



Ein Rhanbarth ar Waith  
Education through Regional Working

# ERW Financial Update Quarter 2 - 2017-18

## 1 December 2017

## 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 has been considered by the ERW Executive Board and provides the Joint Committee with a financial update as at Quarter 2 - 2017-18.

## 2. 2017-18 Central Team Revenue Budget

The 2017-18 Central Team revenue budget was approved by the Joint Committee at its meeting on 20 February 2017 with a Quarter 1 update provided on 17 July 2017. Whilst 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.

The Outturn report for 2016-17 resulted in an additional £70k of resources being transferred to reserves. Full movement of reserves is shown at section 7.

The current position as at Quarter 2 is shown in the table on page 3 and is effectively an updated projected Outturn position for 2017-18 based on current information and projections, and is reported to the Joint Committee for approval.

Key changes are:-

- An additional £5k of system costs, specifically for graphic design software and training for 5 Core Central Team ERW staff, which is necessary for the amount of graphic design work which is now required in a timely manner for various public, internal and business planning documentation. Bringing this work in-house presents a long term efficiency, as we will not need to pay for external providers to do this work.
- Following a recommendation from the Wales Audit Office ISA 260 for 2016-17, we have provided more detail in terms of the budgets and actual expenditure of the grants we receive. For consistency we have updated the presentation of the Core Central Team budget to also show actual expenditure. Financial reporting may be amended further over time to strengthen the process.
- The actual costs for Equipment / IT / Stationery etc. exceed the budget of £10k. All office costs primarily get costed to the Core Central Team and then when appropriate (such as the end of a project), the costs are then distributed amongst the grants as appropriate. It is therefore expected that by the end of the financial year, and once the reappportionments have taken place, this will be within budget.
- Core Central Team salaries reflect the fact that some staff changes have resulted in part year savings due to no hand over period being achieved.

- It is anticipated that £364k of Core Central Team costs will be recoverable from various grant funding sources in 2017-18.
- The planned use of reserves for 2017-18 has been reduced from £145k to £82k.

<b>ANNUAL EXPENDITURE CORE CENTRAL TEAM BUDGET</b>	<b>2017-18 Approved Budget June 2017</b>	<b>2017-18 Projected Outturn at September 2017</b>	<b>Actual Income / Expenditure at 31.09.2017</b>	<b>Committed</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>1. STAFFING COSTS</b>				
Salaries Core Funded*	477	447	241	206
Travel, Subsistence, Training & Development	4	4	1	3
	<b>481</b>	<b>451</b>	<b>242</b>	<b>209</b>
<b>2. RUNNING COSTS</b>				
Accommodation	42	42	18	24
Stationery/Telephone/Printing/Copying/ Equipment/IT	10	10	12	0
Translation	20	20	13	2
Conference Support/Programme Costs	0	0	0	0
Systems Developments	44	49	49	0
	<b>116</b>	<b>121</b>	<b>92</b>	<b>26</b>
<b>3. FACILITATION</b>				
Service Level Agreements	128	128	48	80
	<b>128</b>	<b>128</b>	<b>48</b>	<b>80</b>
<b>TOTAL ESTIMATED EXPENDITURE</b>	<b>725</b>	<b>700</b>	<b>382</b>	<b>315</b>
<b>ANNUAL INCOME</b>				
Local Authority Contributions	250	250	250	0
Other Income/Grants	4	4	0	4
Grant Funding Administration **	326	364	192	172
<b>TOTAL ESTIMATED INCOME</b>	<b>580</b>	<b>618</b>	<b>442</b>	<b>176</b>
<b>NET EXPENDITURE</b>	<b>145</b>	<b>82</b>	<b>(60)</b>	<b>139</b>
Appropriation from Reserve	<b>(145)</b>	<b>(82)</b>	<b>60</b>	<b>(139)</b>

\*£364,000 of salaries within this figure are also presented under the appropriate priority I.E. Teaching and Learning. Whilst they are Core Central Team staff, they are covered by grant funding as shown under Grant Funding Administration £364,000 \*\*.

