



Ein Rhanbarth ar Waith  
Education through Regional Working

# Education through Regional Working

South West and Mid Wales Consortium

# Statement of Accounts 2018-19

30 May 2019

**DRAFT**

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.



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## 1.0 Narrative Report

### 1.1 Introduction

ERW's Statement of Accounts for 2018-19 provides a record of the financial position for the year. This section of the report aims to communicate ERW's purpose, how it has performed in accordance with its overall strategy and against performance indicators over the year, and how it has allocated its resources in line with intended outcomes. It demonstrates collective performance over the year and how well ERW is equipped to deal with the challenges ahead and to continue delivering Education Through Regional Working. It tells the story of ERW by providing a holistic, clear and well-structured view of its strategy, governance, performance and future outlook.

## 2.0 Organisational Overview and External Environment

### 2.1 Key Facts about ERW

ERW is an alliance of six local authorities – Carmarthenshire County Council, Pembrokeshire County Council, Ceredigion County Council, Powys County Council, Neath Port Talbot County Borough Council and the City and County of Swansea Council. It is governed by a legally constituted Joint Committee. ERW provides a single integrated regional professional school effectiveness service driving school improvement and learner achievement across the combined area of six local authorities in the South West and Mid Wales region.

### 2.2 Joint Committee

The Joint Committee is made up of the six Local Authority Leaders supported by the six Chief Executives and is advised by the Executive Board, Managing Director, Statutory Officers, external school improvement experts and Headteacher representatives. Welsh Government, Estyn and the WLGA attend the Joint Committee meetings. Internal Audit and Wales Audit Office report independently to the Joint Committee. The Joint Committee is chaired by Councillor Ellen ap Gwynn, Leader of Ceredigion County Council.

### 2.3 Executive Board

The Executive Board is made up of the Directors of Education of each of the six local authorities, the Managing Director, the Section 151 Officer/Deputy Section 151 Officer (where applicable) and external members (where applicable).

### 2.4 Management Structure

During 2018-19, only the Managing Director roles changed:

- **Lead Chief Executive** – Phil Roberts (Chief Executive, Swansea)
- **Lead Education Director** – Ian Budd (Director of Education, Powys)
- **Managing Director** – Geraint Rees (Interim Managing Director) took over from Betsan O'Connor in October 2018
- **S151 Officer** – Jon Haswell (Director of Resources, Pembrokeshire)
- **Monitoring Officer** – Elin Prysor (Monitoring Officer, Ceredigion)

In April 2019, Eifion Evans (Chief Executive, Ceredigion) was appointed as Temporary Lead Chief Executive due to the absence of the Lead Chief Executive and Ms Kate Evan-Hughes (Director for Children & Schools, Pembrokeshire) was appointed as the Lead Education Director following the departure of the former Lead Education Director from the region.

## **2.5 ERW Vision/Aim**

The ERW Vision for 2018-19 was “Consistently high performing school network across the region with every school offering high standards of teaching under good leadership resulting in all learners achieving their maximum potential”.

The ERW Aim for 2019-20 is “ERW is a regional partnership designed to promote excellence in all schools through a self-improving system. This will be achieved through collaborative planning for the new curriculum and the provision of professional learning and leadership opportunities that can develop all as individuals, learners, citizens and contributors”.

## **2.6 ERW Mission Statement**

The ERW Mission Statement for 2018-19 was “Build school capacity through support, challenge and intervention to become self-improving, resilient organisations which continually improve outcomes for learners”.

The ERW Mission Statement for 2019-20 is “to raise standards, reduce the attainment gap and deliver an education system that is a source of national pride and confidence”

## **2.7 Funding Sources**

ERW receives its funding from two main sources – Annual contribution from the six Local Authorities and grant from Welsh Government. One of the six Local Authorities did not pay their 2018-19 contribution. However, at the Joint Committee meeting on 3 April 2019, the Local Authority advised that they would pay their outstanding 2018-19 contribution and their 2019-20 contribution at the same level.

## **3.0 Governance**

### **3.1 Regional Code of Corporate Governance**

The revised Regional Code of Governance (including the Ethical Framework) was approved by the Joint Committee on 21 September 2017.

### **3.2 Annual Governance Statement**

The Annual Governance Statement for 2017-18 was approved by the Joint Committee on 16 July 2018, with the detailed action plan signed by the Lead Chief Executive and the Chair of the Joint Committee on 12 October 2018. It included two Significant Governance Issues and seven Priorities for Improvement, all identifying specific actions to be undertaken during 2018-19:

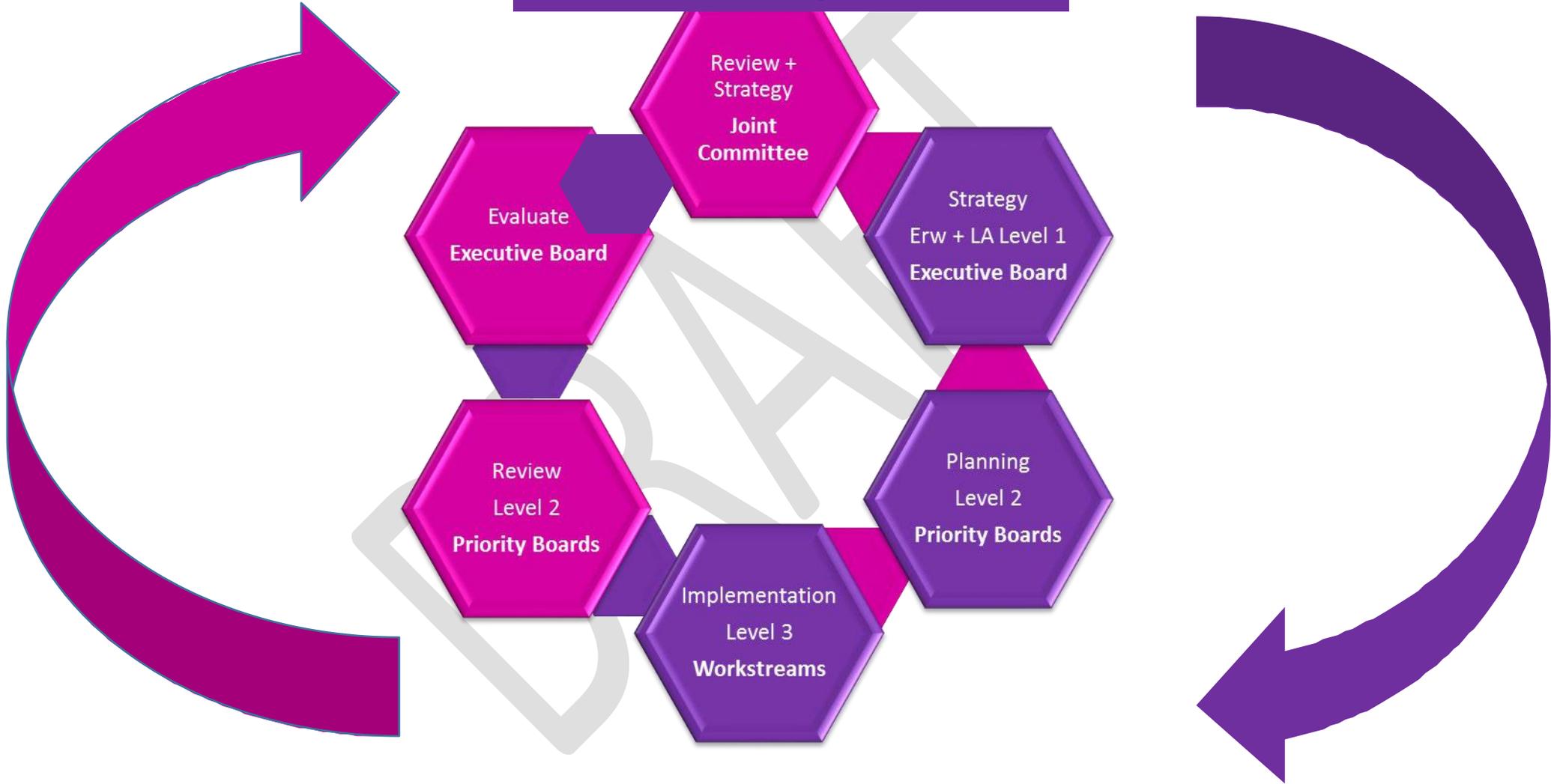
- SGI - ERW Legal Agreement/Governance Arrangements
- SGI - Review & Reform Programme
- PFI - Regional Code of Corporate Governance
- PFI – Alignment of Business/Financial Planning
- PFI - Core Budget/Reserves/Contributions
- PFI - Scheme of Delegation
- PFI - Data Protection/GDPR
- PFI - Challenge Advisors/Consistency of Support
- PFI - Estyn Recommendation

