



Partneriaeth Revised Draft Budget for 2024-25

Partneriaeth S151 Officer

16 July 2024

1.0 Introduction

- 1.1 The report presents the Joint Committee with the Partneriaeth Revised Draft Budget for 2024-25.
- 1.2 The Partneriaeth Legal Agreement (Schedule 9, paragraph 3) states 'The Partneriaeth via the Lead Council with responsibility for Finance, shall provide a draft Annual Budget to the Joint Committee for approval before the start of the following Financial Year'. At their meeting on 2 February 2024, The Joint Committee approved 'in principle' the Partneriaeth draft budget for 2024-25, with referral to the Joint Committee for formal approval following confirmation of funding from Welsh Government via member Local Authorities.
- 1.3 For 2024-25 Welsh Government have announced that they will be rationalising and consolidating pre-16 education grants that currently go to Local Authorities and Regional Consortia / Partnerships into one Local Authority Education Grant (LAEG). As a result consortia funding will now go directly to Local Authorities. The LAEG allows flexibility for Carmarthenshire, Pembrokeshire and Swansea Councils to determine the level of LAEG they now wish to contribute to regional school improvement. A restructure of Partneriaeth to significantly reduce its staffing will take effect from 1 September 2024 resulting in a potential £0.618m of redundancy costs to be funded from the Partneriaeth reserve.
- 1.4 The Revised Draft Budget for 2024-25 has been developed in consultation with the Lead Officer Partneriaeth and the three Education Directors.

2.0 Service Level Agreements (SLAs)

- 2.1 The SLAs have been increased by CPI of 6.7% for 2024-25.
- 2.2 As in 2023-24, there is no charge for the services of the Partneriaeth Lead Chief Executive, Partneriaeth S151 Officer, Partneriaeth Monitoring Officer or the Partneriaeth Lead Education Director.
- 2.3 The proposed SLAs for 2024-25 are outlined below:

SLAs	2024-25 £'000
Committee Services (Carmarthenshire)	5
Scrutiny (Swansea)	5
Finance (Pembrokeshire)	140
Internal Audit (Pembrokeshire)	30
Human Resources (Pembrokeshire)	7
Information Technology (Pembrokeshire)	36
Procurement (Pembrokeshire)	22
Total Budgeted SLAs	245

3.0 Local Authority Contributions

The proposal that due to the continued significant financial challenges faced by each Local Authority in 2024-25 and over the MTFP, there be no Local Authority contribution for 2024-25, with reduced contributions for 2025-26 and 2026-27, and a return to a full contribution for 2027-28 was considered by the Joint Committee on 2 February 2024. A contribution from reserve for 2024-25, in lieu of Local Authority contributions, was approved by the Joint Committee.

For 2024-25 the appropriation from reserve is shown in lieu of Local Authority contributions to fund the core running costs of £0.308m. For 2025-26 a 66% contribution will be received from Local Authorities, the balance being funded from reserve, returning to 100% Local Authority contribution from 2026-27 as shown in section 6 below. This is a change from the contributions that were agreed by Joint Committee on 2 February 2024.

4.0 Revised Draft Budget for 2024-25

4.1 The Revised Draft Budget for 2024-25, both income and expenditure, has been determined based on the estimates and assumptions outlined below.

Budgeted Expenditure 2024-25	Original Draft Estimate			Revised Draft Estimate		
	Core Funded	Grant Funded	Total 2024-25	Core Funded	Grant Funded	Total 2024-25
	£'000	£'000	£'000	£'000	£'000	£'000
Staffing Costs						
Salaries, Secondments & Specialists	-	2,303	2,303	-	1882	1882
Travel & Subsistence	-	10	10	-	10	10
Training & Development	-	5	5	-	-	-
	-	2,318	2,318	-	1892	1892
Development and Running Costs						
Rent and Accommodation	16	-	16	16	-	16
Electricity	2	-	2	2	-	2
Service Charges	12	-	12	12	-	12
General Office Expenses	7	-	7	5	-	5
Mobile Telephone	5	-	5	2	-	2
Translation	-	43	43	-	-	-
Hardware Purchases	24	-	24	3	-	3
Software	11	-	11	3	-	3
Marketing	19	-	19	-	-	-
Service Level Agreements	245	-	245	245	-	245
External Audit	17	-	17	20	-	20
Other Contracted Services	-	51	51	-	63	63
Business Plan Objectives*	-	4,159	4,159	-	146	146
Business Plan Objectives – EWC	-	-	-	-	221	221
Total Development and Running Costs	358	4,258	4,611	308	430	738

