



Ein Rhanbarth ar Waith  
Education through Regional Working

# ERW Financial Update Quarter 3 - 2017-18

2 March 2018

## 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 as at Quarter 3 - 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 and a Quarter 2 update provided on 1 December 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 current position as at Quarter 3 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. It is reported to the Joint Committee for approval.

- The report in December 2017 provided more detail in terms of the budgets and actual expenditure of the grants we receive following a recommendation from the Wales Audit Office ISA 260 for 2016-17. This will now continue as custom and practice.
- Following a recommendation in the last Joint Committee meeting, the centrally funded employees are shown separately under each priority on pages 8-12 to make it clearer where they are being funded from.
- An additional £1,000 has been added to the SLA for procurement from Pembrokeshire County Council.
- 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 distributed amongst the grants as appropriate. It is therefore expected that by the end of the financial year, and once the reapportionments have taken place, this will be within budget.
- It is anticipated that £365k of Core Central Team costs will be recoverable from various grant funding sources in 2017-18, as in previous years.
- Between 31 December 2017 and the time of writing this report, significant committed resources have now been spent. The more significant items are noted as footnotes throughout the report.
- Central Team salary costs have reduced by £8k due to unfilled positions for part of the year (Office Co-ordinator Officer).

- The planned use of reserves for 2017-18 has been reduced from £82k to £74k. Current reserves are shown at Section 7.

<b>ANNUAL EXPENDITURE CORE CENTRAL TEAM BUDGET</b>	<b>2017-18 Projected Outturn at September 2017 £000's</b>	<b>2017-18 Projected Outturn at December 2017 £000's</b>	<b>Actual Income / Expenditure at 31.12.2017 £000's</b>	<b>Committed £000's</b>
<b>1. STAFFING COSTS</b>				
Salaries Core Funded <sup>1</sup>	447	439	332	107
Travel, Subsistence, Training & Development	4	4	2	2
	<b>451</b>	<b>443</b>	<b>334</b>	<b>109</b>
<b>2. RUNNING COSTS</b>				
Accommodation	42	42	31	11
Stationery/Telephone/Printing/Copying/Equipment/IT	10	10	15	-5
Translation	20	20	16	4
Conference Support/Programme Costs	0	0	0	0
Systems Developments	49	49	49	0
	<b>121</b>	<b>121</b>	<b>111</b>	<b>10</b>
<b>3. FACILITATION</b>				
Service Level Agreements <sup>2</sup>	128	129	48	81
	<b>128</b>	<b>129</b>	<b>48</b>	<b>81</b>
<b>TOTAL ESTIMATED EXPENDITURE</b>	<b>700</b>	<b>693</b>	<b>493</b>	<b>200</b>
<b>ANNUAL INCOME</b>				
Local Authority Contributions <sup>3</sup>	250	250	210	40
Other Income/Grants	4	4	0	4
Grant Funding Administration	364	365	269	96
<b>TOTAL ESTIMATED INCOME</b>	<b>618</b>	<b>619</b>	<b>479</b>	<b>140</b>
<b>NET EXPENDITURE</b>	<b>82</b>	<b>74</b>	<b>14</b>	<b>60</b>
Appropriation from Reserve	<b>(82)</b>	<b>(74)</b>	<b>(14)</b>	<b>(60)</b>

<sup>1</sup> £365,000 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 £365,000

<sup>2</sup> SLA's have now been paid.

<sup>3</sup> Neath Port Talbot are yet to pay their contribution.

### 3. 2017-18 Grant Allocations

- (a) The Joint Committee was advised at its meeting on 2 December 2017 of grant allocations for 2017-18 totalling £70.368m. The grant allocations have now increased to £71.189m as shown in the table below. One other grant has been bid for and is also shown in the table below, although no formal paperwork has been received.
- (b) Some grants presented in the last report have not materialised.
- (c) At the time of writing £335k of grants still had grant offer letters outstanding.
- (d) Following the decision of the Joint Committee on 21 September 2017 to create a Review and Reform Programme Team under the leadership of the Lead Chief Executive, Welsh Government have agreed to support the work financially (see table below - Review and Reform).
- (e) **Seconded Staff**  
Appendix A lists the current seconded staff ERW is committed to paying for, totalling £1.157m, 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.
- (f) **Cluster Leaders of Learning**  
Estimated costs for this year are £702k with a further commitment to fund £2.035m next year. The full academic year cost of providing 46 clusters of learning is £2.035m. The project commenced in September 2017 with 15 secondments, with a further 21 secondments started in January 2018 and the final 10 started at the end of February 2018.

