



**CENTRAL SOUTH CONSORTIUM
REPORT FOR JOINT COMMITTEE**

13TH DECEMBER 2022

JOINT EDUCATION SERVICE

**JOINT REPORT OF THE MANAGING DIRECTOR AND THE TREASURER
– 2023/24 BUDGET SETTING**

Authors: Clara Seery (Managing Director) and Stephanie Davies (Service Director - Finance Services)

1. PURPOSE OF REPORT

To provide Members with:

- 1.1 The proposed 2023/24 revenue budget and basis of apportionment of local authority contribution levels for this period.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Consider and approve the revenue budget for 2023/24.
- 2.2 Instruct the lead Section 151 Officer to notify constituent local authorities of the approved revenue budget for 2023/24 (to enable incorporation into the respective budget setting arrangements for each Council) and for constituent local authorities to confirm their approval to the next meeting of the Joint Committee.

3. REVENUE BUDGET 2023/24

- 3.1 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.
- 3.2 As set out in the report 'Medium Term Financial Plan Update (Indicative 3 Year Budget – 2023/24 to 2024/25)' (MTFP) to the Joint Committee on 13th December 2022, the outlook for local authority funding levels is expected to remain very challenging over the medium term.
- 3.3 In line with the above mentioned MTFP, the 2023/24 Revenue Budget has been constructed based on a 3% decrease in Local Authority core contributions alongside the following parameters:
- Target available funding to key priorities and protect, as far as is practicable, frontline school improvement resources;
 - The continued delivery of efficiency savings; and
 - The Consortium to fully fund:
 - Estimated pay and non-pay (i.e. goods and services) related inflation.
- 3.4 The overall saving requirement for 2023/24 totals £308k, comprising cost pressures in relation to pay (£172k), non-pay inflation / service pressures (£27k) and reduction in local authority contribution levels (£109k). The required budget savings, in line with the principles set out in paragraph 3.3 above and the MTFP report to the Joint Committee on 13th December 2022, are proposed to be delivered through revisions to staffing arrangements, reduction in accommodation costs and grant utilisation, and also a contribution of £33k from the "Service Remodeling Earmarked Reserve", as transitional funding, to support the Consortium in setting a balanced and deliverable budget for 2023/24. Members will note that the part-use of the 'Service Remodeling Earmarked Reserve' provides one-off funding to support the setting of the 2023/24 revenue budget, with the requirement for the Consortium to identify further permanent budget savings of £33k during 2023/24.
- 3.5 The Treasurer has validated the core budget saving proposals and has confirmed that they would be available for release in the 2023/24 financial year.
- 3.6 Bringing together the information set out in paragraphs 3.3 to 3.4, Table 1 sets out the draft revenue budget for 2023/24.

Table 1 – Draft Revenue Budget 2023/24

Category	Original Budget 2022/23	Proposed Budget 2023/24	Budget Increase / (Decrease)
	£	£	£
<u>Expenditure</u>			
Employees	3,130,925	3,111,384	(19,541)
Premises	158,966	103,966	(55,000)
Transport	12,000	29,000	17,000
Supplies and Services	173,904	173,904	0
Commissioning	27,655	0	(27,655)
Support Services	140,925	150,375	9,450
Gross Expenditure	3,644,375	3,568,629	(75,746)
<u>Income & Funding</u>			
Local Authority Contributions	3,624,875	3,516,129	(108,746)
Grants and Other Income	19,500	19,500	0
Transitional Funding	0	33,000	33,000
Total Income & Funding	3,644,375	3,568,629	(75,746)
Net Expenditure	0	0	0

3.7 With regard to funding contributions from each Local Authority, Members will note that these are based on specific Indicator Based Assessments (IBAs) published by Welsh Government (in accordance with the Central South Consortium's Legal Agreement). Table 2 sets out the 2023/24 Local Authority contributions on this basis.

Table 2 - 2023/24 Local Authority contribution levels

Local Authority	2023/24 Allocation Basis		2022/23 Contribution	2023/24 Contribution	Change Increase / (Decrease)
	(Based on 2022/23 IBA)*				
	£'000	%	£	£	£
Bridgend	104,864	15.29%	554,243	537,616	-16,627
Cardiff	250,861	36.60%	1,326,704	1,286,903	-39,801
Merthyr Tydfil	43,432	6.33%	229,455	222,571	-6,884
Rhondda Cynon Taf	184,786	26.95%	976,904	947,597	-29,307
Vale of Glamorgan	101,681	14.83%	537,569	521,442	-16,127
Total	685,624	100.00%	3,624,875	3,516,129	-108,746

* Actual core contributions subject to change based on IBAs published as part of the Final 2023/24 Local Government Revenue & Capital Settlement

- 3.8 Subject to the decision of the Joint Committee, agreed contribution levels for 2023/24 will be notified to member local authorities for their approval and confirmation back to the next Joint Committee meeting.
- 3.9 Following on, budget monitoring update reports will be presented to the Joint Committee during 2023/24, in line with the approved revenue budget, as part of existing financial management reporting arrangements.

4. CONCLUSIONS

- 4.1 A draft 2023/24 Revenue Budget for the Consortium has been prepared and reflects an aggregate 3% decrease in member local authority contribution levels, adjusted for 2022/23 IBA, this being in line with the indicative three-year revenue budget presented to Joint Committee on the 13th December 2022.

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

13th DECEMBER 2022

CENTRAL SOUTH CONSORTIUM JOINT COMMITTEE

List of background papers

Freestanding matter

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