



# ERW

Ein Rhanbarth ar Waith  
Education through Regional Working

## ERW Financial Update 2019-20

19 March 2020

### 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 December 2019.

## 2. 2019-20 Central Team Budget

The 2019-20 Central Team budget was approved by the Joint Committee on 3 April 2019, but has since been amended to take into account the staffing restructure. 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 required, e.g. responding to changes in funding from Welsh Government. It has been noted that grant dependency has risks, however, 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 budgeted breakdown and projected outturn is as follows:

SLA's	Budgeted Cost	Projected Outturn
Committee Services (Carmarthenshire)	£5,000	£5,000
Scrutiny (Swansea)	£5,000	£5,000
Finance (Pembrokeshire)	£40,000	£40,000
Internal Audit (Pembrokeshire)	£25,000	£30,000
Human Resources (Pembrokeshire)	£20,000	£20,000
Information Technology (Pembrokeshire)	£24,000	£24,000
Procurement (Pembrokeshire)	£20,000	£20,000
Insurance (Pembrokeshire)	£20,000	£0
<b>Total Budgeted SLA's</b>	<b>£159,000</b>	<b>£144,000</b>

The insurance recharge has not been required as it is understood that each Local Authority holds its own insurance which provides relevant cover. Internal Audit have charged an additional £5,000 due to the investigation into ERW operations requested by the Joint Committee, conducted earlier in 2019-20.

Expressions of interest for providing these services have been sought from each Local Authority during 2019-20, with a view to any potential changes commencing in 2020-21. The Joint Committee approved a reduction in core costs of £54,000 from 1 April 2020, with each Local Authority providing a current SLA costed service at a reduced cost (or no cost) to ERW. At the time of writing this report, it is understood that no Local Authority has responded.

Following the report on the ERW Finance Function (including S151 Officer) considered by the Joint Committee on 15 July 2019, the ERW S151 Officer contacted the five other S151 Officers in the region to ascertain whether they would want to provide the ERW Finance Function (including S151 Officer) in future years. It was confirmed that none of the S151 officers wished to provide the ERW finance function.

Budgeted Expenditure	2019-20 Projected Outturn at June 2019 £000's	2019-20 Projected Outturn at December 2019 £000's	Core Funded £000's	Grant Funded £000's	Actual Income / Expenditure December 2019 £000's
<b>Staffing Costs</b>					
Salaries, Secondments, Specialists	676	700	692	8	567
Core Central Staff Salaries to be Recharged	912	714	-	714	159
Travel, Subsistence, Training and Development	6	15	15	-	15
IT Hardware & Mobiles	10	30	30	-	27
Recruitment costs	10	10	10	-	-
	<b>1,614</b>	<b>1,469</b>	<b>747</b>	<b>722</b>	<b>768</b>
<b>Development and Running Costs</b>					
Rent and Accommodation	63	63	26	37	29
Stationary, Telephone, Photocopying	1	1	1	-	1
Translation	15	15	15	-	4
Software, Marketing, R&E,	53	33	33	-	10
Service Level Agreements	159	144	73	71	59
External Audit	14	14	14	-	-
Schools Causing Concern	75	75	75	-	-
Contingency	60	60	60	-	9
	<b>440</b>	<b>405</b>	<b>297</b>	<b>108</b>	<b>112</b>
<b>Total Estimated Expenditure</b>	<b>2,054</b>	<b>1,874</b>	<b>1,044</b>	<b>830</b>	<b>880</b>
<b>Budgeted Income</b>					
Local Authority Contributions	250	250	250	-	250
Other Income	4	4	4	-	-
Grant Funding	1,510	1,330	500	830	630
2018-19 Funding Utilised	290	290	290	-	-
<b>Total Estimated Income</b>	<b>2,054</b>	<b>1,874</b>	<b>1,044</b>	<b>830</b>	<b>880</b>
<b>Net Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Appropriation to / (from) Reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