### 3. 2017-18 Grant Allocations

- (a) The Joint Committee was advised at its meeting on 17 July 2017 of grant allocations for 2017-18 totalling £68.078m. The grant allocations have now increased to £70.368m as shown in the table below. Three other expected grants are also shown in the table below, although no formal paperwork has been received. Since the last report to the Joint Committee, the majority of the grant offer letters from Welsh Government have now been received, however there are still some core funding streams where only indicative figures have been received without full terms and conditions. The lateness of key grants and the level of uncertainty still surrounding significant amounts of funding well into the third quarter of the financial year is very unsatisfactory and a significant risk to the region and the education system as a whole and can only be detrimental to the effort of raising standards.
- (b) Following the decision of the Joint Committee on 21 September 2017 to create a Programme Team under the leadership of the Lead Chief Executive, Welsh Government have agreed to support the work financially (see table below - Reform and Review).
- (c) **Seconded Staff**  
Appendix A lists the current seconded staff ERW is committed to paying for, totalling £1.499m, which are to be funded from the grants listed below. The number of seconded staff is expected to increase this year as the cluster leaders of learning model is rolled out.
- (d) **Cluster Leaders of Learning**  
Estimated costs for this year are £1.020m with a further commitment to fund £2m next year. The full academic year cost of providing 50 clusters of learning is £3.250m. The project commenced in September 2017 with 16 secondments, with a further 7 secondments have been appointed and will start In January 2018, with the remaining 27 secondments remaining to be appointed with a January 2018 start.

## Grants Allocations for 2017-18

Grant Name	2017-18 Allocation June 2017  £000	2017-18 Revised Allocation September 2017 £000	Commentary
<b>School Improvement Business Plan Priority</b>			
Schools Challenge Cymru – Tranche 3	21	21	Offer received 11.08.17
Education Improvement Grant (EIG)	37,752	37,752	Offer received 28.04.17
<b>Leading Learning Business Plan Priority</b>			
Schools Causing Concern	0	313	Offer received 11.07.17
National Professional Qualification for Headteachers Assessment 16-17 Carry Over 17-18 Allocation	0 233	100 200	Amount dependant on new Head Teacher appointments amount TBC
Mentoring and Networking Support for Head Teachers	0	72	Amount dependant on new Head Teacher appointments amount TBC
External Mentoring (Education Workforce Council) 16-17 Carry Over 17-18 Allocation	0 0	237 268	Offer received - carry over
<b>Support for Learning Business Plan Priority</b>			
ALN Innovation	300	360	Offer received 09.10.17
Pupil Deprivation Grant	22,724	22,724	Offer received 30.08.17
Pupil Deprivation Grant – LAC	1,187	1,187	Offer received 30.08.17
<b>Teaching and Learning Business Plan Priority</b>			
Pioneers	2,236	2,236	Offer received 26.10.17
Learning in Digital Wales CPD	142	142	Offer received 28.07.17
Modern Foreign Language	120	120	Offer received 28.04.17
GCSE 16-17 Carry Over GCSE 17-18 Allocation	100 582	185 582	Offer received Offer received 28.04.17
Welsh 16-17 Carry Over Welsh 17-18 Allocation	- 243	13 243	Offer received Offer received carry over
National Network of Excellence for Science and Technology (NNEST)	23	23	Indicative
Assessment for Learning	129	129	Offer received 04.07.17
Foundation Phase Training Materials and Approaches	5	5	Offer received 04.07.17
Literacy and Numeracy Grant	125	125	Offer received 04.07.17
Welsh Baccalaureate 16-17 Carry Over	15	22	Offer received carry over
Raising Standards Grant (inc. Welsh)	2,141	3,159	Offer received £2,518,000 13.09.17 Offer received £356,039 09.11.17 £641,000 still indicative
Language Pilot	0	150	Offer received
<b>Total</b>	<b>68,078</b>	<b>70,368</b>	

Grants to be Confirmed			
Reform & Review	-	210	Expected
A Level	-	70	Expected
Wellbeing	-	90	Bid Submitted

NOTE Summary of how Raising Standards Grant has been allocated to priority areas.	
Leading Learning Priority (Page 7)	1,021,000
School Improvement (page 10)	60,000
Support for Learning	0
Teaching and Learning (Page 8)	2,078,000
<b>Budgeted</b>	<b>3,159,000</b>

The £2.625m of Welsh Government grants that remained unpaid for 2016-17, as reported to the Joint Committee, were received by the end of July 2017. These delays did put additional financial pressure on the lead banker for the region, at a time when Local Authorities are already under increasing financial pressure.