The Annual Governance Statement for 2018-19 and the implementation of the aforementioned actions will be considered by the Joint Committee on 15 July 2019.

### **3.3 Governance and Accountability Process**

The Governance and Accountability Process is shown below.

# The Governance and Accountability Process



### **3.4 Scrutiny**

All workstreams and activity both locally and regionally are led by the Joint Committee and are accountable locally. The Chairs and Vice Chairs of the six Local Authorities' Education Scrutiny Committees meet bi-annually as a Scrutiny Group to consider scrutiny work plans and make requests directly to the Joint Committee.

### **3.5 Headteacher Representative Board**

The Headteacher Representative Board is made up of the Chair or Representative of each Headteacher association in the six Local Authorities. Its aim is to act as a reference point to ERW in terms of its interface with school leaders.

## **4.0 Operational Model**

### **4.1 ERW Business Plan**

A three year Business Plan is in place to support the collective priorities and actions for the ERW Consortium. The Business Plan is reviewed and updated on an annual basis, with progress regularly reported to the Joint Committee. The Business Plan 2018-19 explained how ERW will enhance and develop the National Model of School Improvement and deliver the Minister's priorities in 'Qualified for Life'.

A self-evaluation was completed by ERW in March 2019, which identified areas for development.

The Joint Committee considered the draft Business Plan 2019-20 on 3 April 2019, resolving that it can be approved on the basis it can be revised/amended. The Business Plan covered:

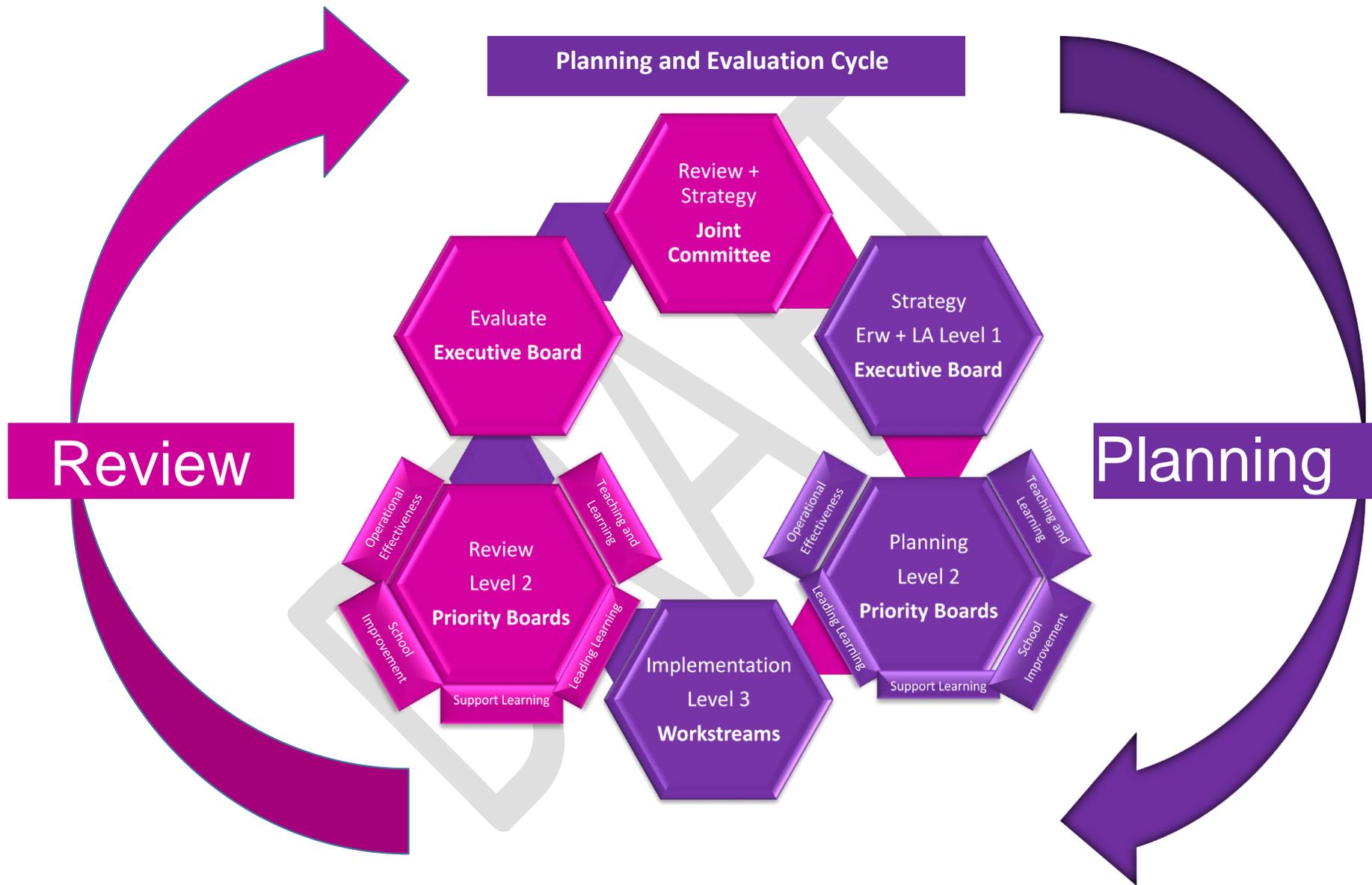
- The Regional Aims
- Delivering Local, Regional and National Priorities
- Approach to School Improvement
- The Welsh Language
- Our Business Planning Process
- National Mission for Wales
- Business Plan Priorities and Responsibilities

### **4.2 Performance Management Framework**

As the employing Local Authority for ERW, Pembrokeshire County Council's Performance Management Framework, dated December 2017, is used. It enables all staff working for ERW to identify how their work contributes to achieving the organisation's overall objectives. This is achieved this by compiling and publishing a hierarchy of aligned plans. The highest level plans describe ERW's objectives, set the strategic direction and take a long term view. By contrast, individual officer performance review plans are reviewed annually, and in many cases, twice a year. The link between these plans is often referred to as the "Golden Thread".