- All office costs charged to the Central Team are recharged to grants where appropriate.
- It is anticipated that £1.33m of Central Team costs will be recovered from grant funding sources.
- The contingency has been allocated to ERW reorganisation costs.
- As planned, £290,000 previously held to fund training will be used to fund the Central Team.
- The planned use of reserves for 2019-20 is nil, resulting in the reserves remaining at £106,000.
- The Joint Committee approved a redundancy of £19,000 on 9 December 2019, as part of the 2020-21 budget planning process. It has since been identified that the actual redundancy cost is £78,000 due to continuous service having been omitted from the original calculation. The £59,000 additional cost has **not** been included in the Central Team projected outturn for 2019-20 above and cannot be funded from grant due to the Terms and Conditions. The ongoing ERW restructure, deletion of posts and delay in appointments may provide some funding to absorb these additional costs, however, the remainder will have to be funded from the remaining £106,000 reserve or by a one-off contribution from each Local Authority.

### 3. 2019-20 Grant Allocations

	Original Grant Income Estimate 2019-20 £000's	Revised Grant Income Estimate 2019-20 £000's
<b>RCSIG</b>		
Curriculum and Assessment	1,881	1,881
Developing the Profession	36,879	36,925
Leadership	626	983
Supporting Self Improving System	417	440
<b>RCSIG Total</b>	<b>39,803</b>	<b>40,229</b>

<b>PDG</b>		
PDG	23,292	23,256
LAC PDG	1,100	1,134
PDG Coordinator	100	100
<b>PDG Total</b>	<b>24,492</b>	<b>24,490</b>

<b>Other Funding</b>		
EWC	480	505
Academic Year Grants Bought Forward *	144	144
All Wales provision	-	12
<b>Other Funding Total</b>	<b>624</b>	<b>661</b>

<b>Total Grant Income</b>	<b>64,919</b>	<b>65,380</b>
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<b>WG Secondment Reimbursement</b>	<b>-</b>	<b>83</b>
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\*These are 2018-19 grants which span the academic year September 2018 – August 2019. This money has been spent between April – August 2019 in line with the 2018-19 ERW Business Plan.

## 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)
- Strong and Inclusive Schools (4.6)
- School Improvement (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.

Welsh Government will now be distributing the RCSIG on a quarterly basis (2018-19 bi-monthly). The 2019-20 grant offer letter was accepted by the Joint Committee on 30 May 2019. Three instalments and the funding from the November variation letter have been received to date, a total of £29,973,012. The final payment is expected on 12 March 2020.

Attached at Appendix B are the six individual Authority's monitoring reports for the EIG element of RCSIG delegated to each Authority (£32.522m) for the period to 31 December 2019, as summarised below. Further monitoring reports are due on 4 March 2020 based on estimated final expenditure. The final payment will be issued to each Authority in March 2020.

<b>EIG Grant Breakdown by Authority</b>	<b>Total Grant Funding £000's</b>	<b>Match Funding £000's</b>	<b>Total Funding £000's</b>
Swansea	8,856	714	9,570
Powys	4,591	540	5,131
Carmarthenshire	6,975	669	7,644
Ceredigion	2,530	290	2,820
Neath Port Talbot	5,181	479	5,660
Pembrokeshire	4,389	496	4,885
<b>Total Funding</b>	<b>32,522</b>	<b>3,188</b>	<b>35,710</b>

A grant variation letter for RCSIG was received from Welsh Government in November 2019 for a total value of £305,540. The breakdown of additional funding is as follows:

	£
Leading Collaborative Learning Project	62,340
Facilitate the Evaluation of Professional Standards	5,000
National Professional Qualification for Headship (NPQH)	180,000
HLTA (TALP)	10,000
External Policy Advice/Support for the 16-19 PCET Policy Team	23,200
HEI Accreditation Manager	25,000
<b>Total</b>	<b>305,540</b>

It should be noted that whilst we estimated £240k for NPQH, we have in fact only been granted £180k.

