness Grant (SEG)	2,125,536	1,675,536	(450,000)	Total (£845k) across these grants have been offered up as part of the in-year clawback of Education Grant 14-15. This funding was to be used to support vulnerable schools' improvement planning.
Foundation Phase	1,180,777	850,777	(330,000)	
Attendance Grant	150,000	85,000	(65,000)	
Welsh in Education Grant (WEG)	1,064,081	1,064,081	0	Full spend anticipated by year-end
Schools Challenge Cymru	5,594,415	5,594,415	0	
PESS	265,500	265,500	0	
Physical Literacy Program in Schools	435,000	435,000	0	
CSC Regional Education Consortia – new GCSE, PISA, Science Literacy	551,100	551,100	0	
NQT	117,000	117,000	0	
HLTA	57,210	57,210	0	
Learning in Digital Wales	74,902	74,902	0	
Policy Observatory	26,100	26,100	0	
NPQH	103,236	103,236	0	
PDG Building Capacity	50,000	50,000	0	
Areas of Learning	75,000	75,000	0	
Total	11,869,857	11,024,857	(845,000)	

4. REDUNDANCY COSTS

- 4.1 Redundancy costs totalling £1.3m have been incurred as a result of the 2014/15 reorganisation of the consortium, which are not included within the above tables. There is a £100k annual contribution towards these costs built into the 2014/15 and 2015/16 budgets. Options for funding the balance, which could include releasing the General Reserves, will be considered as part of the closing process for 2014/15 and recommendations will be made to the Joint Committee.
- 4.2 The consortium is currently reviewing its resource requirements for 2015/16 as a result of the reduction in the grants received from Welsh Government and changes in the way services are provided. It is likely that further redundancy costs will be incurred, although the value of these is not yet known. Sufficient resources will need to be set aside to make any additional repayments.
- 4.3 The value of general reserves held by the consortium at the start of the 2014/15 financial year was £534k.

5. CONCLUSION

- 5.1 The projected underspend of the CSC for this financial year is £18k. The consortium finance team will now work with the host authority to produce the annual accounts for 2014/15, which will be audited and presented to the Joint Committee by the statutory deadline of 30th September 2015.

This page intentionally blank