



Ein Rhanbarth ar Waith  
Education through Regional Working

# ERW Financial Update 2019-20

15 July 2019

## ERW S151 Officer

Cynghrair o 6 awdurdod lleol yw ERW a reolir gan gyd-bwyllgor cyfansoddiadol cyfreithiol.  
Y nod yw gweithredu strategaeth a chynllun busnes rhanbarthol cytunedig a chefnogi gwelliant ysgolion.

ERW is an alliance of 6 local authorities governed by a legally constituted joint committee.  
Its aim is to implement the agreed regional strategy and business plan to support school improvement.



## 1. Introduction

This report presents the Joint Committee with a financial update at 31 May 2019.

## 2. 2019-20 Central Team Budget

The 2019-20 Central Team budget was approved by the Joint Committee on 8 February 2019. Whilst the budget was set in February, given the scale of the restructure proposed this year budgets will need to be amended accordingly. Once the new structure is in place, it should result in a stable budget position. However, whilst it is accepted that we need to limit the number of budget amendments during the year, reality and changing circumstances will inevitably mean that revisions will be needed as we respond to changes in funding from Welsh Government.

It has been noted that grant dependency has risks but these have been accepted by the Joint Committee.

### Service Level Agreements (SLA's)

All SLA's have been reviewed in order to provide full cost recovery for the Authority providing the service. For 2019-20 the breakdown is as follows:

SLA's	Budgeted Cost
Committee Services (Carmarthenshire)	£5,000
Scrutiny (Swansea)	£5,000
Finance (Pembrokeshire)	£40,000
Internal Audit (Pembrokeshire)	£25,000
Human Resources (Pembrokeshire)	£20,000
Information Technology (Pembrokeshire)	£24,000
Procurement (Pembrokeshire)	£20,000
Insurance (Pembrokeshire)	£20,000
<b>Total Budgeted SLA's</b>	<b>£159,000</b>

It is understood that expressions of interest for these services will be sought from the six Local Authorities during 2019-20, with a view to any potential changes commencing in 2020-21.

<b>Core Budgeted Expenditure</b>	<b>2019-20 Projected Outturn at June 2019 £000's</b>	<b>Core Funded</b>	<b>Grant Funded</b>	<b>Actual Income / Expenditure May 2019 £000's</b>
<b>Staffing Costs</b>				
Salaries, Secondments, Specialists	676	676	-	62
Core Central Staff Salaries to be Recharged	912	-	912	33
Travel, Subsistence, Training and Development	6	6	-	6
IT Hardware & Mobiles	-	-	-	-
Recruitment costs	10	10	-	-
	<b>1,604</b>	<b>692</b>	<b>912</b>	<b>101</b>
<b>Development and Running Costs</b>				
Rent and Accommodation	63	26	37	16
Stationary, Telephone, Photocopying	11	11	-	
Translation	15	15	-	1
Software, Marketing, R&E,	53	53	-	6
Service Level Agreements	159	98	61	-
External Audit	14	14	-	-
Schools Causing Concern	75	75	-	-
Contingency unallocated	60	60	-	-
	<b>450</b>	<b>352</b>	<b>98</b>	<b>23</b>
<b>Total Estimated Expenditure</b>	<b>2,054</b>	<b>1,044</b>	<b>1,010</b>	<b>124</b>
<b>Core Budgeted Income</b>				
Local Authority Contributions	250	250	-	-
Other Income	4	4	-	-
Grant Funding	1,510	500	1,010	33
2018-19 funding utilised	290	290	-	290
<b>Total Estimated Income</b>	<b>2,054</b>	<b>1,044</b>	<b>1,010</b>	<b>323</b>
<b>Core Net Expenditure / (Income)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(199)</b>
<b>Appropriation to Reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>199</b>

- All office costs are primarily costed to the Core Central Team and where appropriate, the costs are recharged to various grants.
- It is anticipated that £1,510,000 (2018-19 £439,000) of Core Central Team costs will be recoverable from various grant funding sources in 2019-20. The increase in costs reflects the planned restructure.

- The planned use of reserves for 2019-20 is nil, resulting in the reserves remaining at £106k.
- The 2019-20 budget has been prepared on the basis of the total annual contribution from the six Local Authorities remaining at £250k, as in previous years.

### 3. 2019-20 Grant Allocations

	<b>2019-20 £000's</b>
<b>RCSIG</b>	
Curriculum and Assessment	1,881
Developing the Profession	36,879
Leadership**	621
Supporting Self Improving System	417
Strong Inclusive Controls	-
<b>RCSIG Total</b>	<b>39,798</b>
<b>PDG</b>	
PDG	23,292
LAC PDG	1,100
PDG Coordinator	100
<b>Estimated PDG</b>	<b>24,492</b>
<b>Others</b>	
EWC	480
MAT *	144
<b>Estimated Others</b>	<b>624</b>
<b>Total Grant Income Expected</b>	<b>64,914</b>

\*These are 2018-19 grants which span the academic year September 2018 – August 2019. This money has been committed to be spent between April – August 2019 in line with the 2018-19 ERW Business Plan.

