



ERW

Ein Rhanbarth ar Waith
Education through Regional Working

ERW Outline Budget 2020-21

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

The Joint Committee considered a report “ERW Financial and Funding Model for 2020-21” at its meeting on 9 December 2019 and resolved the following:

- To approve the proposals made by the Education Directors in respect of the ERW Financial and Funding Model for 2020-21 based on five authorities (excluding NPT)
- To ascertain if Welsh Government (WG) would allow additional transitional flexibility within the RCSIG from WG in 2020-21, similar to 2019-20
- That a report setting out a road map/options appraisal for any likely future ERW arrangement be considered at the next scheduled meeting
- That the roles referenced b-e within the report be removed.

This report provides the Joint Committee with an outline budget for 2020-21 based on five authorities (excluding NPT), but also includes a comparative for 2020-21 based on the continuation of six authorities.

2. Assumptions

A number of assumptions have had to be made in modelling the budget and should be considered throughout.

The assumptions for the comparative for 2020-21 based on six authorities are:

- There is no contingency built into the Central Team budget (2019-20 £60k)
- The funding for the Regional Consortia School Improvement Grant (RCSIG) is indicative only and is subject to change
- The table in section 5 is based on the indicative funding received from WG, with any amounts designated as TBC omitted from this table
- WG have confirmed that PLASC 19 will be used for 2020-21 RCSIG and PDG grant allocations, with a floor to minimise any adverse impact on schools. As the floor is still to be confirmed (expected March 2020) PLASC 16 has been used for the indicative RCSIG and PDG grant allocations for 2020-21
- WG have not yet confirmed whether they will allow any additional transitional flexibility within the RCSIG in 2020-21, similar to 2019-20, so this has not been included.

The assumptions for the outline budget based on five authorities are as above with the following additional assumptions:

- The Central Team staffing structure has not been reduced
- Grant funding has been reduced by 18% based on PLASC 18 data while conversations with WG and NPT continue
- It should be noted that elements of the grant are regional, so WG determination is awaited on future allocations
- NPT commissioning of services from ERW has been excluded from this budget.

3. Approved Budget 2020-21 Proposals (Joint Committee 9 December 2019)

As outlined in (1) above, the Joint Committee approved the following proposals made by the Education Directors in respect of the ERW Financial and Funding Model for 2020-21. Each of these proposals has been actioned and reflected in the outline budget and comparative contained within this report:

- Remove from the staffing structure:
 - Head of Primary
 - Head of Professional Learning and Leadership
 - Two unfilled roles that fall within the Office Organisation staffing structure
 - Lead for Secondary Support
- Remove the budget for Schools Causing Concern
- Core team training budget reduced by 72%
- Service Level Agreement (SLA) core costs to be reduced by £54,000, with each of the authorities to provide a current SLA costed service at a reduced cost (or no cost) to ERW
- EWC funding previously held to fund training - £200,000 to be utilised
- Authorities to provide venues for all possible meetings / training events including Joint Committee meetings
- ERW overnight stay criteria and allowances to be reviewed.

It has been assumed that ERW will continue to receive the following “in kind” services from the following authorities:

- Lead Chief Executive – Swansea
- Section 151 Officer – Pembrokeshire
- Monitoring Officer – Ceredigion
- Lead Education Director – Carmarthenshire (To be confirmed)
- Lead Head of Human Resources – Pembrokeshire (Review and Reform 2019-20 Onwards)
- Data Analysis Service of ERW Schools – Ceredigion
- Legal Services – Ceredigion (Charged per hour per case)

4. Central Team Budget 2020-21

At the Joint Committee meeting on 9 December 2019, the proposed Central Team Budget for 2020-21 was £778,105, which was to be funded by £572,140 in authority contributions (including the £250,000 as in previous years), a £200,000 contribution from the EWC funding previously used to fund training and £5,965 from ending secondments in December 2019 (reserve c/fwd).

