



Ein Rhanbarth ar Waith
Education through Regional Working

2019-20 Budget

8 February 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 provides the Joint Committee with a summary of the predicted financial position of ERW as at 31 March 2019 and consideration of the budget and funding position of 2019-20.

2. 2019-20 Structure

The Acting Managing Director and Education Directors along with ERW Finance have been working closely to look at the needs of ERW from April 2019. The Financial implications are shown at Annex 1 (subject to formal consultation) and have formed the basis of this report.

3. 2018-19 and 2019-20 Central Team Budgets

The Central Team revenue budget projects an outturn of £45k net expenditure for 2018-19 as shown in the table below. The budget for 2019-20 has been drafted with the following changes

- All Tier 1 and 2 staff are now classed as 'Central Team' and are therefore shown within the core budget for ERW (See Annex 1 for staffing structure breakdown subject to consultation).
- The following roles are proposed to be core funded and not covered by grant funding –
 - a) MD
 - b) 50% AMD role
 - c) 20% of the Tier 2 'Areas of Specialism' – excluding the Schools Causing Concern role which is to be fully core funded.
 - d) 90% of the Office Organisation staffing (10% admin charged to grants)
- A proportion of the 'Rent and Accommodation' and 'Service Level Agreements' have been apportioned to grant.
- The Schools Causing Concern estimated budget has been moved from grant to core funded. This is an area that is no longer specifically funded by WG but something that as a region we see as essential to the School Improvement Service.

The budget below requires a contribution from Local Authorities of £1,040,000 for 2019-20, a transitional year, and then an expected contribution from 2020-21 onwards of £1,000,000, at 2019-20 prices.

Core Budgeted Expenditure	2018-19 Projected Outturn at March 2019 £000's	2019-20 Budget	Core Funded	Grant Funded
Staffing Costs				
Salaries, Secondments, Specialists (Annex one Tier 1 & 2)	497	1,461	678	783
Travel, Subsistence	7	45	7	38
Training and Development	-	45	18	27
IT Hardware & Mobiles	1	9	5	4
Recruitment costs	-	10	10	-
	505	1,570	718	852
Development and Running Costs				
Rent and Accommodation	61	63	26	37
Stationary, Telephone, Photocopying	11	11	11	-
Translation	10	15	15	-
Software, Marketing, R&E,	32	33	33	-
Service Level Agreements	110	179	108	71
External Audit	14	14	14	-
Refund to Welsh Government	7			
Schools Causing Concern	-	75	75	-
	245	390	282	108
One off Existing Commitments				
Secondment costs to end of contract	-	14	7	7
Fixed terms to end of contract	-	47	37	10
	-	61	44	17
Total Estimated Expenditure	750	2,021	1,044	977
Core Budgeted Income				
Local Authority Contributions	250	1,040	1,040	-
Other Income	4	4	4	-
Grant Funding Administration	451	977	-	977
Total Estimated Income	705	2,021	1,044	977
Core Net Expenditure	45	0	0	0
Appropriation from Reserve	(45)	0	0	0

At the Joint Committee workshop held on 7 January 2019, Members requested the consideration of a contingency. This has not been incorporated into the above figures and will need to be considered carefully as its inclusion will increase the Local Authority contributions. An alternative option would be to fund a contingency from grant should the activity meet relevant grant conditions.

Local Authority Contributions

The table below provides a breakdown of the contribution for 2019-20, which is based on January 2018 PLASC data pupil numbers.

At the meeting of S151 Officers on 21 January 2019, alternative options for calculating the Local Authority Contributions were requested. The table on the following page provides an indication of the effect of the different options available.

Local Authority	Contribution 2019-20
Powys	139,612
Ceredigion	77,753
Pembrokeshire	140,763
Carmarthenshire	221,219
Swansea	290,842
Neath Port Talbot	169,811
Total Contribution	1,040,000

At a meeting with Welsh Government on 25 January 2019, they committed to providing £500,000 additional "Review and Reform" funding for the transitional 2019-20 year (subject to Ministerial approval), on the understanding that all six Local Authorities will contribute and there is a sustainable funding methodology for the future approved by the Joint Committee.

This £500,000 additional funding will reduce the Local Authority contributions for 2019-20, as shown in the table below.