### **4.3 Business Planning and Evaluation Cycle**

The Business Planning and Evaluation Cycle is shown below.



## 5.0 Risks and Opportunities

### 5.1 Business Risk Management

ERW's risk register captures the systemic risks facing the ERW Consortium and its constituent Local Authorities and is split between Central and Financial risks. Risks are scored on an impact/probability matrix. The format of the risk register was changing during 2018-19 and now includes agreed tolerance levels for financial risks, infrastructure risks, people and knowledge risks, and governance and compliance risks.

### 5.2 ERW Risk Register (Threats) for 2018-19

The ERW risk register identifies those risks (threats) to the achievement of the ERW Aims and Priorities in its Business Plan. As a live document, it is revised and updated on an ongoing basis and was last formally reviewed by the Joint Committee on 8 February 2019. The Central and Financial risks and their residual risk score and RAG (red, amber & green) ratings at the end of the year are shown below:

- Central - Estyn visits result in Local Authorities being placed in follow up / special measures or requiring further attention ((Varies between Green 4 – Amber 8 across the 6 Local Authorities)
- Central - Failure to comply with Estyn Action Plan (Red 12)
- Central - Failure to deliver ERW Business Plan (Amber 9)
- Central - ERW governance (Amber 8)
- Central - ERW central team accommodation (Green 3)
- Central - Data Protection (Amber 8)
- Central - ERW found not to provide Value For Money (Amber 8)
- Central - Local Authority failure to comply with Grant Regulations (Amber 8)
- Financial - Timeliness of Welsh Government funding (Amber 6)
- Financial - Cuts to school budgets (Red 12)
- Financial - Delivery of National Mission (Amber 9)
- Financial - Welsh Government grant compliance (Amber 8)

On 8 February 2019, the Joint Committee received and approved the ERW risk register.

### 5.3 Key Financial Risks for Budget Setting 2019-20

Some of the key risks considered by ERW when considering the outturn for 2018-19 and setting the budget for 2019-20 are outlined below:

- The outcome of the ERW Review and Reform Programme determined the nature and level of financial risks for the future. Value for money must be obtained from all aspects of ERW
- Ensuring compliance with grant funding terms and conditions, including compliance monitoring
- Non-payment of one Local Authority contribution for the 2018-19 financial year
- Whilst the overall level of reserves has reduced considerably, the core Central Team budget for 2019-20 does not require any contribution from reserves. The annual movement on the earmarked reserve for 2018-19 was £60k and on the pension reserve £24k, reducing the overall reserves balance from £190k to £106k. Any further adverse movement on the pension reserve for 2019-20 would reduce the overall reserves balance further.

## **5.4 Opportunities**

The decisions made by the Joint Committee in respect of its Review and Reform Programme, outlined in the ERW Business Plan 2019-20, and its revised funding model provides the opportunity for a more effective and financially sustainable organisation for the future.

## **6.0 Strategy and Resource Allocation**

### **6.1 Grant Allocations**

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

- Curriculum and Assessment
- Developing the Profession
- Leadership
- School Improvement
- Strong and Inclusive Schools
- Operational Effectiveness (included within the other 5 priorities)

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

An update is included in the Finance Report provided to the Joint Committee at each meeting.

### **6.2 Welsh Government Grant Funding**

The various Welsh Government grants received in 2018-19 are outlined in Note 13. For 2018-19, a key change was the introduction of the Regional Consortia School Improvement Grant, which replaced many of the regional grants as one main grant.

## **7.0 Performance**

### **7.1 Performance Reporting**

Regional performance in terms of examination results and progress implementing the Business Plan is regularly reported to the Joint Committee.

### **7.2 Financial Reporting**

The Joint Committee are provided with a Finance Report from the S151 Officer at each of their meetings.

### 7.3 Summarised Financial Performance for 2018-19

The summarised financial performance provides a high level overview of the financial position of the Consortium as at 31 March 2019. Set out in the following paragraphs is the final outturn position for 2018-19 compared to the original estimate agreed by the ERW Joint Committee on 21 March 2018 and consideration of the Central Team budget and funding position for 2019-20 approved in principle by the Joint Committee 3 April 2019.

#### 7.3.1 Revenue Expenditure

Central Team	2018-19		2018-19	2018-19	2017-18
	Central Team		Grants	Total	Total
	Original Estimate £000	Actual Expenditure £000	Actual Expenditure £000	Actual Expenditure £000	Actual Expenditure £000
<b>Gross Expenditure</b>					
Employees	452	494	4,800	5,294	2,990
Premises	45	40	-	40	32
Transport	5	3	123	126	62
Translation	21	12	39	51	81
Supplies & Services	191	173	849	1,022	1,252
Payments to Schools via LA's for specific work	-	-	1,771	1,771	3,115
Facilitation	-	11	159	170	212
Grants Passported to LA's	-	-	61,439	61,439	62,712
Bad debt provision	-	20	-	20	-
<b>Total Gross Expenditure</b>	<b>714</b>	<b>753</b>	<b>69,180</b>	<b>69,933</b>	<b>70,456</b>
<b>Income</b>					
Contributions from Member Authorities	(250)	(250)		(250)	(250)
Welsh Government Grant	(378)	(439)	(68,839)	(69,278)	(69,878)
Other Grant Income	-	-	(341)	(341)	(264)
Miscellaneous Income	(4)	(4)		(4)	(4)
<b>Total Income</b>	<b>(632)</b>	<b>(693)</b>	<b>(69,180)</b>	<b>(69,873)</b>	<b>(70,396)</b>
<b>Net Expenditure</b>	82	60	-	60	60
Appropriation from Reserve	(82)	(60)	-	(60)	(60)
Appropriation to Reserve	-	-	-	-	-

## Commentary on the 2018-19 Revenue Performance

The ERW Consortium gross expenditure for 2018-19 totalled £69.93m which included £61.4m of grants being pass ported directly to the six constituent Local Authorities.

The ERW Joint Committee and Executive Board received regular budget monitoring reports and financial updates throughout the year and were updated on additional grant resources as they became available. All Joint Committee reports can be found on the ERW website [www.erw.wales](http://www.erw.wales).

The Central Team and their capacity to support the region has been maintained through 2018-19. The Central Team have been supported by an increased number of specialist professionals being seconded from the six Local Authorities during the year at a cost of £3.701m, which have been funded from various grant funding streams. Substantial additional resources were made available to the region during the year at reasonably short notice which did not aid coherent planning, however this has allowed professional salaries to be funded from grants. This has allowed the region to take all opportunities to build and strengthen its capacity to lead change, innovate and support schools to become resilient self-improving organisations. As a consequence more payments have been issued to schools to enhance their capacity.