Central Team Budget

The Central Team Budget for 2020-21 is as follows:

Core Budgeted Expenditure	2020-21 Budget £	Core Funded £	Grant Funded £
Salaries, Secondments, Specialists	844,737	592,501	252,236
Service Level Agreements	125,000	64,500	60,500
Rents	52,870	52,870	-
Other Contracted Services	20,000	20,000	-
External Audit	14,500	14,500	-
IT Equipment Purchase	12,000	12,000	-
Utilities	5,400	5,400	-
Stationary, Telephone, Photocopying	5,000	5,000	-
Telephones	3,372	3,372	-
Mileage	2,750	2,750	-
Translation	1,500	1,500	-
Software Purchase	1,368	1,368	-
Catering Supplies	600	600	-
Rent and Accommodation	500	500	-
Hire of Equipment	500	500	-
Mobile Phones	444	444	-
General Office Expenses	300	300	-
Total Estimated Expenditure	1,090,841	778,105	312,736

Local Authority Contributions

The anticipated contributions from each authority, based on five authorities and PLASC 18, were as follows:

Local Authority	2019-20 Contribution £	2020-21 Contribution £	Increase in Contribution £	Additional RCSIG 2020-21 £	Net Increase £
Powys	33,535	91,677	58,142	(21,650)	36,492
Ceredigion	18,692	51,099	32,407	(12,067)	20,340
Pembrokeshire	33,895	92,660	58,765	(21,883)	36,883
Carmarthenshire	53,167	145,346	92,179	(34,325)	57,854
Swansea	69,998	191,358	121,360	(45,190)	76,170
Total	209,287	572,140	362,853	(135,115)	227,738

The anticipated contributions from each authority, based on six authorities and PLASC 18, were as follows:

Local Authority	2019-20 Contribution £	2020-21 Contribution £	Increase in Contribution £	Additional RCSI 2020-21 £	Net Increase £
Powys	33,535	76,747	43,212	(21,650)	21,562
Ceredigion	18,692	42,775	24,083	(12,067)	12,016
Pembrokeshire	33,895	77,571	43,676	(21,883)	21,793
Carmarthenshire	53,167	121,677	68,510	(34,325)	34,185
Swansea	69,998	160,195	90,197	(45,190)	45,007
NPT	40,713	93,175	52,462	(26,285)	26,177
Total	250,000	572,140	322,140	(161,400)	160,740

It was confirmed at the Joint Committee meeting on 9 December 2019 that whilst NPT were in agreement with the funding proposals, they could not support a net increase in their contribution of £26,177 for 2020-21. All other authorities were in agreement with the funding proposals and increased contributions for 2020-21, however, Swansea have recently confirmed that they will no longer increase their contribution from the 2019-20 level.

The authority contributions have been updated for PLASC 19.

The anticipated contributions from each authority, based on five authorities and PLASC 19, are as follows:

Local Authority	2019-20 Contribution £	2020-21 Contribution £	Increase in Contribution £	Additional RCSI 2020-21 £	Net Increase £	Change PLASC 18 £
Powys	33,535	97,589	64,054	(23,046)	41,008	4,516
Ceredigion	18,692	52,099	33,407	(12,304)	21,103	763
Pembrokeshire	33,895	95,165	61,270	(22,474)	38,796	1,913
Carmarthenshire	53,167	147,691	94,524	(34,878)	59,646	1,791
Swansea	69,998	179,596	109,598	(42,413)	67,185	(8,983)
Total	209,287	572,140	362,853	(135,115)	227,738	0

The anticipated contributions from each authority, based on six authorities and PLASC 19, are as follows:

Local Authority	2019-20 Contribution £	2020-21 Contribution £	Increase in Contribution £	Additional RCSI 2020-21 £	Net Increase £	Change PLASC 18 £
Powys	33,535	81,934	48,399	(23,113)	25,285	3,723
Ceredigion	18,692	43,741	25,049	(12,339)	12,710	694
Pembrokeshire	33,895	79,897	46,002	(22,540)	23,464	1,671
Carmarthenshire	53,167	123,998	70,831	(34,980)	35,851	1,666
Swansea	69,998	150,785	80,787	(42,536)	38,250	(6,757)
NPT	40,713	91,785	51,072	(25,892)	25,180	(997)
Total	250,000	572,140	322,140	(161,400)	160,740	0

Service Level Agreements (SLA)

Expressions of interest for providing these services have been sought from each authority during 2019-20, with a view to any potential changes commencing in 2020-21. As outlined in Section 3 above, the Joint Committee approved a reduction in core costs of £54,000 from 1 April 2020, with each 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.