Local Authority	Revised Contribution 2019-20
Powys	72,491
Ceredigion	40,372
Pembrokeshire	73,089
Carmarthenshire	114,864
Swansea	151,014
Neath Port Talbot	88,171
Total Contribution	540,000

4. 2019-20 Progression

We have agreed with Welsh Government that from April 2019 ERW will

- 1) Ensure we have a consistent regional approach to the delegations of funds including the foundation phase allocations.
- 2) Ensure we have put in place all staff and other resources to commence and complete the Grant Conditions and ERW Business Plan, along with confirmation of appointments in relation to centrally employed (ERW) staff.

In order to achieve these requirements ERW have worked closely with the acting Managing Director and the Education Directors in several areas.

Distribution Funding Formulas

The following distribution formulas have been set up based on January 2018 PLASC data –

- a) Distribution based on pupil numbers
- b) Distribution based on teacher numbers
- c) Distribution based on number of schools
- d) Distribution based on 50% pupils and 50% schools
- e) Distribution based on 50% pupils, 25% schools and 25% teachers
- f) Distribution based on FSM pupil numbers

Education Directors were also given the table below as an example of how much each Local Authority would receive based on the above formulas if the value was £1,000,000.

The purpose of this was to

- a) Ensure we have a consistent regional approach to the distribution of funds.
- b) Speed up the governance and approval of the distribution of funds as they come into ERW.

	Powys	Ceredigion	Pembs	Carms	Swansea	NPT	Total
Pupil Numbers	134,241.96	74,762.64	135,349.78	212,710.35	279,655.79	163,279.48	1,000,000.00
School Numbers	197,033.90	97,457.63	133,474.58	237,288.14	201,271.19	133,474.58	1,000,000.00
Teacher Numbers	152,500.34	83,758.09	129,494.42	216,558.75	259,815.40	157,872.99	1,000,000.00
50% Pupils / 50% Schools	165,637.93	86,110.13	134,412.18	224,999.24	240,463.49	148,377.03	1,000,000.00
50% Pupils / 25% Schools / 25% Teachers	154,504.54	82,685.25	133,417.14	219,816.90	255,099.54	154,476.63	1,000,000.00
FSM	88,341.04	50,847.46	123,266.56	207,498.72	317,925.01	212,121.21	1,000,000.00

Foundation Phase Distribution

Work was undertaken to agree a funding formula for foundation phase to ensure we have a consistent regional approach to the delegation of foundation phase funds.

The Education Directors were presented with 3 different options:–

£900 per nursery & reception pupil and £500 per key Stage 1 pupil.
 £800 per nursery & reception pupil and £400 per key Stage 1 pupil.
 £700 per nursery & reception pupil and £300 per key Stage 1 pupil.

The Education Directors agreed on the second proposal at £800 and £400. The effect of this is as follows based on January PLASC 2018 data:–

LA	Total number of Pupils Nursery and Reception classes	Total number of Pupils in key stage 1 classes	Total number of Pupils per PLASC 2018	Total Foundation Phase paying out £800 & £400
Carmarthenshire	4002	4138	8140	£4,856,800
Swansea	5885	5600	11485	£6,948,000
NPT	3370	3151	6521	£3,956,400
Powys	1785	2633	4418	£2,481,200
Pembrokeshire	2637	2742	5379	£3,206,400
Ceredigion	1223	1395	2618	£1,536,400
Total	18902	19659	38561	£22,985,200

Non Maintained Settings / Specialist Advisory Support

The Non Maintained Settings were also reviewed, and a regional approach to the allocation is detailed below (based on 2018-19 data).

- Visiting one setting per day / 4 hours a visit (term time only)
- Afternoons free for planning etc
- 10 visits a year required per setting to comply with requirements of 10% support.
- FTE at a Soulbury 13 salary scale.

2018-19 Data	Pembs	Powys	Ceredigion	Carms
# of Non Maintained Settings	21	49	21	36
# of Settings x 10 visits a year each = total visits required	210	490	210	360
(1 FTE = 190 visits) # of FTEs required	1.11	2.58	1.11	1.89
Costings	£	£	£	£
Cost to employee Advisory Specialist Support for whole year (Soulbury 13) at FTE above <i>(as would have to employee for whole year not just term time)</i>	71,489.92	166,809.82	71,489.92	122,554.15
Plus travelling costs (£100 per setting)	2,100.00	4,900.00	2,100.00	3,600.00
Estimated costings for supplying 10% support to each Non Maintained Setting	73,589.92	171,709.82	73,589.92	126,154.15

Foundation Phase Training Officers

The need for 'Foundation Phase Training Officers' was also reviewed and it was concluded that prior to the Education Improvement Grant there was a specific grant for Foundation Phase and within this grant there was a specific requirement for a Training Officer.