\*\*Within Leadership is estimated additional funding of £240k which is due to ERW in a variation in September 2019 for support NPQH.

## **4. 2019-20 Grants**

**4.1** A breakdown of the funding for the new ERW staffing structure (grant funding and core funding) is shown at Appendix A.

### **4.2 Regional Consortia School Improvement Grant (RCSIG)**

The revised RCSIG is allocated according to the National Ministerial Priorities. Grants received are allocated according to the ERW Business Plan 2019-20 priorities:

- Curriculum and Assessment (4.3)
- Developing the Profession (4.4)
- Leadership (4.5)
- School Improvement (4.6)
- Strong and Inclusive Schools (4.7)

The terms and conditions of the grant are carefully adhered to, and wherever possible clear links are made between grants to enable greater value for money when planning expenditure.

The RCSIG will now be distributed on a quarterly basis compared to bi-monthly in 2018-19. The 2019-20 grant offer letter was accepted by the Joint Committee on 30 May 2019 and the first payment is due to ERW on 5 July 2019.

At the time of writing this report, the PDG grant offer letter was awaited from Welsh Government, therefore any PDG funding identified within this report is an estimate based on 2018-19 funding.

This report and the financial information contained within it should be considered alongside the ERW Business Plan 2019-20.

### 4.3 Curriculum and Assessment

Curriculum and Assessment Budgeted Income	2019-20 Projected Income £000's	Actual Income at May 2019 £000's	
RCSIG Curriculum & Assessment 2019-20	1,881		-
<b>Total Estimated Income</b>	<b>1,881</b>		<b>0</b>
Curriculum and Assessment Budgeted Expenditure	2019-20 Projected Expenditure £000's	Actual Expenditure May 2019 £000's	Committed £000's
<b>Staffing Costs</b>			
Salaries, Secondments, Specialists	548	29	519
Core Central Staff	59	14	45
Travel, Subsistence, Training and Development	-	-	-
IT Hardware & Mobiles	-	-	-
	<b>607</b>	<b>43</b>	<b>564</b>
<b>Development and Running Costs</b>			
Accommodation & Venue Hire	-	-	-
Stationary, Telephone, Photocopying	-	-	-
Translation	-	-	-
Software, Marketing, R&E,	-	-	-
Professional Learning	-	-	-
Service Level Agreements	61	-	61
	<b>61</b>	<b>0</b>	<b>61</b>
<b>Delegated to Schools</b>			
Passported on WG Instruction	750	-	750
Regional Support, Support Work, Task	287	-	287
	<b>1,037</b>	<b>0</b>	<b>1,037</b>
<b>Delegated to Local Authorities</b>	-	-	-
<b>Unallocated Funds</b>	<b>176</b>	-	-
<b>Total Estimated Expenditure</b>	<b>1,881</b>	<b>43</b>	<b>1,662</b>

## 4.4 Developing the Profession

Developing the Profession Budgeted Income	2019-20 Projected Income £000's	Actual Income at May 2019 £000's	
RCSIG Developing the Profession 2019-20	36,879	-	
EWC 2019-20	480	-	
<b>Total Estimated Income</b>	<b>37,359</b>	<b>0</b>	
Developing the Profession Budgeted Expenditure	2019-20 Projected Expenditure £000's	Actual Expenditure May 2019 £000's	Committed £000's
<b>Staffing Costs</b>			
Salaries, Secondments, Specialists	2,172	93	2,079
Core Central Staff	520	2	518
Travel, Subsistence, Training and Development	3	3	-
IT Hardware & Mobiles	-	-	-
Grant Funding used to fund core costs 19-20	500	-	500
	<b>3,195</b>	<b>98</b>	<b>3,097</b>
<b>Development and Running Costs</b>			
Accommodation & Venue Hire	-	-	-
Stationary, Telephone, Photocopying	-	-	-
Translation	1	1	-
Software, Marketing, R&E,	-	-	-
Professional Learning	-	-	-
	<b>1</b>	<b>1</b>	<b>0</b>
<b>Delegated to Schools</b>			
Passported on WG Instruction	998	-	998
Regional Support, Support Work, Task	116	96	20
	<b>1,114</b>	<b>96</b>	<b>1,018</b>
<b>Delegated to Local Authorities</b>	<b>32,527</b>	-	<b>32,527</b>
<b>Unallocated Funds</b>	<b>522</b>	-	-
<b>Total Estimated Expenditure</b>	<b>37,359</b>	<b>195</b>	<b>36,642</b>