A further grant variation letter for RCSIG was received from Welsh Government in February 2020 for a total value of £121,822. The breakdown of additional funding is as follows:

	£
NAEL Endorsement Funding (Management Capacity)	40,000
NAEL Endorsement Funding (Support Delivery)	46,222
PISA	15,100
National Evaluation and Improvement Resource Pilot - Regional Consortia Support	4,000
Welsh Medium Primary - Secondary Conversion Course	10,500
Support for Curriculum Design - Suzi Smith - Ysgol Crug Glas	6,000
<b>Total</b>	<b>121,822</b>

The PDG grant offer letter has been received and confirmed, please refer to Table 3 for the breakdown.

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	2019-20 Projected Income 31 Dec 2019 £000's	Actual Income 31 December 2019 £000's
RCSIG Curriculum & Assessment 2019-20	1,881	1,881	1,359
<b>Total Estimated Income</b>	<b>1,881</b>	<b>1,881</b>	<b>1,359</b>

Curriculum and Assessment Budgeted Expenditure	2019-20 Projected Expenditure £000's	2019-20 Rolling Budget 31 Dec 2019 £000's	Actual Expenditure £000's	Committed £000's
<b>Staffing Costs</b>				
Salaries, Secondments, Specialists	548	508	394	114
Core Central Staff	59	63	63	-
Travel, Subsistence, Training & Devel.	-	5	5	-
	<b>607</b>	<b>576</b>	<b>462</b>	<b>114</b>
<b>Development and Running Costs</b>				
Accommodation & Venue Hire	-	5	3	2
Service Level Agreements	61	71	-	71
	<b>61</b>	<b>76</b>	<b>3</b>	<b>73</b>
<b>Unallocated Funds</b>	<b>176</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Delegated to Schools</b>				
Passported on WG Instruction	750	907	640	267
Regional Support & Support Work	287	322	322	-
	<b>1,037</b>	<b>1,229</b>	<b>962</b>	<b>267</b>
<b>Total Estimated Expenditure</b>	<b>1,881</b>	<b>1,881</b>	<b>1,427</b>	<b>454</b>

## 4.4 Developing the Profession

Developing the Profession Budgeted Income	2019-20	2019-20	Actual Income	
	Projected Income £000's	Projected Income 31 Dec 2019 £000's	31 December 2019 £000's	
RSCIG Developing the Profession 2019-20	36,879	36,925	26,655	
EWC 2019-20	480	505	342	
All Wales Provision	-	12	-	
<b>Total Estimated Income</b>	<b>37,359</b>	<b>37,442</b>	<b>26,997</b>	
Developing the Profession Budgeted Expenditure	2019-20	2019-20	Actual Expenditure £000's	Committed £000's
	Projected Expenditure £000's	Rolling Budget 31 Dec 2019 £000's		
<b>Staffing Costs</b>				
Salaries, Secondments, Specialists	2,172	1,996	1,167	829
Core Central Staff	520	398	216	182
Travel, Subsistence, Training & Devel.	3	40	40	-
IT Hardware & Mobiles	-	1	1	-
Grant Funding used to Fund Core Costs 19-20	500	500	-	500
	<b>3,195</b>	<b>2,935</b>	<b>1,424</b>	<b>1,511</b>
<b>Development and Running Costs</b>				
Accommodation & Venue Hire	-	1	1	0
Stationary, Telephone, Photocopying	-	2	1	1
Translation	1	7	7	-
Software, Marketing, R&E,	-	23	23	-
Professional Learning	-	12	-	12
	<b>1</b>	<b>45</b>	<b>32</b>	<b>13</b>
<b>Unallocated Funds</b>	<b>522</b>	<b>10</b>	<b>-</b>	<b>10</b>
<b>Delegated to Schools</b>				
Passported on WG Instruction	998	998	304	694
Regional Support & Support Work	116	376	-	376
	<b>1,114</b>	<b>1,374</b>	<b>304</b>	<b>1,070</b>
<b>Delegated to Local Authorities</b>	<b>32,527</b>	<b>32,522</b>	<b>16,080</b>	<b>16,442</b>
<b>Strategic (321) Groups</b>				
Prof Learning Group	-	223	-	223
Leadership Group	-	90	-	90
Curriculum Group	-	60	-	60
Digital Group	-	164	-	164
Health & Wellbeing Group	-	6	-	6
Welsh Group	-	13	-	13
<b>Total Strategic (321) Groups Allocation</b>	<b>-</b>	<b>556</b>	<b>-</b>	<b>556</b>
<b>Total Estimated Expenditure</b>	<b>37,359</b>	<b>37,442</b>	<b>17,840</b>	<b>19,602</b>