We are in the process of undertaking a full review of the cluster project and it would be useful to present a report to Joint Committee at a later date.

## Grants Allocations for 2017-18

Grant Name	2017-18 Allocation September 2017  £000	2017-18 Revised Allocation December 2017  £000	Commentary  A= Academic Year
<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	38,318	Offer received 28.04.17 Variation received
<b>Leading Learning Business Plan Priority</b>			
Schools Causing Concern	313	313	Offer received 11.07.17
National Professional Qualification for Headteachers Assessment			
16-17 Carry Over	100	107	Amount dependant on new Head Teacher appointments – received (A)
17-18 Allocation	200	150	
Mentoring and Networking Support for Newly Appointed Head Teachers	72	38	Amount dependant on new Head Teacher appointments – Offer received 28.11.17
External Mentoring (Education Workforce Council)			
16-17 Carry Over	237	237	Offer received - carry over (A)
17-18 Allocation	268	302	
<b>Support for Learning Business Plan Priority</b>			
ALN Innovation	360	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	2,261	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	185	185	Offer received
GCSE 17-18 Allocation	582	582	Offer received 28.04.17
Siarter Iaith 16-17 Carry Over	13	13	Offer received
Siarter Iaith 17-18 Allocation	243	243	Offer received carry over (A)
National Network of Excellence for Science and Technology (NNEST)	23	0	<b>Withdrawn</b>
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	22	22	Offer received carry over
Raising Standards Grant (inc. Welsh)	3,159	2,998	Offer received £2,162,000 13.09.17 Offer received £356,039 09.11.17 Offer received £480,342 28.11.17

			<b>Two elements withdrawn</b>
Language Pilot	150	150	Offer received 15.11.17
National Numeracy Test Support	0	5	Offer received 15.11.17
Pupil Development Grant Coordinator	0	50	Offer received 29.11.17
A Level Improvement	0	20	Offer received 15.11.17
Professional Teaching Standards	0	40	Offer received 15.11.17
Head teacher Advisory Group	0	7	Offer received 15.11.17
<b>Sub total</b>		<b>70,854</b>	
National Model Support (Review and Reform)	0	250	Indicative (A)
Wellbeing and Behaviour	0	35	Indicative
SRE Resources	0	50	Indicative
<b>Total</b>	<b>70,368</b>	<b>71,189</b>	
<b>Grants to be Confirmed</b>			
MAT	0	145	Submitted Bid

<b>NOTE: Summary of how Raising Standards Grant has been allocated to Business Plan priority areas.</b>		<b>£</b>
Leading Learning Priority (Page 8)		860,000
School Improvement (page 11)		60,000
Support for Learning		0
Teaching and Learning (Page 9)		2,078,000
<b>Budgeted</b>		<b>2,998,000</b>

#### **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 8-12.

**The Level 2 Business Plan:**

[Level 2 Business Plan](#)

**The Level 3 Business Plan:**

[Level 3 Business Plan](#)

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 Budgeted Income</b>	<b>Projected Budget 2017-18 £</b>	<b>Actual Income at 31.12.2017<sup>4</sup> £</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	107,000	107,000	
17-18 Allocation (A)	150,000	0	
Mentoring and Networking Support for Head Teachers	38,000	0	
Raising Standards Grant	860,000	0	
External Mentoring (Education Workforce Council)			
16-17 Carry Over	237,000	237,000	
17-18 Allocation (A)	302,000	302,000	
<b>Total Estimated Income</b>	<b>2,007,000</b>	<b>646,000</b>	
<b>Leading Learning Budgeted Expenditure</b>	<b>Projected Budget 2017-18 £</b>	<b>Actual Expenditure at 31.12.2017 £</b>	<b>Committed</b>
<b>1. Staffing costs</b>			
Salaries, Secondments, Specialists	740,000	383,000	357,000
Core Central Staff	171,000	153,000	18,000
Travel, Subsistence, Training and Development	351,000	64,000	287,000
<b>2. Development &amp; Running costs</b>			
Rent and Accommodation	10,000	4,000	6,000
Stationery, Telephone, Printing, Copying, Equipment, IT, General	94,000	21,000	73,000
Translation	10,000	5,000	5,000
<b>3. Delegated schools/ LAs</b>			
Grants Passported to LAs	12,000	0	12,000
Payments to Schools via LAs for specific work <sup>5</sup>	336,000	133,000	203,000
Unallocated <sup>6</sup>	283,000	0	0
<b>Total Estimated Expenditure</b>	<b>2,007,000</b>	<b>763,000</b>	<b>961,000</b>

<sup>4</sup> Since the end of December 2017 a further £727k has been received from Welsh Government.