#### 4. 2017-18 Grants

For budgeting and business planning purposes, the grants received are allocated according to the ERW Business Plan priorities:

- Leading Learning
- Teaching and Learning
- Support for Learning
- School Improvement
- Operational Effectiveness (included within the other 4 priorities)

Some grants may be allocated to more than one priority area.

Please follow the links below for details on specific grants:

##### The Level 1 Business Plan:

Please see each priority on pages 7-11

##### The Level 2 Business Plan:

<https://hwbwave15.sharepoint.com/sites/ERW/Central%20Team/Forms/AllItems.aspx?newTargetListUrl=%2Fsites%2FERW%2FCentral%20Team&viewpath=%2Fsites%2FERW%2FCentral%20Team%2FForms%2FAllItems%2Easpx&id=%2Fsites%2FERW%2FCentral%20Team%2FBusiness%20Planning%20Docs%2FLevel%202>

##### The Level 3 Business Plan:

<https://hwbwave15.sharepoint.com/sites/ERW/Central%20Team/Forms/AllItems.aspx?newTargetListUrl=%2Fsites%2FERW%2FCentral%20Team&viewpath=%2Fsites%2FERW%2FCentral%20Team%2FForms%2FAllItems%2Easpx&id=%2Fsites%2FERW%2FCentral%20Team%2FBusiness%20Planning%20Docs%2FLevel%203>

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

Detailed below are the grants allocated to each Business Plan Priority Area to show the total amount of grants allocated to that Area along with how those grants are to be spent.

## A. Leading Learning

The priorities within this Business Plan aspect include:

- Professional Learning for Schools, Challenge Advisers, and the ERW Central Team
- Leadership Development
- Implementation of National Programmes such as HLTA, NPQH
- Staffing/Secondments

<b>Leading Learning Estimated Income</b>	<b>Projected Budget 2017-18</b>	<b>Actual Income at 30.09.2017</b>	
<b>Grants Allocated to Leading Learning Priority</b>			
Schools Causing Concern	313,000	0	
National Professional Qualification for Head Teachers Assessment			
16-17 Carry Over	100,000	100,000	
17-18 Allocation	200,000	0	
Mentoring and Networking Support for Head Teachers	72,000	0	
Raising Standards Grant	1,021,000	0	
External Mentoring (Education Workforce Council)			
16-17 Carry Over	237,000	237,000	
17-18 Allocation	268,000	134,000	
<b>Total Estimated Income</b>	<b>2,211,000</b>	<b>471,000</b>	
<b>Leading Learning Estimated Expenditure</b>	<b>Projected Budget 2017-18</b>	<b>Actual Expenditure at 30.09.2017</b>	<b>Committed</b>
<b>1. Staffing costs</b>			
Salaries, Secondments, Specialists	1,286,000	370,000	916,000
Travel, Subsistence, Training and Development	308,000	2,000	250,000
<b>2. Development &amp; Running costs</b>			
Rent and Accommodation	26,000	1,000	21,000
Stationery, Telephone, Printing, Copying, Equipment, IT, General	150,000	17,000	60,000
Translation	5,000	1,000	2,000
Software, Marketing, Communication, Research & Evaluation	5,000	0	0
<b>3. Delegated schools/ Las</b>			
Grants Passported to LAS	72,000	0	72,000
Payments to Schools via LAS for Specific Work <sup>1</sup>	241,000	0	241,000
Unallocated	118,000	0	0
<b>Total Estimated Expenditure</b>	<b>2,211,000</b>	<b>391,000</b>	<b>1,562,000</b>

<sup>1</sup> Professional Learning Schools; Lead schools to deliver menu of support; collaboration; supporting schools causing concern; Pioneer schools

## B. Teaching and Learning

The priorities within this Business Plan aspect include:

Teaching and Learning, Assessment and Moderation, Pedagogy, Curriculum and Subject Support, Teaching and Learning Networks, Staffing/ Secondments.