Local Authorities were invoiced for their contributions for 2018-19 in the sum of £250k, but one Local Authority contribution was not paid. Unlike other consortiums, ERW does not directly employ School Improvement Challenge Advisors. They are employed by each Local Authority and work collaboratively across the region as a whole as and when necessary to deliver an effective service. ERW therefore only directly employs a small administrative Central Team which supports the Managing Director.

Contributions towards the costs of the Central Team were split between the six Local Authorities on the basis of pupil numbers for 2018-19:

<b>Local Authority</b>	<b>% of Pupils in Region</b>	<b>Contribution</b>
Carmarthenshire	21.1%	£52,810
Ceredigion	7.4%	£18,500
Neath Port Talbot	16.2%	£40,390
Pembrokeshire	13.5%	£33,950
Powys	13.9%	£34,700
City and County of Swansea	27.9%	£69,650
<b>Total</b>	<b>100.0%</b>	<b>£250,000</b>

These percentages were also used for apportioning reserves across the six Local Authorities.

£439k of the costs of the Central Team have been funded by various Welsh Government grants.

### 7.3.2 Budget and Funding Position 2019-20 see spreadsheet

Central Team	2019-20
	Total
	Estimated Expenditure £000
<b>Gross Expenditure</b>	
Employees	1,586
Premises	63
Transport	45
Translation	15
Supplies & Services	312
<b>Total Gross Expenditure</b>	<b>2,021</b>
<b>Income</b>	
Contributions from Member Authorities	(250)
Welsh Government Grant	(1,477)
Miscellaneous Income	(294)
<b>Total Income</b>	<b>(2,021)</b>
<b>Net Expenditure</b>	-
Appropriation from Reserve	0

### 7.3.3 Implications and Risks

It is not anticipated that there are any unbudgeted commitments or liabilities arising from 2018-19 that the Consortium cannot meet. However, the scope of various grant funding streams continues to increase, and the future shape and status of the organisation is partly dependant on the result of Welsh Government deliberations on future collaboration and partnership working, and the implementation of ERW's own Review and Reform Programme.

Risk areas are also noted within the Contingent Liabilities note 15.3.

### 7.3.4 Capital Investment

There was no capital expenditure in 2018-19. Capital grants from Welsh Government are issued direct to the relevant Local Authority.

### 7.3.5 Assets and Liabilities

#### Current Assets and Current Liabilities

Total ERW debtors were valued at £21k, this predominantly being the contribution due from one Local Authority, adjusted for 50% bad debt provision. No issues have been identified in relation to the impairment of any other current assets.

No issues have been identified regarding the settlement of current liabilities.

#### Pensions Liability

ERW participates in two pension schemes - the Dyfed Pension Fund and the Teachers' Pension Fund.

**Dyfed Superannuation Scheme**, which is administered by Carmarthenshire County Council, is a funded defined benefit scheme to which both employees and the ERW Joint Committee as employers pay contributions. From April 2014 pensions are based around career average pension as opposed to final salary pensions (for the post April 2014 element only).

The Dyfed Fund has seen an overall increase in its net deficit. A pension liability of £168.4m as recorded at 31 March 2019 (compared to £137.1m at 31 March 2018) for Pembrokeshire County Council. The share of the pension liability relating to ERW has increased to £0.316m at 31 March 2019 (compared to £0.292m at 31 March 2018), with the remainder relating to Pembrokeshire County Council. It is not anticipated that there is any cause for concern at this stage, as the actuarial assumptions used to calculate the balance sheet position are complex, meaning that the actual payments could differ to this. The position will be recovered in the longer term with the Fund able to meet its commitments.

The scheme is subject to statutory triennial actuarial valuations to ensure that the fund can meet future obligations, the last valuation having taken place in 2016.

### **Implications and Risks**

Under the Compact between Welsh Local Government and the Welsh Government, one of the proposed policy reviews involved considering the number and organisational structure of pension funds in Wales.

Auto-enrolment of staff in the Scheme was introduced during 2017.

The major risks facing the ERW Joint Committee relate to:

- The overall number of contributors to the fund relative to the number of pensioners falling significantly resulting in higher employer contribution rates.
- Any consequential increase in employer contribution rates arising from the reforms outlined above or poor economic performance of the Dyfed Fund investments.

The new all Wales Pensions Investment Pool was created as a result of a National UK agreement with the Treasury Department to increase the size of the investment funds and reduce administration costs. The all Wales fund is administered by Carmarthenshire County Council and will take effect from April 2018. The new fund will be responsible for investing the funds of the current 8 Local Government pension funds. Each existing pension fund within the all Wales pooled investment fund will continue to be able to set its own investment criteria and strategies.

Given the small number of employees employed by ERW its exposure to these risks is small.

### **Teachers Pension Scheme**

The scheme is administered by the Department for Education. This is an unfunded scheme, meaning that there are no investment assets accumulated to meet pension costs before they arise, and therefore no fund assets or liabilities appearing in the ERW Joint Committee's Balance Sheet.

### **Implications and Risks**

The Government introduced reforms to Teachers pensions from April 2015. Future pensions will be based around career average pension as opposed to final salary pensions.

The major risk facing the ERW Joint Committee relates to:

- The consequential increase in employer contribution rates arising from the falling contributor to pensioner ratios and from the reforms outlined above.

### **7.3.6 Usable Reserves and Balances**

#### **General Working Reserve**

This reserve constitutes ERW's working balance and is maintained to meet day to day operational eventualities. It was created in 2016-17 in order to provide an adequate level of funding to deal with any unexpected expenditure.

#### **Earmarked Reserves**

These constitute balances held at the year-end for specific purposes and will be used in accordance with those specific requirements.

### **7.3.7 Significant Interests**

Members of the ERW Joint Committee, Lead Officers and Officers of the Executive Board are required to declare potential conflicts of interest arising from employment and other arrangements. There are no conflicts of interests to report.

### **7.3.8 Payments to Auditors**

It is estimated that £13k will be paid to the Wales Audit Office for its work auditing the 2018-19 financial statements. All grant certification will be subject to Internal Audit as required by Welsh Government.

### **7.3.9 Post Balance Sheet Events**

There were no events judged as material to ERW's financial position at 31 March 2019, which occurred after the financial year end but before the initial reporting date of 30 May 2019.

Any events taking place between 30 May 2019 and 15 July 2019, the date the audited Statement of Accounts being authorised for issue by the S151 Officer, will be reported and approved by the ERW Joint Committee. There are no events to be reported.

## **8.0 Outlook**

The future outlook for ERW is dependent on the Welsh Government National Model for School Improvement and the decisions made by the Joint Committee in respect of its Review and Reform Programme, outlined in the ERW Business Plan 2019-20 and its revised funding model.

## **9.0 Basis of Preparation and Presentation**

Any matters which may affect ERW's ability to deliver its Business Plan over the short, medium and long term have been identified in the body of this Narrative Report.

