

A virtual meeting of the CENTRAL SOUTH CONSORTIUM JOINT EDUCATION SERVICE will be held on Thursday, 17th March, 2022 at 11.30 am

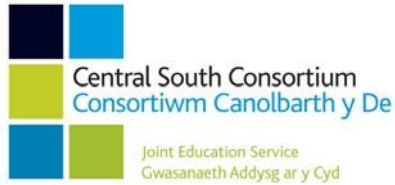
4. 2021/22 BUDGET MONITORING AND MEDIUM-TERM FINANCIAL PLAN UPDATE

To receive a joint report from the Managing Director of the Central South Consortium and Treasurer.

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To: Members of the Central South Consortium Joint Education Service Joint Committee

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CENTRAL SOUTH CONSORTIUM

REPORT FOR JOINT COMMITTEE

17th MARCH 2022

JOINT EDUCATION SERVICE

JOINT REPORT OF THE MANAGING DIRECTOR AND THE TREASURER – 2021/22 BUDGET MONITORING UPDATE

Authors: Clara Seery (Managing Director) and Stephanie Davies (Service Director, Financial Services)

1. PURPOSE OF REPORT

1.1 To provide Members with an update of:

1.1.1 The projected outturn position for 2021/22 and a summary of 2021/22 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 2021/22.

2.2 Note the current grant funding position for 2021/22.

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 September 2022 Joint Committee.

3. BUDGET MONITORING

- 3.1 A summary of the 2021/22 projected outturn position is set out in Table 1 below:

Table 1 – Projected Outturn Position 2021/22

Category	Revised Budget 2021/22	Projected Out-turn 2021/22	Variance (Under)/ Over spend
	£	£	£
<u>Expenditure</u>			
Employees	3,067,186	3,043,740	(23,446)
Premises			
Rent	155,855	153,250	(2,605)
Maintenance	150	4,100	3,950
Other	0	205	205
Total Premises Cost	156,005	157,555	1,550
Transport	10,800	9,477	(1,323)
Supplies & Services			
Continuing Professional Development / Staff Adverts	51,774	18,159	(33,615)
Licenses / Mobile and Telephone Charges / Computer Costs – Hardware / Software	94,255	114,644	20,389
External Audit and Actuary Fee, Employers Liability and Public Liability Insurance	53,020	53,520	500
Photocopying / Postage / Advertising / Stationery / General Office Expenses	29,932	57,259	27,327
Total Supplies & Services	228,981	243,582	14,601
Commissioning	27,655	27,655	0
Support Services	119,250	125,543	6,293
Gross Expenditure	3,609,877	3,607,552	(2,325)
Income			
Local Authority Contributions	3,563,532	3,563,532	0
Grants and Other Income	46,345	46,345	0
Total Income	3,609,877	3,609,877	0
Net Expenditure	0	(2,325)	(2,325)

3.2 The full year projected outturn position (projected as at February 2022) is a £2.3k underspend (£1.3k projected underspend reported to the 22nd December 2021 Joint Committee meeting). Key variances within the projected outturn position include:

- Employees (£23k projected underspend) – due to in-year staffing vacancies forecasted to year-end;
- Premises (£2k projected overspend) – the projected overspend is primarily due to reconfiguration works at the Valleys Information Centre;
- Transport (£1k projected underspend) – projected outturn reflects a lower estimated expenditure requirement for the year partly due to the continued impact of COVID-19;
- Supplies & Services (£15k projected overspend) – the projected overspend is due to one-off ICT Hardware and Office Equipment expenditure; and
- Support Services (£6k projected overspend) – increased costs as a result of the business need for further services being received from the host authority.

Earmarked Reserves

3.3 With regards to the £6k earmark reserve approved by the Joint Committee to support the continuation of the delivery of a sensory project, £6k has been spent to date and has been incorporated into the position set out in Table 1.

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 2022/23, as part of the year-end report for 2021/22.

4. GRANT FUNDED SERVICE 2021/22

4.1 Table 2 sets out the grant allocations received by the Consortium from Welsh Government as at January 2022.

Table 2 – 2021/22 project outturn position

	Total Grant	Retained to Fund National Priorities	Delegated to Schools / Local Authorities
	2021-22	2021-22	2021-22

	£	£	£
Regional Consortia School Improvement Grant (including LA match funding)	58,855,077	5,908,785	52,946,292
Centrally Retained Salaries	3,572,916	3,572,916	0
Business Plan Activity	2,335,869	2,335,869	0
Central South Wales Challenge Model	2,500,000	0	2,500,000
Welsh Government Priority Areas (e.g. CfW, Funding for Examination Years)	7,215,495	0	7,215,495
Professional Learning	3,817,332	0	3,817,332
<i>EIG Element for Schools</i>			
Delegated to Schools/PRUs	35,015,280	0	35,015,280
Foundation Phase	3,918,033		3,918,033
Foundation Phase – NMS	314,600	0	314,600
LA Grant Administration	67,207	0	67,207
Allocation of resources to react to specific local need	98,345	0	98,345
Pupil Development Grant	37,581,970	318,056	37,263,914
Main	28,984,600	0	28,984,600
Early Years	5,913,300	0	5,913,300
Children Looked After	2,028,600	122,896	1,905,704
Education Other Than At School	277,150	0	277,150
PDG Consortia Led	278,320	95,160	183,160
Pupil Development Grant Adviser	100,000	100,000	0
Total	96,437,047	6,226,841	90,210,206

- 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 15th July 2021 Joint Committee agreed a 3-year indicative budget based on local authority contributions increasing by 1.72% in 2022/23, 1.73% in 2023/24 and 2024/25 respectively in order to manage pay inflation pressure, and the Consortium managing 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 2021/22 forecasted to be closely in line with budget (as set out in Section 3 of this report), a balanced budget

set for 2022/23 as agreed by Joint Committee on 22nd December 2021 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 non-pay (i.e. goods and services) inflation.
 - (d) £200k earmarked reserve to support on-going service remodelling and medium-term planning retained for the purpose of smoothing the financial impact of future local government settlements on local authority contributions and maintain financial resilience.
- 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 September 2022 Joint Committee. In terms of timing of the update, Members will note that a September report will enable sufficient time to inform the 2023/24 budget setting process and also enable officers to focus on the compilation of the draft 2021/22 Statement of Accounts and external audit process between April and June 2022.

6. CONCLUSIONS

- 6.1 The projected outturn position for the full year is a £2.3k underspend (projected as at February 2022). 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 2021/22 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 September 2022 Joint Committee meeting.

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

17th MARCH 2022

CENTRAL SOUTH CONSORTIUM JOINT COMMITTEE

List of background papers

Freestanding matter

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