<sup>5</sup> Since the end of December 2017 a further £62k has been paid out to schools for specific work, committed is for Middle Leader development.

<sup>6</sup> The majority of the unallocated balance will be spent within the academic not financial year.



## 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 31.12.2017 <sup>7</sup> £	
<b>Grants Allocated to Teaching &amp; Learning Priority</b>			
Pioneers	2,261,000	510,000	
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 (A)	243,000	4,000	
Assessment for Learning (AfL)	129,000	0	
Foundation Phase Training Materials	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	
A Level Improvement	20,000	0	
National Numeracy Support	5,000	0	
Professional Teaching Standards	40,000	0	
<b>Total Estimated Income</b>	<b>6,120,000</b>	<b>549,000</b>	
Teaching and Learning Budgeted Expenditure	Projected Budget 2017-18 £	Actual Expenditure at 31.12.2017 £	Committed
<b>1. Staffing costs</b>			
Salaries, Secondments, Specialists	2,346,000	799,000	1,567,000
Core Central Staff	99,000	48,000	51,000
Travel, Subsistence, Training and Development	196,000	35,000	161,000
<b>2. Development &amp; Running costs</b>			
Rent and Accommodation	16,000	9,000	7,000
Stationery, Telephone, Printing, Copying, Equipment, IT, General	108,000	74,000	35,000
Translation	28,000	19,000	9,000
Software, Marketing, Communication, R&E	85,000	29,000	55,000
<b>3. Delegated Schools/ LAS</b>			
Grants Passported to LAs <sup>8</sup>	2,008,000	546,000	1,462,000
Payments to Schools via LAs for specific work <sup>9</sup>	1,023,000	305,000	718,000
Unallocated	211,000	0	0
<b>Total Estimated Expenditure</b>	<b>6,120,000</b>	<b>1,864,000</b>	<b>4,065,000</b>

<sup>7</sup> Since the end of December 2017 a further £2.721m has been received from Welsh Government.

<sup>8</sup> Since the end of December 2017 a further £510k has been passported to LAs, the majority of this funding is made up of Pioneer funds which Welsh Government identify, the schools to receive this funding.

<sup>9</sup> Since the end of December 2017 a further £677k has been paid out to schools for specific work, the majority of this funding is made up of Siarter Iaith funding and Teaching & Learning Communities.

## C. Support for Learning

The priorities within this Business Plan aspect include:

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

Support for Learning Budgeted Income	Projected Budget 2017-18 £	Actual Income at 31.12.2017 <sup>10</sup> £	
<b>Grants allocated to Support for Learning Priority</b>			
ALN	360,000	0	
PDG	22,724,000	10,320,000	
LAC PDG	1,187,000	375,000	
Pupil Development Grant Coordinator	50,000	0	
<b>Total Estimated Income</b>	<b>24,321,000</b>	<b>10,695,000</b>	
Support for Learning Budgeted Expenditure	Projected Budget 2017-18 £	Actual Expenditure at 31.12.2017 £	Committed
<b>1. Staffing costs</b>			
Salaries, Secondments, Specialists	134,000	82,000	52,000
Travel, Subsistence, Training and Development	17,500	6,000	11,500
<b>2. Development &amp; Running costs</b>			
Rent and Accommodation	0	0	0
Stationery, Telephone, Printing, Copying, Equipment, IT, General	5,000	5,000	0
Translation	2,000	1,000	1,000
Software, Marketing, Communication, Research & Evaluation	0	0	0
<b>3. Delegated Schools/LAS</b>			
Grants Passported to LAs <sup>11</sup>	24,167,000	10,542,000	13,625,000
Payments to Schools via LAs for specific work	0	0	0
Unallocated <sup>12</sup>	-4,500	0	0
<b>Total Estimated Expenditure</b>	<b>24,321,000</b>	<b>10,636,000</b>	<b>13,689,500</b>

<sup>10</sup> Since the end of December 2017 a further £6.149m has been received from Welsh Government.