Staff Exit Costs (Reserve Funded)	-	-	-	618	-	618
Total Expenditure	358	6,571	6,929	926	2,322	3,248
Budgeted Income						
Welsh Government Grant Funding received via member Local Authorities**	-	6,190	6,190	-	1,747	1,747
Welsh Government Grant Funding received via Pembrokeshire***	-	-	-	-	214	214
Education Workforce Council (EWC)	-	381	381	-	221	221
Secondment Income	-	-	-	-	44	44
Other Local Authority Contributions****	-	-	-	-	96	96
Reserves	358	-	358	926	-	926
Total Income	358	6,571	6,929	926	2,322	3,248

* Business Plan Objectives reduced in line with reduced funding to be received from Local Authorities

** £438k from Pembrokeshire, £607k from Carmarthenshire and £702k from Swansea as agreed between Lead Director and the 3 Education Directors

*** £50k Equity Funding – PDG Co-Ordinator, £101K National Pedagogy Lead and £63k NPQH funding to be received from Welsh Government via Pembrokeshire

**** £81k from Neath Port Talbot and £15k from Ceredigion

5.0 Working Balance and Reserves

- 5.1 At the ERW Joint Committee on 17 May 2023, approval was given to distribute £1.492m of the ERW reserves and balances to Partneriaeth. During 2022-23 a further £0.280m was appropriated to reserve. During 2023-24 £0.335m was utilised in lieu of member Local Authority contributions with a further £0.142m appropriated to reserve.
- 5.2 £0.100m of the balance is utilised as the Partneriaeth working balance with the remaining £1.479m utilised as the Partneriaeth reserve.
- 5.3 The proposed movements in the working balance and reserve for 2024-25 and over the MTFP are outlined below:

Working Balance	2024-25 £'000	2025-26 £'000	2026-27 £'000	2027-28 £'000
Opening Balance	100	100	100	100
Utilised in Year	0	0	0	0
Closing Balance	100	100	100	100

Reserve	2024-25 £'000	2025-26 £'000	2026-27 £'000	2027-28 £'000
Opening Balance	1,479	553	444	444
Utilised in Year	926	109	0	0
Closing Balance	553	444	444	444

6.0 Draft MTFP for 2025-26 to 2027-28

- 6.1 A MTFP has been produced for Partneriaeth to outline its financial sustainability over the medium term, to provide financial projections for the next three years and to determine the anticipated level of funding available for the Business Plan objectives for the next three years
- 6.2 The MTFP will be subject to change as estimates and assumptions are confirmed and it will be formally updated on an annual basis.
- 6.3 The SLAs will be reviewed during 2024-25 to reflect the requirement of the new staffing structure. There could be financial implications for the Local Authorities providing the SLAs so sufficient notice periods for the reduction or termination will be required.

2025/26

Budgeted Expenditure	Assumptions of increases	Percentage increase/decrease	Core Funded £000's	Grant Funded £000's	Total £000's
Staffing Costs					
Salaries	As per Salary Calculator Inflation Factors		-	1,618	1,618
Secondments			-	-	-
Travel & Subsistence	Not inflated		-	10	10
			-	1,628	1,628
Development and Running Costs					
Rent and Accommodation	CPI	4%	17	-	17
Electricity	Not inflated		2	-	2
Service Charges	CPI	4%	12	-	12
General Office Expenses	Not inflated		5	-	5
Mobile Telephone	CPI	4%	2	-	2
Hardware Purchases	Not inflated		3	-	3
Software	Not inflated		3	-	3
Service Level Agreements	CPI	4%	255	-	255
External Audit	CPI	4%	21	-	21
Other Contracted Services	Not inflated		-	96	96
Business Plan Objectives - EWC			-	81	81
Business Plan Objectives			-	273	273
			320	450	770
Estimated Total Expenditure			320	2,078	2,398
Budgeted Income			Core Funded £000's	Grant Funded £000's	Total £000's
Member Local Authority Contributions	Contributions at rate of 66%		211	-	211
Welsh Government Grant Funding received via member Local Authorities	Assumed funding remains flat lined	Pembrokeshire	-	438	438
		Carmarthenshire	-	607	607
		Swansea	-	702	702
Equity Funding from Pembrokeshire		PDG	-	50	50
Education Workforce Council (EWC)	Assumed the EWC Funding remains flat lined at reduced rate		-	81	81
LAEG (demand led) - National Pedagogy Lead	Increase as per MF salary increase	Pembrokeshire	-	104	104
LA Contributions	NPT & Ceredigion		-	96	96
From Reserves			109	-	109
Estimated Total Income			320	2,078	2,398
* Assumed NPQH funding will cease - Expenditure and Income elements removed					
** Senior Strategic Advisor secondment ended August 2024 - Expenditure and Income elements removed					
			Opening Balance £000's	Reserve Requirement £000's	Closing Balance £000's
	Reserve Balance		653	109	544

