



Ein Rhanbarth ar Waith
Education through Regional Working

2018 – 19 Draft Budget

Director of Finance (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 provides the Joint Committee with a summary of the predicted financial position of ERW as at 31 March 2018 and consideration of the budget and funding position for 2018-19.

2. ERW Budget

The Central Team revenue budget projects an outturn of £74k for 2017-18 as shown in the table below. It is based on current provision. The draft budget for 2018-19 is £82k.

ANNUAL EXPENDITURE CORE CENTRAL TEAM BUDGET	2017-18 Projected Outturn at September 2017 £000's	2017-18 Projected Outturn at December 2017 £000's	2018- 2019 Draft Budget
1. STAFFING COSTS			
Salaries Core Funded	447	439	452
Travel, Subsistence, Training & Development	4	4	5
	451	443	457
2. RUNNING COSTS			
Accommodation	42	42	45
Stationery/Telephone/Printing/Copying/ Equipment/IT	10	10	11
Translation	20	20	21
Systems Developments	49	49	45
	121	121	122
3. FACILITATION			
Service Level Agreements	128	129	135
	128	129	135
TOTAL ESTIMATED EXPENDITURE	700	693	714
ANNUAL INCOME			
Local Authority Contributions ¹	250	250	250
Other Income/Grants	4	4	4
Grant Funding Administration	364	365	378
TOTAL ESTIMATED INCOME	618	619	632
NET EXPENDITURE	82	74	82
Appropriation from Reserve	(82)	(74)	(82)

¹ Dependant on discussions 23 February 2018, there may be changes.

1. The financial information shown in the report may be subject to significant changes due to the ERW Review and Reform Programme. There may be a decision made at the Joint Committee on 23 February 2018.
2. The ERW Review and Reform Programme is likely to incur ERW with significant additional costs in the future, examples being:
 - Procurement
 - Insurance
 - Accommodation
 - Finance Capacity
3. The ERW Review and Reform Programme is being funded by Welsh Government. Due to capacity requirements, a Finance Manger (£5k per month including on cost) is required on a fixed term contract.

3. Grants Bought Forward from 2017-18

Grants from 2017-18 which are academic and accounted for:-

Grants	To be confirmed after closure £
Siarter Iaith	
National Professional Qualification for Headteachers Assessment	
External Mentoring (Education Workforce Council)	
Review and Reform	

4. Grants 2018-19

Welsh Government have indicated to all consortiums to expect an overarching grant offer letter which will encompass all of the 17-18 funding, excluding PDG and LAC.

Indicative funding for 2018-19 based on the 5 mission themes – Grant offer expected 15 March 2018.

ERW's Business Plan (separate report) has been amended to reflect these Priorities.

National Mission Priorities	£ 000's
Curriculum and Assessment	919
Developing a high quality education profession	37,677
Leadership	329
Strong and inclusive schools	100
Self-Improving System	568

Total	39,593
PDG	23,911
Total	63,504

5. Contributions from Local Authorities

The draft budget for 2018-19 anticipates that the total annual contribution from the six local authorities remains at £250k as in previous years. The contribution will be pro-rated according to pupil numbers taken from Stats Wales, as shown below.

	Carms	Ceredigion	Neath Port-Talbot	Pembs	Powys	Swansea	Total
Local Authority Contribution 2017-18	£52,500	£18,500	£40,250	£34,250	£35,000	£69,500	£250,000
Value as a Percentage	21.0%	7.4%	16.1%	13.7%	14.0%	27.8%	100.0%
 							
Pupil Numbers Stats Wales Jan 2017	27,149	9,510	20,764	17,456	17,841	35,809	128,529
Value as a Percentage	21.1%	7.4%	16.2%	13.6%	13.9%	27.8%	100.0%
Local Authority Contribution 2018-19	£52,810	£18,500	£40,390	£33,950	£34,700	£69,650	£250,000

6. Reserves

The table below shows the implications on ERW Reserves from April 2016, taking into account the movements in 2016-17, expected movement in 2017-18 and budgeted movement in 2018-19.

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	-74		-74
Balance	31 March 2018	368	100	468
2018-19	To Revenue	-82		-82
Balance	31 March 2019	286	100	386

The level of ERW reserves are considered prudent, as they may need to be utilised following the outcome of the ERW Review and Reform Programme.

7. Risks

The outcome of the ERW Review and Reform Programme will determine the nature and level of financial risks for the future. Whatever the future structure is, we must ensure that value for money is obtained from all aspects of ERW.

8. Recommendations

It is recommended that the Joint Committee:

- (a) Note the 2017-18 Projected Outturn and approve the draft budget for 2018-19.**
- (b) Allow the Section 151 Officer to make amendments to the budget, as necessary, depending on the decisions made to review ERW structure.**
- (c) Confirm that LAs pay their contribution to core ERW costs.**

- (d) Agree to the recruitment of a Finance Manager, on a fixed term contract, to be funded from Welsh Government Review and Reform funding.**