Teaching and Learning Budgeted Income	Projected Budget 2017-18	Actual Income at 30.09.2017	
<b>Grants Allocated to Teaching &amp; Learning Priority</b>			
Pioneers	2,236,000	0	
Digital	142,000	0	
Modern Foreign Languages	120,000	0	
GCSE 16-17 Carry Over	185,000	0	
GCSE 17-18 Allocation	582,000	0	
Siarter Iaith 16-17 Carry Over	13,000	13,000	
Siarter Iaith 17-18 Allocation	243,000	4,000	
National Network for Excellence in Science and Technology (NNEST)	23,000	0	
Assessment for Learning (AFL)	129,000	0	
Foundation Phase Training Materials and Approaches	5,000		
Literacy and Numeracy Grant	125,000	0	
Language Pilot	150,000		
Raising Standards Grant	2,078,000	0	
Welsh Baccalaureate 16-17 Carry Over	22,000	22,000	
<b>Total Estimated Income</b>	<b>6,053,000</b>	<b>39,000</b>	
Teaching and Learning Budgeted Expenditure	Projected Budget 2017-18	Actual Expenditure at 30.09.2017 <sup>2</sup>	Committed
<b>1. Staffing costs</b>			
Salaries, Secondments, Specialists	2,570,000	331,000	1,691,000
Travel, Subsistence, Training and Development	129,000	12,000	63,000
<b>2. Development &amp; Running costs</b>			
Rent and Accommodation	5,000	1,000	2,000
Stationery, Telephone, Printing, Copying, Equipment, IT, General	91,000	64,000	20,000
Translation	42,000	2,000	25,000
Software, Marketing, Communication, Research & Evaluation	110,000	1,000	33,000
<b>3. Delegated Schools/ LAS</b>			
Grants Passported to LAS	1,380,000	0	1,380,000
Payments to Schools via LAS for Specific Work <sup>1</sup>	1,009,000	21,000	440,000
Collaboration	2,000	0	0
Unallocated <sup>2</sup>	715,000	0	0
<b>Total Estimated Expenditure</b>	<b>6,053,000</b>	<b>432,000</b>	<b>3,654,000</b>



## C. Support for Learning

The priorities within this Business Plan aspect include:

- Additional Learning Needs
- Looked After Children
- PDG
- Staffing/Secondments

<b>Support for Learning Budgeted Income</b>	<b>Projected Budget 2017-18</b>	<b>Actual Income at 30.09.2017</b>	
<b>Grants allocated to Support for Learning Priority</b>			
ALN	360,000	0	
PDG 4	22,724,000	0	
LAC PDG	1,187,000	0	
<b>Total Estimated Income</b>	<b>24,271,000</b>	<b>0</b>	
<b>Support for Learning Budgeted Expenditure</b>	<b>Projected Budget 2017-18</b>	<b>Actual Expenditure at 30.09.2017</b>	<b>Committed</b>
<b>1. Staffing costs</b>			
Salaries, Secondments, Specialists	125,000	71,000	54,000
Travel, Subsistence, Training and Development	8,000	2,000	5,000
<b>2. Development &amp; Running costs</b>			
Rent and Accommodation	0	0	
Stationery, Telephone, Printing, Copying, Equipment, IT, General	0	0	
Translation	2,000	1,000	500
Software, Marketing, Communication, Research & Evaluation	0	0	
<b>3. Delegated Schools/LAS</b>			
Grants Passported to LAS 2	24,136,000	0	24,136,000
Payments to Schools via LAS for Specific Work	0	0	
Unallocated	0	0	
<b>Total Estimated Expenditure</b>	<b>24,271,000</b>	<b>74,000</b>	<b>24,195,500</b>

2. The PDG grant offer letter arrived too late to complete a Quarter 1 claim, the first claim has now been submitted with WG for Quarters 1 & 2 and this money is due in on the 24.11.2017.