**If you need any more information about the ERW Statement of Accounts, please contact the Director of Resources, Pembrokeshire County Council, County Hall, Haverfordwest, SA61 1TP. The ERW Statement of Accounts will also be available on ERW's internet site.**



**Jonathan Haswell FCCA  
Director of Resources  
30 May 2019**

# **The Independent Auditor's Report of the Auditor General for Wales to the Members of the Education Through Regional Working Joint Committee**

## **Report on the audit of the financial statements Opinion**

I have audited the financial statements of Education Through Regional Working Joint Committee for the year ended 31 March 2019 under the Public Audit (Wales) Act 2004. The Education Through Regional Working Joint Committee's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Movement on the Housing Revenue Account Statement and the Housing Revenue Account Income and Expenditure Statement and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2019 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial position of Education Through Regional Working Joint Committee as at 31 March 2019 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2019.

### **Basis for opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Joint Committee in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Conclusions relating to going concern**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Joint Committee's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The responsible financial officer is responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated later in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

## **Report on other requirements**

### **Opinion on other matters**

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019;
- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

### **Matters on which I report by exception**

In the light of the knowledge and understanding of the Joint Committee and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

### **Certificate of completion of audit**

I certify that I have completed the audit of the accounts of Education Through Regional Working in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

## **Responsibilities**

### **Responsibilities of the responsible financial officer for the financial statements**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on pages 17 to 18, the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the Joint Committee's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

Anthony J Barrett  
For and on behalf of the Auditor General for Wales  
July 2019

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## **STATEMENT OF ACCOUNTS**

### **ERW JOINT COMMITTEE**

#### **STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT**

##### **The ERW Joint Committee's Responsibilities**

The ERW Joint Committee is required:

- To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this ERW Joint Committee, that officer is the Director of Resources of Pembrokeshire County Council.
- To manage its affairs to secure the economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

##### **The Director of Resources Responsibilities**

The Director of Resources is responsible for the preparation of the Joint Committee Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Resources has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgments and estimates that were reasonable and prudent;
- Complied with the Code.

The Director of Resources has also:

- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

#### **CERTIFICATE OF DIRECTOR OF RESOURCES**

The Statement of Accounts of the ERW Joint Committee for the year ended 31 March 2019 is contained on Sections 10 to 15, and is produced in accordance with the requirements of the Local Government Accounts and Audit (Wales) Regulations 2014, (as amended). The Regulations prescribe the contents of the Statement of Accounts and it is upon the contents only that the Audit opinion is expressed.

I certify the accounts present a true and fair view of the financial position of the ERW Joint Committee as at 31 March 2019 and its income and expenditure for the year ended 31 March 2019 and append my signature to the Statement in accordance with Regulation 10(1).



**J HASWELL FCCA**

**Director of Resources**

**Date : 30 May 2019**

## **REPORTING AND APPROVAL**

These accounts, initially published on 30 May 2019 will be reported to the ERW Joint Committee for approval following the conclusion of the Annual Audit on 15 July 2019. The audit certificate is shown on pages 15 - 16.

### **Chair of ERW Joint Committee**

**Name:**

**Offices Address:** Y Llwyfan  
College Road  
Carmarthen  
SA31 3EQ

**Date: 15 July 2019**

DRAFT

## 10 Core Financial Statements – Underlying Principles

The application of accounting standards, concepts, critical judgements and inherent risks, and accounting policies used in preparing the core financial statements are set out in the following pages.

### 10.1 Financial Reporting Standards

The International Financial Reporting and Other Standards that have been issued have been applied as required by the Code of Practice on Local Authority Accounting.

- The Joint Committee adopted IFRS 9 Financial instruments accounting standard with effect from 1 April 2018. The main changes include the reclassification and measurement of financial assets, the earlier recognition of the impairment of financial assets.
- The Joint Committee has made use of the transitional provisions in IFRS 9 to not restate the prior year's financial statements, and the effect of the re-measurement is instead shown in the Movement in Reserves Statement.

The Code of Practice requires that the Joint Committee discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. There is one key change to accounting standards that will impact on the Joint Committee over the next three years.

- IFRS 16 leases, effective 2019-20, will replace the current leases standard IAS 17. The key change is that it largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. It will lead to all leases being recognised on the balance sheet as an asset based on a 'right of use' principle with a corresponding liability for future rentals. This is a significant change in lessee accounting.
- The Accounts and Audit (Wales) Regulations 2014 amended by SI 2018 No 91 requires Welsh local authorities to bring forward the accounts closure and publication timetable. The regulations require publication to take place by 31<sup>st</sup> of July from 2021. The Joint Committee has been producing its Statement of Account earlier than current regulations require, for several years.

The impact of the above changes are not considered to be material.

The Statement of Accounts set out in sections 11 to 15 have been prepared in compliance with the 2018-19 Code of Practice on Local Authority Accounting.

### 10.2 Accounting Concepts

The following pervasive accounting concepts have been used in the preparation of the Core Accounting Statements:

- Accruals basis
- Going concern

The qualitative characteristics of financial information continue to be employed:

- Relevance
- Comparability
- Verifiability
- Timeliness
- Understandability
- Materiality
- Faithful Representation
- Completeness, Neutrality, Free from Error
- Primacy of legislative requirements

### 10.3 Critical judgements in Applying Accounting Policies and Estimating Risk

In applying the accounting policies set below in section 10.4 the ERW Joint Committee has made judgements about the complex transactions and those involving uncertainty in future years.

There continues to be a high degree of uncertainty about the future level of funding for local government. Therefore whilst some grants may be reduced, given the small number of employees directly employed by ERW, there is insufficient evidence to conclude that the Joint Committee activities will be severely impaired or reduced in future years.

Welsh Government consolidated many of the Regional Grants into one main grant for 2018-19, the Regional Consortia School Improvement Grant (RCSIG), with bimonthly payment schedules. Due to compliance issues at the start of the year ERW did not receive their first payment until 27 October 2018. The RCSIG offer letter has been received for 2019-20 and the payments will now be made quarterly instead of bimonthly.

In certain instances it has been necessary to estimate the changes made in the accounts using historical experience, current trends etc. Actual results may be different from the assumptions made and consequently may affect the charges made in future years' accounts.