Following the consolidation of the original 11 grants into the Education Improvement Grant and now the Regional Consortia School Improvement Grant the Foundation Phase requirements have been relinquished.

The guidance from Welsh Government was that there is no formal requirement for a Training Officer in the Terms and Conditions of the grants but that the funding we receive is flexible so it is at the discretion of ERW to determine if they require the need for training officers.

The Education Directors agreed that should they wish to fund Foundation Phase Training Officers, this would be done separately outside this exercise so that each Local Authority could assess its own needs.

5. 2019-20 Grants

We have not yet had formal confirmation of grant allocation for 2019-20, therefore we have based the budget on 2018-19 financial year grants with adjustments for known changes.

	2018-19 £000's	2019-20 £000's
RCSIG		
Curriculum and Assessment	919	799
Developing the Profession	41,271	36,436
Leadership	529	529
Supporting Self Improving System	616	568
Strong Inclusive Controls	-	-
Others	249	62
Estimated RCSIG	43,584	38,394
PDG		
PDG	23,292	23,292
LAC PDG	1,100	1,100
PDG Coordinator	100	100
Estimated PDG	24,492	24,492
Others		
EWC	506	506
Academic year grants bought forward	1,575	-
Estimated Others	2,081	506
Total Grant Income Expected	70,157	63,392

6. 2019-20 Grant Funded Budget

Based on the information above, a draft grant budget has been produced for 2019-20. At present we have budgeted for the committed cost of all secondments and fixed term employees until the end of their contract / term (see Annex 2). If any of the staff currently employed via a secondment / fixed term contract move into positions within the new structure from April 2019 then that cost will decrease, increasing the remaining balance for distribution.

The budget on Annex 3 shows the following options–

- 1) Based on all recruitments finalised and appointments ready for 1 April 2019 start – thus leaving a balance of £324,000 to be reviewed by ERW jointly with Local Authorities on distribution.
- 2) Based on all Tier 1 and 2 recruitments finalised and appointments ready for 1 April 2019 start, but Tier 3 not starting until 1 September 2019 – thus leaving a balance of £1,142,000 to be reviewed by ERW jointly with Local Authorities on distribution.
- 3) Based on all Tier 1 and 2 recruitments finalised and appointments ready for 1 April 2019 start, but Tier 3 phased start – thus leaving a balance of £886,000 to be reviewed by ERW jointly with Local Authorities on distribution.
- 4) A typical year after the transitional year – thus leaving a balance of £1,541,000 to be reviewed by ERW jointly with Local Authorities on distribution.

7. Risks

The outcome of the ERW Review and Reform Programme will determine the nature and level of financial risks for the future. Whatever the future structure is, we must ensure that value for money is obtained from all aspects of ERW.

8. Reserves

Useable Reserves		Earmarked Joint Committee Reserves £000's	General Working Reserve £000's	Pensions Reserve £000's	Total Reserves £000's
Balance	31 March 2017	442	100	-136	406
2017-18	To Revenue	-60		-156	-216
Balance	31 March 2018	382	100	-292	190
2018-19	To Revenue	-45			-45
Balance	31 March 2019	337	100	-292	145

Whilst the level of reserves have reduced considerably, the draft Central Team budget for 2019-20 does not require any contribution from reserves. It should be noted however that any movement on the Pension Reserve for 2018-19 could reduce the overall reserve balance further.

9. Recommendations

- a) The Joint Committee approves in principle the Central Team Budget for 2019-20, the Local Authority Contributions and the basis for their calculation, and the distribution funding formulas, subject to further work being carried out by the S151 Officers and agreement being reached that the funds released from the re-organised structure (Annex 3) can be used by the authorities to replace what was previously funded by their own core authority budgets, to achieve the priorities of the national mission (in compliance with grant terms and conditions).
- b) The Joint Committee determine whether they require a contingency over and above the “Schools Causing Concern” provision already provided in the draft budget and if so, whether to include it in the Central Team Budget for 2019-20 (noting that its inclusion will increase the Local Authority contributions for 2019-20) or fund from grant should the activity meet relevant grant conditions.
- c) The Managing Director proceeds with the implementation of the new structure, subject to the further work in (a) above and (d) below, with a view to ensuring its completion by the end of the Summer Term.
- d) The employment terms and conditions for permanent ERW staff include a clause that they are required to accept suitable alternative employment of the member authorities before termination/redundancy of contracts are implemented should ERW funding be discontinued and the structure no longer be in place (subject to confirmation by Heads of HR).