## D. School Improvement

The priorities within this Business Plan aspect include:

- Capacity Building
- Staffing
- Categorisation / Rhwyd / etc.
- Staffing/Secondments
- School to School Work / Dolen

School Improvement Budgeted Income	Projected Budget 2017-18	Actual Income at 30.09.2017	
<b>Grant Income</b>			
Schools Challenge Cymru	21,000	0	
Research	60,000	0	
Education Improvement Grant 2	37,752,000	7,550,000	
<b>Total Estimated Income</b>	<b>37,833,000</b>	<b>7,550,000</b>	
School Improvement Budgeted Expenditure	Projected Budget 2017-18	Actual Expenditure at 30.09.2017	Committed
<b>1. Staffing Costs</b>			
Salaries, Secondments, Specialists	270,000	22,000	248,000
Travel, Subsistence, Training and Development	211,000	5,000	180,000
<b>2. Development &amp; Running Costs</b>			
Rent and Accommodation	0	0	
Stationery, Telephone, Printing, Copying, Equipment, IT, General	63,000	1,000	62,000
Translation	15,000	1,000	5,000
Software, Marketing, Communication, Research & Evaluation	22,000	3,000	19,000
<b>3. Delegated schools/ LAS</b>			
Grants Passported to LAS	36,657,000	7,331,000	29,326,000
Payments to Schools via LAS for Specific Work <sup>1</sup>	345,000	0	345,000
Unallocated	250,000	0	0
<b>Total Estimated Expenditure</b>	<b>37,833,000</b>	<b>7,363,000</b>	<b>30,185,000</b>

Professional Learning Schools; Lead schools to deliver menu of support; collaboration; supporting schools causing concern; Pioneer schools

<sup>2</sup>The second EIG claim has been submitted and is due in from WG on the 10.11.17.

## 5. ERW Review and Reform Programme Team

The Joint Committee agreed on 21 September 2017 to appoint a Programme Team under the leadership of the Lead Chief Executive.

Welsh Government have provided support of £210k to the ERW Joint Committee to facilitate the transition period of the work.

<b>Budgeted Spend Profile</b>	<b>£</b>
Programme Manager	£60,000
Expert Facilitator – based on daily rate	£20,000
External Expertise to inform HR, Finance or School Improvement – based on daily rate to add capacity and advice/expertise where necessary	£20,000
Communication and Engagement Arrangements	£10,000
Costs incurred by LAs or ERW Central Team to support the implementation programme team – it is envisaged that short and medium term secondments will be necessary to support the implementation of the programme. Stability of the Central Team.	£100,000
<b>Total</b>	<b>£210,000</b>

## 6. Risks

This report, in a similar vein to previous Financial Updates, highlights risks for ERW. The high cost of secondments and the growing expectations on ERW are well known. This is reflected in the Review and Reform Programme recommendations from the last meeting. Welsh Government have also identified the need to support us with additional resources. Estyn have identified the matter too as contributing to hindering progress.

As the lead financial authority for ERW, and as Section 151, there are implications for Pembrokeshire County Council HR and finance due to the capacity and staffing within the ERW Central Team. These risks are now longstanding, and business operating capacity as well as strategic capacity is insufficient currently to mitigate the risks.

## 7. Reserves

The table below shows the implications on ERW Reserves from April 2016. Taking into account last year's movements resulted in total reserves of £542k at 31 March 2017, with this anticipated to reduce to £460k by 31 March 2018.

Useable Reserves		General Reserve	Working Reserve	Total Reserves
Balance	1 April 2016	472		472
2016-17	From Revenue	70		70
	Transfer	-100	100	0
Balance	31 March 2017	442	100	542
2017-18	To Revenue	-82		-82
Balance	31 March 2018	360	100	460

## 8. Recommendations

- The Joint Committee note the ERW Financial Update Quarter 2 - 2017-18.
- The Joint Committee approve the lead section 151 officer and Lead Chief Executive to secure sufficient strategic and operating capacity to allow ERW to mitigate risks.
- The Joint Committee approve the changes to the ERW Central Team Revenue Budget, Grant Allocations and ERW Reserves for 2017-18.
- The Joint Committee note the significant risk to the region given the amount of core funding it receives and the effect on the regions reserves over the medium term.