The main risk areas are set out in the following table:

<b>Issues appertaining to items in the current set of accounts:</b>		
<b>Item</b>	<b>Risk</b>	<b>Potential Affect</b>
Contractual Obligations	Incorrect quantifications and legal challenge	Additional charge to the Joint Committee and its Partner Authorities
Grant Funding	Claimed ineligible expenditure	Loss of grant with expenditure to be funded from core or grant clawback
Pension Liability	Actuarial assumptions incorrect	Increased Employer Contributions at future date
Confirmation of regional position as delivery mechanism for School improvement	Funding from WG and subsequent expectations	Inability to respond to increasing expectations of regional working.
Delay in receiving grant funding	Committed expenditure not being eligible. Poor planning.	Loss of grant with expenditure to be funded from core or grant clawback. Adverse cashflow.
Governance Review and Reform Programme	Decisions not made in timely manner	Delay in improvements Grant clawback or loss of grant funding
Core LA funding not being received	Break-up of the Consortium	Loss of Welsh Government grant Cessation of regional working

<b>Issues potentially impacting the accounts in the future</b>		
<b>Item</b>	<b>Risk</b>	<b>Potential Affect</b>
Changes in Political Priorities	Reduced funding	Reduction in service, or cessation of regional working
Educational Outcomes	Pupils attainment does not improve at the necessary pace	Loss of future grant funding/ Local Authorities having to change support levels to ERW

Grant Funding	Claimed ineligible expenditure	Loss of grant with expenditure to be funded from core or grant clawback
Demographic Change	Assumptions Incorrect	Increased service & contractual costs
Grant Funding / Brexit	Loss of grant from Welsh Government & Europe	Reduction in service provision
Transformation/ Alternative Service Delivery	Changed ways of working do not deliver assumed financial savings	Budget over/under spend Separate accounting arrangements
Welsh Language Standard	Assumption incorrect	Increased service & contractual costs
Wellbeing of Future Generations Act	Act not considered in decision making	Cost of corrective action
Grant funding withheld by Welsh Government	ERW not adhering to regional nature of grant conditions	Schools do not access the support required.

#### 10.4 Accounting Policies

The accounting policies used to prepare the Core Accounting Statements and the following Supporting Notes and Supplementary Financial Statements have been reviewed using the 2018-19 Code of Practice on Local Authority Accounting.

##### 10.4.1 General Principles

The objective of the accounting policies adopted shall be to ensure that the Statement of Accounts provides a “true and fair” view of the financial position of the ERW Joint Committee.

The accounts shall be prepared in accordance with the latest Code of Practice on Local Authority Accounting, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) (the Code) and adhere to the relevant Financial Reporting Standards and Practices, unless otherwise stated.

Figures shall be included in the Financial Statements using the cost convention specified by the appropriate accounting standard.

The accounting policies shall be revised as required from those of the previous year to reflect changes in reporting requirement with any such changes being disclosed.

##### 10.4.2 Going Concern, Exceptional, Extraordinary Items, Prior Year Adjustments & Events After the Reporting Period

The Financial Statements shall be prepared on a going concern basis unless there is an intention by government that the services will no longer be provided.

Extraordinary items - No items of income or expense will be treated as extraordinary. All items will therefore be accommodated within one of the specified lines of the Surplus or Deficit on the Provision of Services or the Other Comprehensive Income and Expenditure.

Exceptional items – When items of income and expense are material, their nature and amount will be disclosed separately, either on the face of the Comprehensive Income and Expenditure Account or in the notes to the accounts.

Unless otherwise sanctioned by the Code, material prior period adjustments shall result in a restatement of prior year figures and disclosure of the effect.

Material events occurring after the end of the reporting period shall, if applicable at the Balance Sheet date, amend the Statement of Accounts. Other events will be disclosed with an estimate of the likely financial effect. If amended after being issued prior to the conclusion of audit the responsible financial officer shall re-certify the revised Statement of Accounts as replacing that previously issued. Materiality shall be defined as the amount estimated by the Wales Audit Office in any one year.

#### **10.4.3 Leases and Lease-Type Arrangements**

##### Recognition and Classification

Leases and similar financial arrangements shall be classified as either finance leases or operating leases. Finance leases are defined as arrangements whereby all risks and rewards incidental to ownership transfer substantially to the lessee but title may or may not eventually transfer. Operating leases shall be defined as all other lease type arrangements.

In considering property leases, land and buildings shall be considered separately for classification purposes, with land with an infinite life generally being recognised as an operating lease.

Finance Leases - shall be recorded in the Balance Sheet as assets and equal liabilities in the appropriate category at fair value of the property or, if lower, the present value of the minimum lease payments – the discount rate applied being that implicit in the lease. Subsequently assets are subject to revaluation and depreciation.

The finance charge shall be charged to the revenue account on a constant basis over the term of the lease.

Operating Leases - the whole of the rental payable under operating leases shall be charged to the revenue account on a straight line basis over the term of the lease.

#### **10.4.4 ERW Joint Committee Reserves (Working Balances)**

##### Classification

Reserves shall be classified as usable, being available to support future expenditure or unusable being those required for financial accounting purposes.

##### Usable Reserves

The ERW Joint Committee shall govern the management and use of all reserves.

The expenditure financed from reserves shall be shown, when it is incurred, in the appropriate service section of the Comprehensive Income and Expenditure Statement.

The following circumstances shall allow amounts to be reserved from revenue:

- i. Material commitments exist for goods and services not received or paid for by 31 March
- ii. Facilitation of rolling over of funding to future years to ensure the cost effective use of resources and allow for variation in service demand from year to year
- iii. To set aside resources for future developments or contingencies

##### Unusable Reserves

The following financial reserves shall be maintained:

- i. Pension Reserve – to reflect the position of the Scheme's Fund.
- ii. Accumulated Absences Account – to reflect the cost of paid absence entitlement due but not taken at 31 March.

##### Reporting

Appropriations to and from reserves shall be reported in the Movement in Reserves Statement.

#### **10.4.5 Income & Expenditure**

##### Employee Costs & Benefits

Salaries and wages shall be charged against the periods to which they relate and if necessary estimated accruals made using previous pay periods as a basis. An adjustment shall be made in the Comprehensive Income & Expenditure Account to take account of accrued leave entitlement.

Pension costs – see policy 10.4.7 below.

#### Supplies and Services Etc

The ERW Joint Committee operates a system of accruals and converted payments. Creditors will be accrued by the end of a predetermined period of the following year and by the inclusion of estimates for significant items remaining outstanding at this time based on quotations or past costs. An exception to this principle relates to electricity and similar periodic payments which are charged at the date of meter reading rather than being apportioned between financial years. This policy shall be consistently applied each year and therefore does not have a material effect on any year's accounts.

#### Income

All income due to the ERW Joint Committee shall be accounted for at the due date and recognised at fair value.

### **10.4.6 Government Grants and Other Contributions**

#### General

Government grants and other contributions shall be accounted for on an accruals basis and when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received.

#### Revenue Grants and Contributions

Where a revenue grant or contribution has been received, and conditions remain outstanding at the Balance Sheet date, the grant or contribution shall be recognised as a receipt in advance. When the grant conditions are met it shall be recognised in Comprehensive Income and Expenditure Statement as income and be matched in the service revenue accounts with the expenditure to which it relates.

#### Repayment

In the event of repayment this shall first be applied to any receipt or contribution received in advance. To the extent that the repayment exceeds any such receipt in advance, or where no receipt in advance exists, the repayment shall be recognised within the Comprehensive Income and Expenditure Statement as an expense.

### **10.4.7 Employee Costs & Benefits**

#### Benefits during Employment

Normal remuneration costs shall be charged as an expense in the period to which they relate.

A year end accrual shall be made in the Comprehensive Income and Expenditure Statement of any material costs arising from holiday entitlement not taken. However, not being a charge for taxation purposes shall be reversed out in the Movement in Reserves Statement.