The Central Team budget assumes the £54,000 reduction in core costs. If no reductions in core costs are agreed, the Central Team budget will require additional funding of up to £54,000.

Office Costs

All office costs charged to the Central Team are recharged to grants where appropriate.

Central Team Funding

Anticipated funding for the Central Team budget for 2020-21 is as follows:

Central Team Funding	6 x Authorities 2020-21 Budget £	5 x Authorities 2020-21 Budget £
Contribution from Authorities	(572,140)	(480,355)
EWC Funding Utilised	(200,000)	(200,000)
Reserve C/fwd	(5,965)	(5,965)
Additional Funding Requirement	-	(91,785)
Total	(778,105)	(778,105)

In the five authority scenario, the £91,785 additional funding requirement will have to be funded by:

- Additional contributions from each of the five authorities
- A commensurate reduction in Central Team costs
- Use of any remaining reserve or EWC funding.

5. Indicative Grant Allocations 2020-21

WG have provided the following indicative grant allocations based on six authorities:

Grant Allocations	6 x Authorities Indicative Grant 2020-21 £	5 x Authorities Assumed Grant 2020-21 £
RCSIG		
Curriculum and Assessment	1,709	1,401
Developing the Profession	36,970	30,315
Leadership	38	31
Supporting Self Improving System	232	190
Strong Inclusive Controls	TBC	TBC
RCSIG Total	38,949	31,937
PDG		
PDG/LAC PDG/PGD Coordinator	TBC	TBC
PDG Total	TBC	TBC

5. Risks

This report, in a similar vein to previous Budget and Financial Update reports, highlights risks for ERW. Producing an outline budget for 2020-21 when requirements and assumptions are changing on an ongoing basis has been extremely challenging.

Whilst NPT have given notice to leave ERW at the end of 2019-20, it is understood that other authorities may follow or ERW will be disbanded and recreated at a sub-regional level. The financial implications of this are challenging and the S151 Officer will need to consider the going concern status of ERW.

The ERW Reserves are diminishing with predicted total reserves of only £106k at the end of 2019-20. The EWC funding previously used to fund training will have a balance of between £206k to £306k at the end of 2019-20, but £200k has already been earmarked to contribute to the Central Team budget for 2020-21. The reserves could be eroded further if the Joint Committee determine that the increased costs of redundancy (Financial Update report) are to be funded from reserve or the additional funding requirement for 2020-21 (see section 4) is to be funded from reserve.

WG have not yet confirmed whether they will allow any additional transitional flexibility within the RCSIG in 2020-21, similar to 2019-20, so this has not been included.

Despite nearing the start of 2020-21, WG funding has not yet been agreed and discussions are ongoing. Continued reliance upon grant funding remains a risk.

6. Recommendations

- The Joint Committee determine how the £91,785 (loss of NPT contribution for 2020-21) will be funded.
- The Joint Committee determine whether the £54,000 savings on SLA's for 2020-21 will be enforced and if not, the Joint Committee determine how the £54,000 will be funded.
- The Joint Committee approve the Central Team budget and contributions for 2020-21 based on five authorities (excluding NPT) and PLASC 19.
- The Joint Committee give the S151 Officer delegated authority to amend the Central Team budget and authority contributions should WG confirm any additional transitional flexibility within the RCSIG for 2020-21.
- The Joint Committee note the indicative allocations of RCSIG for 2020-21.
- The Joint Committee note the risks highlighted in the report.