<sup>11</sup> Since the end of December 2017 a further £5.961m has been passported to LAs, the majority of this funding is made up of PDG funding.

<sup>12</sup> The Support for Learning budget is working on a deficit, based on previous years we are expecting underspends from Local Authorities.

## 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 31.12.2017 <sup>13</sup> £	
<b>Grant Income</b>			
Schools Challenge Cymru	21,000	0	
Research	60,000	0	
Education Improvement Grant	37,752,000	7,550,000	
Head teacher Advisory Group	7,000	0	
<b>Total Estimated Income</b>	<b>37,840,000</b>	<b>7,550,000</b>	
School Improvement Budgeted Expenditure	Projected Budget 2017-18 £	Actual Expenditure at 31.12.2017 £	Committed
<b>1. Staffing Costs</b>			
Salaries, Secondments, Specialists	131,000	115,000	16,000
Core Central Staff	95,000	68,000	27,000
Travel, Subsistence, Training and Development	187,000	7,000	180,000
<b>2. Development &amp; Running Costs</b>			
Rent and Accommodation	0	0	0
Stationery, Telephone, Printing, Copying, Equipment, IT, General	63,000	31,000	32,000
Translation	15,000	7,000	8,000
Software, Marketing, Communication, Research & Evaluation	72,000	30,000	42,000
<b>3. Delegated schools/ LAs</b>			
Grants Passported to LAs <sup>14</sup>	36,664,000	14,664,000	22,000,000
Payments to Schools via LAs for specific work <sup>15</sup>	571,000	44,000	527,000
Unallocated	42,000	0	0
<b>Total Estimated Expenditure</b>	<b>37,840,000</b>	<b>14,966,000</b>	<b>22,832,000</b>

<sup>13</sup> Since the end of December 2017 a further £7.590m has been received from Welsh Government.

<sup>14</sup> Since the end of December 2017 a further £7.331m has been passported to LAS, the majority of this funding is made up of EIG funding.

<sup>15</sup> Since the end of December 2017 a further £161k has been paid out to schools for specific work, the majority of this funding is made up of Professional Learning Schools; Lead schools to deliver menu of support; moderation of teaching assessment.

## 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 £250k to the ERW Joint Committee to facilitate the transition period of the work. (A).

<b>Budgeted Spend Profile</b>	<b>£ (A)</b>
Programme Manager	£45,000
Expert Facilitator – based on daily rate	£20,000
External Expertise to inform HR (£60k) , Finance (£20k), Comms (£20k) for School Improvement – based on daily rate to add capacity and advice/expertise where necessary	£100,000
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. Swansea (£28k)	£85,000
<b>Total</b>	<b>£250,000</b>

As part of the Project, the S151 Officer will investigate the possibility to seek separate insurance cover for ERW.

As reported below, there is a need for a Finance Manager on a fixed term contract to be funded from the £250k funding.

## 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 was 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 Officer, there are implications for Pembrokeshire County Council finance and HR Services due to the capacity and staffing of 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.

Due to the increased workload from the Review and Reform Programme, it is proposed that a Finance Manager is appointed on a fixed term contract to provide

additional capacity. This will be funded from the Welsh Government Review and Reform funding.

## 7. Reserves

The table below shows the implications on ERW Reserves from April 2016. Last year's movements resulted in total reserves of £542k at 31 March 2017, with this anticipated to reduce to £468k by 31 March 2018.

Useable Reserves		General Reserve	Working Reserve	Total Reserves
		£'000	£'000	£'000
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	-74		-74
Balance	31 March 2018	368	100	468

## 8. Recommendations

- The Joint Committee note the ERW Financial Update Quarter 3 - 2017-18.
- The Joint Committee approve the changes to the ERW Central Team Revenue Budget, Grant Allocations and ERW Reserves for 2017-18.
- The Joint Committee notes the risks to the region given the amount of core funding it receives and the effect on the regions reserves over the medium term, with anticipated changes to ERW structure and operations.
- The Joint Committee agree for ERW to seek their own insurance cover for the future.
- The Joint Committee agree to the recruitment of a Finance Manager, on a fixed term contract, to be funded from Welsh Government Review and Reform funding.