## 4.5 Leadership

Leadership Budgeted Income	2019-20 Projected Income £000's	Actual Income at May 2019 £000's	
RCSIG Leadership 2019-20	621	-	
<b>Total Estimated Income</b>	<b>621</b>	<b>0</b>	
Leadership Budgeted Expenditure	2019-20 Projected Expenditure £000's	Actual Expenditure May 2019 £000's	Committed £000's
<b>Staffing Costs</b>			
Salaries, Secondments, Specialists	37	-	37
Core Central Staff	192	17	175
Travel, Subsistence, Training and Development	2	2	-
IT Hardware & Mobiles	-	-	-
	<b>231</b>	<b>19</b>	<b>212</b>
<b>Development and Running Costs</b>			
Accommodation & Venue Hire	5	5	-
Stationary, Telephone, Photocopying	-	-	-
Translation	-	-	-
Software, Marketing, R&E,	-	-	-
Professional Learning	-	-	-
	<b>5</b>	<b>5</b>	<b>0</b>
<b>Delegated to Schools</b>			
Passported on WG Instruction	-	-	-
Regional Support, Support Work, Task	-	-	-
	<b>0</b>	<b>0</b>	<b>0</b>
<b>Delegated to Local Authorities</b>	-	-	-
<b>Unallocated Funds</b>	<b>390</b>	-	-
<b>Total Estimated Expenditure</b>	<b>626</b>	<b>24</b>	<b>212</b>



## 4.6 School Improvement

School Improvement Budgeted Income	2019-20 Projected Income £000's	Actual Income at May 2019 £000's	
RCSIG School Improvement 2019-20	417	-	
<b>Total Estimated Income</b>	<b>417</b>	<b>0</b>	
School Improvement Budgeted Expenditure	2019-20 Projected Expenditure £000's	Actual Expenditure May 2019 £000's	Committed £000's
<b>Staffing Costs</b>			
Salaries, Secondments, Specialists	217	-	217
Core Central Staff	137	-	137
Travel, Subsistence, Training and Development	-	-	
IT Hardware & Mobiles	-	-	
	<b>354</b>	<b>0</b>	<b>354</b>
<b>Development and Running Costs</b>			
Accommodation & Venue Hire	-	-	-
Stationary, Telephone, Photocopying	-	-	-
Translation	-	-	-
Software, Marketing, R&E,	-	-	-
Professional Learning	-	-	-
	<b>0</b>	<b>0</b>	<b>0</b>
<b>Delegated to Schools</b>			
Passported on WG Instruction	-	-	
Regional Support, Support Work, Task			
<b>Delegated to Local Authorities</b>	-	-	-
<b>Unallocated Funds</b>	<b>63</b>	-	-
<b>Total Estimated Expenditure</b>	<b>417</b>	<b>0</b>	<b>354</b>

## 4.7 Strong and Inclusive Schools

Strong and Inclusive Schools Budgeted Income	2019-20 Projected Income £000's	Actual Income at May 2019 £000's	
PDG	23,292	-	
PDG Coordinator	100	-	
LAC PDG	1,100	-	
RCSIG 2018-19 academic funding	144	144	
<b>Total Estimated Income</b>	<b>24,636</b>	<b>144</b>	
Strong and Inclusive Schools Budgeted Expenditure	2019-20 Projected Expenditure £000's	Actual Expenditure May 2019 £000's	Committed £000's
<b>Staffing Costs</b>			
Salaries, Secondments, Specialists	70	10	60
Core Central Staff	4	-	4
Travel, Subsistence, Training and Development	-	-	-
IT Hardware & Mobiles	-	-	-
	<b>74</b>	<b>10</b>	<b>64</b>
<b>Development and Running Costs</b>			
Accommodation & Venue Hire	-	-	-
Stationary, Telephone, Photocopying	-	-	-
Translation	-	-	-
Software, Marketing, R&E,	-	-	-
Professional Learning	-	-	-
	<b>0</b>	<b>0</b>	<b>0</b>
<b>Delegated to Schools</b>			
Passported on WG Instruction	-	-	-
Regional Support, Support Work, Task	<b>1,144</b>	-	<b>1,144</b>
<b>Delegated to Local Authorities</b>	<b>23,292</b>	-	<b>23,292</b>
<b>Unallocated Funds</b>	<b>126</b>	-	-
<b>Total Estimated Expenditure</b>	<b>24,636</b>	<b>10</b>	<b>24,500</b>

## 5. Risks

This report, in a similar vein to previous Financial Updates, highlights risks for ERW.

The ERW Reserves are diminishing as outlined below, albeit the budget for 2019-20 does not include any contribution from reserves. Work is ongoing in respect of the future financial and funding model for ERW and a workshop was held for Joint Committee Members on 25 June 2019, followed by a meeting of the Education Directors on 28 June 2019.

## 6. Reserves

The table below shows the projected implications on ERW Reserves from 2018-19 to 2019-20.

The projected annual contribution to the cost of the Central Team for 2019-20 is nil.

Movement on the Pension Reserve for 2019-20 could reduce the total reserve balance of £106k further.

Useable Reserves	Earmarked Joint Committee Reserves £000's	General Working Reserve £000's	Pensions Reserve £000's	Total Reserves £000's
Balance 31 March 2018	382	100	-292	190
2018-19 To Revenue	-60		-24	-84
Balance 31 March 2019	322	100	-316	106
2019-20 To Revenue	-	-	-	-
Balance 31 March 2020	322	100	-316	106

## **7. Recommendations**

- The Joint Committee approves the amendments to the Central Team budget for 2019-20.
- The Joint Committee, Executive Board and S151 Officer should continue to develop the future financial and funding model for 2020-21 and beyond.