#### Termination Benefits

Termination benefits shall be charged in the Comprehensive Income and Expenditure Statement when the ERW Joint Committee is demonstrably committed to the termination of employment.

#### Pension Costs

The pension contributions paid by the ERW Joint Committee shall be charged on an accruals basis to the appropriate service revenue account and, together with the contributions made by employees, shall be paid over to the respective fund.

Dyfed Pension Fund – The accounting policies applying to the Fund shall be determined by the administering Authority, Carmarthenshire County Council, who keep the accounts of the Fund and arrange for actuarial information to be provided to participating Bodies.

Pembrokeshire County Council, as an employing Authority for the ERW Joint Committee shall include the current service costs of pensions as calculated by the Fund's actuary in the cost of services in accordance with the requirements of IAS19 as this is accounted for as a defined benefit scheme.

These charges shall be reversed out in the Movement in Reserves Statement and the actual contributions paid to the Fund included to ensure that the correct cost is charged to the ERW Joint Committee.

Assets and liabilities pertaining to the ERW Joint Committee shall be disclosed on the Balance Sheet.

Teachers Pension Scheme - In the case of teachers, pensions are “unfunded” and are met from annual contributions, therefore no liability for future benefits shall be recognised in the Balance Sheet. The scheme is accounted for as a defined contribution scheme and the contributions payable are charged to the Consolidated Income and Expenditure Statement.

#### **10.4.8 Stocks and Works in Progress**

Stocks held by the ERW Joint Committee shall be valued at the lower of cost and net realisable value.

#### **10.4.9 Debtors, Bad Debt Impairment & Creditors**

General Debtors shall be recognised in the Balance Sheet and measured at fair value of the amount receivable when revenue has been recognised. In the majority of cases fair value will equate to the cash value but in the case of long term debtors the value shall be discounted by the appropriate rate to reflect fair value. The adjustment shall be made in the Comprehensive Income and Expenditure Statement but not being a proper charge to the ERW Joint Committee shall be reversed in the Movement in Reserves Statement to the Financial Instrument Adjustment Account.

Where revenue has been recognised but cash has not been received, a debtor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

General Creditors shall be recognised in the Balance Sheet and measured at fair value of the amount payable when goods have been delivered or services rendered. In the majority of cases fair value will equate to the cash value but in the case of long term creditors the value shall be discounted by the appropriate rate to reflect fair value. The adjustment shall be made in the Comprehensive Income and Expenditure Statement but not being a proper charge to the ERW Joint Committee fund shall be reversed in the Movement in Reserves Statement to the Financial Instrument Adjustment Account.

#### **10.4.10 VAT**

Transactions shall be shown net of VAT to the extent that it is recoverable/payable.

#### **10.4.11 Related Parties**

The following disclosures shall be made in respect of material transactions with related parties not disclosed elsewhere in the Statement of Accounts:

- i. Nature of the relationship and influence exerted either by or on the ERW Joint Committee
- ii. The aggregate of transactions in the year separately showing payable and receivable amounts
- iii. Outstanding balances as at 31 March.

#### **10.4.12 Contingent Liabilities and Assets**

##### **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives ERW a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of ERW. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

##### **Contingent Assets**

A contingent asset arises where an event has taken place that gives ERW a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of ERW.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

## 11.0 Core Financial Statements – Components and Detail

The core financial statements, prepared using International Financial Reporting Standards, (IFRS) comprise of:

- The Comprehensive Income and Expenditure Statement - showing the accounting cost in the year of providing services measured on an IFRS basis as opposed to the cost actually funded from taxation. The reconciliation to the taxation position, as represented by the actual funds available to the ERW Joint Committee, is shown in the Expenditure and Funding Analysis (note 11.1)
- The Movement in Reserves Statement – showing the movement on the different reserves held by the ERW Joint Committee analysed between usable reserves and unusable reserves held for financial accounting purposes.
- The Balance Sheet - which sets out the financial position on 31 March in terms of the value of assets and liabilities recognised by the ERW Joint Committee and the reserves held by the ERW Joint Committee
- The Cash Flow Statement - which summarises the inflows and outflows of cash and cash equivalents with third parties arising from revenue and capital transactions.

### Supporting Notes and Supplementary Financial Statements

These comprise of:

- The Expenditure and Funding Analysis.
- Notes to the core financial statements.

## 11.1 Expenditure and Funding Analysis

This statement shows the reconciliation between how annual expenditure is used and funded from resources (government grants and contributions) by ERW as reported to management in comparison with those resources consumed or earned by ERW in accordance with generally accepted accounting practices (IFRS basis). It also shows how this expenditure is allocated for decision making purposes between ERW's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2017-18				2018-19		
Net Expenditure £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
			<b>Expenditure</b>			
2,990	119	3,109	Employees *	5,294	111	5,405
32		32	Premises	40		40
62		62	Transport / Mileage	126		126
81		81	Translation	51		51
349		349	Supplies & Services	202		202
809		809	Consultancy	705		705
94		94	Support Services	115		115
			Payments to Schools via LA's for ERW defined projects *	1,771		1,771
3,115		3,115	Training / Conferences	170		170
212		212	Grants passported to LA's	61,439		61,439
62,712		62,712	Bad debt provision	20		20
<b>70,456</b>	<b>119</b>	<b>70,575</b>	<b>Total Expenditure</b>	<b>69,933</b>	<b>111</b>	<b>70,044</b>
			<b>Income</b>			
(250)		(250)	Contributions from Member Authorities	(250)		(250)
(69,878)		(69,878)	Welsh Government Grant	(69,278)		(69,278)
(264)		(264)	Other Grant Income	(341)		(341)
(4)		(4)	Miscellaneous Income	(4)		(4)
<b>(70,396)</b>		<b>(70,396)</b>	<b>Total Income</b>	<b>(69,873)</b>		<b>(69,873)</b>
			<b>WG Grant Passported to Member Authorities</b>			
<b>60</b>	<b>119</b>	<b>179</b>	<b>(Surplus) / Deficit on Continuing Operations Financing &amp; Investment Income and Expenditure</b>	<b>60</b>	<b>111</b>	<b>171</b>
-	37	37	Net Pensions Interest Remeasurement of Pension Liabilities and Assets	-	37	37
-	-	-		-	(124)	(124)
<b>60</b>	<b>156</b>	<b>216</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>60</b>	<b>24</b>	<b>84</b>
			<b>TOTAL COMPREHENSIVE INCOME &amp; EXPENDITURE</b>			
<b>60</b>	<b>156</b>	<b>216</b>		<b>60</b>	<b>24</b>	<b>84</b>

\* Employees costs have increased in 2018-19 due to the appointment of Cluster Leaders of Learning.

## 11.2 Comprehensive Income and Expenditure Statement

This statement shows the economic cost in the year of providing services in accordance with generally accepted accounting practice.

The Comprehensive Income and Expenditure Statement can be summarised as follows:

- **Surplus/Deficit on Continuing Operations** – analyses by subjective groupings, the day to day income and expenditure on such items as employee remuneration, running costs of services, service specific grants, fees and charges.