2026/27

Budgeted Expenditure	Assumptions of increases	Percentage increase/ decrease	Core Funded £000's	Grant Funded £000's	Total £000's
Staffing Costs					
Salaries	As per Salary Calculator Inflation Factors		-	1,664	1,664
Secondments			-	-	-
Travel & Subsistence	Not inflated		-	10	10
			-	1,674	1,674
Development and Running Costs					
Rent and Accommodation	CPI	2%	17	-	17
Electricity	as per PCC Inflation Factors	0%	2	-	2
Service Charges	CPI	2%	12	-	12
General Office Expenses	Not inflated		5	-	5
Mobile Telephone	CPI	2%	2	-	2
Hardware Purchases	Not inflated		3	-	3
Software	Not inflated		3	-	3
Service Level Agreements	CPI	2%	260	-	260
External Audit	CPI	2%	21	-	21
Other Contracted Services	CPI	2%	-	98	98
Business Plan Objectives - EWC			-	81	81
Business Plan Objectives			-	228	228
			325	407	732
Estimated Total Expenditure			325	2,081	2,406
Budgeted Income			Core Funded £000's	Grant Funded £000's	Total £000's
Member Local Authority Contributions	Contributions at rate of 100%		325	-	325
Welsh Government Grant Funding received via member Local Authorities	Assumed funding remains flat lined	Pembrokeshire	-	438	438
		Carmarthenshire	-	607	607
		Swansea	-	702	702
Equity Funding from Pembrokeshire		PDG	-	50	50
Education Workforce Council (EWC)	Assumed the EWC Funding remains flat lined at reduced rate		-	81	81
LAEG (demand led) - National Pedagogy Lead	Increase as per MF salary increase	Pembrokeshire	-	107	107
LA Contributions	NPT & Ceredigion		-	96	96
From Reserves			-	-	-
Estimated Total Income			325	2,081	2,406
		Opening Balance £000's	Reserve Requirement £000's	Closing Balance £000's	
	Reserve Balance	544	-	544	

2027/28

Budgeted Expenditure	Assumptions of increases	Percentage increase/decrease	Core Funded £000's	Grant Funded £000's	Total £000's
Staffing Costs					
Salaries	As per Salary Calculator Inflation Factors		-	1,705	1,705
Secondments			-	-	-
Travel & Subsistence		0%	-	10	10
			-	1,715	1,715
Development and Running Costs					
Rent and Accommodation	CPI	2%	17	-	17
Electricity	as per PCC Inflation Factors	0%	2	-	2
Service Charges	CPI	2%	12	-	12
General Office Expenses	Not inflated		5	-	5
Mobile Telephone	CPI	2%	2	-	2
Hardware Purchases	Not inflated		3	-	3
Software	Not inflated		3	-	3
Service Level Agreements	CPI	2%	265	-	265
External Audit	CPI	2%	21	-	21
Other Contracted Services	CPI	2%	-	100	100
Business Plan Objectives - EWC			-	81	81
Business Plan Objectives			-	187	187
			330	368	698
Estimated Total Expenditure			330	2,083	2,413
Budgeted Income			Core Funded £000's	Grant Funded £000's	Total £000's
Member Local Authority Contributions	Contributions at rate of 100%		330	-	330
Welsh Government Grant Funding received via member Local Authorities	Assumed funding remains flat lined	Pembrokeshire	-	438	438
		Carmarthenshire	-	607	607
		Swansea	-	702	702
Equity Funding from Pembrokeshire		PDG	-	50	50
Education Workforce Council (EWC)	Assumed the EWC Funding remains flat lined at reduced rate		-	81	81
LAEG (demand led) - National Pedagogy Lead	Increase as per MF salary increase	Pembrokeshire	-	109	109
LA Contributions	NPT & Ceredigion		-	96	96
From Reserves			-	-	-
Estimated Total Income			330	2,083	2,413
			Opening Balance £000's	Reserve Requirement £000's	Closing Balance £000's
	Reserve Balance		544	-	544

7.0 Risks and Opportunities

- 7.1 Reliance on grant funding to be received from Welsh Government via Member Local Authorities remains a risk for Partneriaeth.
- 7.2 There is a risk that Local Authority priorities may change with grant funding received from Welsh Government being retained by Local Authorities and not used to commission Partneriaeth services.
- 7.3 The reduction in the revised draft budget for Business Plan Objectives, from £4.159m to £0.146m for 2024-25, is significant and may present challenges in terms of what Partneriaeth is able to deliver in 2024-25 and future years.

8.0 Recommendations

- The contents of the report are noted.
- The Revised Draft Budget for 2024-25 and MTFP 2024-25 to 2027-28 is approved.
- The revised contribution from reserve for 2024-25 is approved.