## 4.5 Leadership

Leadership Budgeted Expenditure	2019-20 Projected Income £000's	2019-20 Projected Income 31 Dec 2019 £000's	Actual Income 31 December 2019 £000's
RCSIG Leadership 2019-20	626	983	466
<b>Total Estimated Income</b>	<b>626</b>	<b>983</b>	<b>466</b>

Leadership Budgeted Expenditure	2019-20 Projected Expenditure £000's	2019-20 Rolling Budget 31 Dec 2019 £000's	Actual Expenditure £000's	Committed £000's
<b>Staffing Costs</b>				
Salaries, Secondments, Specialists	37	51	49	2
Core Central Staff	192	140	74	66
Travel, Subsistence, Training & Devel.	2	19	16	3
	<b>231</b>	<b>210</b>	<b>139</b>	<b>71</b>
<b>Development and Running Costs</b>				
Accommodation & Venue Hire	5	6	6	-
Translation	-	1	1	-
Software, Marketing, R&E,	-	-	-	-
	<b>5</b>	<b>7</b>	<b>7</b>	<b>-</b>
<b>Delegated to Schools</b>				
Passported on WG Instruction	-	1	1	-
Regional Support & Support Work	-	18	-	18
	-	<b>19</b>	<b>1</b>	<b>18</b>
<b>Delegated to Local Authorities</b>	-	-	-	-
<b>Unallocated Funds</b>	<b>390</b>	<b>353</b>	-	<b>353</b>
<b>Strategic (321) Groups</b>				
Leadership Group	-	344	-	344
Health & Wellbeing Group	-	50	-	50
<b>Total Strategic (321) Groups Allocation</b>	-	<b>394</b>	-	<b>394</b>
<b>Total Estimated Expenditure</b>	<b>626</b>	<b>983</b>	<b>147</b>	<b>836</b>

## 4.6 Strong and Inclusive Schools

<b>Strong and Inclusive Schools Budgeted Income</b>	<b>2019-20 Projected Income £000's</b>	<b>2019-20 Projected Income 31 Dec 2019 £000's</b>	<b>Actual Income 31 December 2019 £000's</b>
PDG	23,292	23,256	11,628
PDG Coordinator	100	100	50
LAC PDG	1,100	1,134	567
RCSIG 2018-19 Academic Funding	144	144	144
<b>Total Estimated Income</b>	<b>24,636</b>	<b>24,634</b>	<b>12,389</b>

<b>Strong and Inclusive Schools Budgeted Expenditure</b>	<b>2019-20 Projected Expenditure £000's</b>	<b>2019-20 Rolling Budget 31 Dec 2019 £000's</b>	<b>Actual Expenditure £000's</b>	<b>Committed £000's</b>
<b>Staffing Costs</b>				
Salaries, Secondments, Specialists	70	37	-	37
Core Central Staff	4	2	2	-
Travel, Subsistence, Training & Devel.	-	3	3	-
	<b>74</b>	<b>42</b>	<b>5</b>	<b>37</b>
<b>Development and Running Costs</b>				
Translation	-	1	1	-
	-	<b>1</b>	<b>1</b>	-
<b>Delegated to Schools</b>				
Passported on WG Instruction	-	1,285	1,285	-
Regional Support & Support Work	1,144	121	-	121
	<b>1,144</b>	<b>1,406</b>	<b>1,285</b>	<b>121</b>
<b>Delegated to Local Authorities</b>	<b>23,292</b>	<b>23,071</b>	-	<b>23,071</b>
<b>Unallocated Fund</b>	<b>126</b>	<b>62</b>	-	<b>62</b>
<b>Strategic (321) Groups</b>				
Health & Wellbeing Group	-	52	-	52
<b>Total Strategic (321) Groups Allocation</b>	-	<b>52</b>	-	<b>52</b>
<b>Total Estimated Expenditure</b>	<b>24,636</b>	<b>24,634</b>	<b>1,291</b>	<b>23,343</b>

## 4.7 School Improvement

School Improvement Budgeted Income	2019-20 Projected Income £000's	2019-20 Projected Income 31 Dec 2019 £000's	Actual Income 31 December 2019 £000's
RCSIG Curriculum & Assessment 2019-20	417	440	200
<b>Total Estimated Income</b>	<b>417</b>	<b>440</b>	<b>200</b>

School Improvement Budgeted Income	2019-20 Projected Expenditure £000's	2019-20 Rolling Budget 31 Dec 2019 £000's	Actual Expenditure £000's	Committed £000's
<b>Staffing Costs</b>				
Salaries, Secondments, Specialists	217	203	149	54
Core Central Staff	137	78	64	14
Travel, Subsistence, Training & Devel.	-	3	3	-
	<b>354</b>	<b>284</b>	<b>216</b>	<b>68</b>
<b>Development and Running Costs</b>				
Translation	-	3	3	-
	-	<b>3</b>	<b>3</b>	-
<b>Delegated to Schools</b>				
Passported on WG Instruction	-	77	77	-
Regional Support & Support Work	-	15	-	15
	-	<b>92</b>	<b>77</b>	<b>15</b>
<b>Delegated to Local Authorities</b>	-	<b>20</b>	-	<b>20</b>
<b>Unallocated Funds</b>	<b>63</b>	<b>23</b>	-	<b>23</b>
<b>Strategic (321) Groups</b>				
Prof Learning Group	-	18	-	18
<b>Total Strategic (321) Groups Allocation</b>	-	<b>18</b>	-	<b>18</b>
<b>Total Estimated Expenditure</b>	<b>417</b>	<b>440</b>	<b>296</b>	<b>144</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 currently include any contribution from reserves pending a decision by the Joint Committee on the increased costs of redundancy.

Work is ongoing in respect of the future financial and funding model for ERW.

## 6. Reserves

The table below shows the projected implications on ERW Reserves for 2019-20.

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

Movement on the pensions reserve for 2019-20 could reduce the total reserves balance further.

As referred to above, £290,000 previously held to fund training will be used to fund the core Central Team budget. A further £100,000 may be required in respect of supporting NQT's (newly qualified teachers) during 2019-20.

<b>Useable Reserves</b>	<b>Earmarked Joint Committee Reserves £000's</b>	<b>General Working Reserve £000's</b>	<b>Pensions Reserve £000's</b>	<b>Total Reserves £000's</b>
Balance 31 March 2019	322	100	(316)	106
2019-20 To Revenue	-	-	-	-
<b>Balance 31 March 2020</b>	<b>322</b>	<b>100</b>	<b>(316)</b>	<b>106</b>

<b>Income Previously Held to Fund Training</b>		
		<b>£000's</b>
Balance	31 March 2019	596
2019-20	To Revenue	(290)
<b>Balance</b>	<b>31 March 2020</b>	<b>306</b>

## **7. Recommendations**

- The Joint Committee note the updated ERW financial position as at the end of Quarter 3 2019-20.
- The Joint Committee determine how the increased costs of redundancy will be funded.
- The Joint Committee approves the virement of funding to the six strategic (321) groups.