In accordance with the Code requirements, the operating income and expenditure of services include the following “notional” costs that are “reversed out” in the Movement in Reserves Statement:

- Current service pension costs.
- **Other Comprehensive Income & Expenditure** – shows the surplus or deficit arising from the re-measurement of pension assets and liabilities.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	Note	2017-18			2018-19		
		Gross Expenditure	Income	Net Expenditure	Gross Expenditure	Income	Net Expenditure
	NO.	£000	£000	£000	£000	£000	£000
<b>Expenditure</b>							
Employees		3,109	-	3,109	5,405	-	5,405
Premises		32	-	32	40	-	40
Transport / Mileage		62	-	62	126	-	126
Translation		81	-	81	51	-	51
Supplies & Services		349	-	349	202	-	202
Consultancy		809	-	809	705	-	705
Support Services		94	-	94	115	-	115
Payments to Schools via LA's for ERW defined projects		3,115	-	3,115	1,771	-	1,771
Training / Conferences		212	-	212	170	-	170
Bad debt provision					20	-	20
<b>Total Expenditure</b>		<b>7,863</b>	<b>-</b>	<b>7,863</b>	<b>8,605</b>	<b>-</b>	<b>8,605</b>
<b>Income</b>							
Contributions from Member Authorities		-	(250)	(250)	-	(250)	(250)
Welsh Government Grant		-	(7,166)	(7,166)	-	(7,839)	(7,839)
Other Grant Income		-	(264)	(264)	-	(341)	(341)
Miscellaneous Income		-	(4)	(4)	-	(4)	(4)
<b>Total Income</b>		<b>-</b>	<b>(7,684)</b>	<b>(7,684)</b>	<b>-</b>	<b>(8,434)</b>	<b>(8,434)</b>
<b>WG Grant Pass ported to Member Authorities</b>	<b>13.1</b>						
Carmarthenshire		13,024	(13,024)	-	13,069	(13,069)	-
Ceredigion		4,410	(4,410)	-	4,105	(4,105)	-
Neath Port-Talbot		11,163	(11,163)	-	11,186	(11,186)	-
Pembrokeshire		8,381	(8,381)	-	7,979	(7,979)	-
Powys		8,063	(8,063)	-	7,708	(7,708)	-
City and County of Swansea		17,671	(17,671)	-	17,392	(17,392)	-
		<b>62,712</b>	<b>(62,712)</b>	<b>-</b>	<b>61,439</b>	<b>(61,439)</b>	<b>-</b>
<b>(Surplus) / Deficit on Continuing Operations</b>		<b>70,575</b>	<b>(70,396)</b>	<b>179</b>	<b>70,044</b>	<b>(69,873)</b>	<b>171</b>
<b>Financing &amp; Investment Income and Expenditure</b>							
Net Pensions Interest Re-measurement of Pension Liabilities and Assets	<b>13.2</b>			37			37
	<b>13.2</b>			-			(124)
<b>(Surplus) or Deficit on Provision of Services</b>				<b>216</b>			<b>84</b>
<b>TOTAL COMPREHENSIVE INCOME &amp; EXPENDITURE</b>				<b>216</b>			<b>84</b>

### 11.3 Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the ERW Joint Committee, analysed between usable (those that can be applied to fund expenditure) and other unusable reserves. The unusable reserves include reserves that hold unrealised gains and losses that are only realised when assets are sold and reserves that hold accounting differences needed to reconcile the differences between reporting on the IFRS accounting basis and the statutory funding basis.

The (Surplus)/Deficit on the provision of services reflects the economic cost of providing the ERW Joint Committee's services, more details of which are provided in the Comprehensive Income and Expenditure Statement on the following page.

Actuals 2017-18	ERW Usable Earmarked Reserves £000	ERW General Working Reserve £000	ERW Unusable Reserves £000	Total ERW Reserves £000
<b>Balance 1st April 2017</b>	<b>(442)</b>	<b>(100)</b>	<b>136</b>	<b>(406)</b>
(Surplus) / Deficit On Provision of Services	216	-	-	216
<b>Total Comprehensive Income &amp; Expenditure (see page 27)</b>	<b>216</b>	<b>-</b>	<b>-</b>	<b>216</b>
Adjustments Between Accounting Basis and Funding Basis Under Regulation (see note 12.0)	(156)	-	156	-
<b>(Increase) / Decrease In Year</b>	<b>60</b>	<b>-</b>	<b>156</b>	<b>216</b>
<b>Balance 31st March 2018</b>	<b>(382)</b>	<b>(100)</b>	<b>292</b>	<b>(190)</b>

Actuals 2018-19	ERW Usable Earmarked Reserves £000	ERW General Working Reserve £000	ERW Unusable Reserves £000	Total ERW Reserves £000
<b>Balance 1st April 2018</b>	<b>(382)</b>	<b>(100)</b>	<b>292</b>	<b>(190)</b>
(Surplus) / Deficit On Provision of Services	84	-	-	84
<b>Total Comprehensive Income &amp; Expenditure (see page 27)</b>	<b>84</b>	<b>-</b>	<b>-</b>	<b>84</b>
Adjustments Between Accounting Basis and Funding Basis Under Regulation (See note 12.0)	(24)	-	24	-
<b>(Increase) / Decrease In Year</b>	<b>60</b>	<b>-</b>	<b>24</b>	<b>84</b>
<b>Balance 31st March 2019</b>	<b>(322)</b>	<b>(100)</b>	<b>316</b>	<b>(106)</b>

#### 11.4 Balance Sheet

This Statement shows the value at the Balance Sheet date of the assets and liabilities recognised by the ERW Joint Committee. The net assets (assets less liabilities) are matched by:

- Usable reserves comprising of the General Working Reserve and Earmarked Reserves.
- Unusable reserves comprising of reserves facilitating the adjustments required between accounting basis used to prepare the Statement of Accounts and the statutory funding basis under regulation.

BALANCE SHEET AS AT 31st MARCH	Note No.	2017-18		2018-19	
		£000	£000	£000	£000
<b>CURRENT ASSETS:</b>					
Short-term Debtors and Prepayments	15.1.1	10,197		21	
Cash & Cash Equivalents	15.2	-		1,845	
<b>Total Current Assets</b>			<b>10,197</b>		<b>1,866</b>
<b>TOTAL ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Short-term Creditors	15.1.2	(8,396)		(655)	
Payment in Advance	15.1.2	(723)		(789)	
Overdraft	15.2	(596)		-	
<b>Total Current Liabilities</b>			<b>(9,715)</b>		<b>(1,444)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>482</b>		<b>422</b>
Net Pension Fund Liability	15.4	(292)		(316)	
<b>TOTAL LONG TERM LIABILITIES</b>			<b>(292)</b>		<b>(316)</b>
<b>NET ASSETS</b>			<b>190</b>		<b>106</b>
Usable Reserves					
- Earmarked Joint Committee Reserves	14.2		(382)		(322)
- General Working Reserve	14.2		(100)		(100)
Unusable Reserves					
- Pensions Reserve	14.3		292		316
<b>TOTAL RESERVES</b>			<b>(190)</b>		<b>(106)</b>

\*In 2017-18 there was a large amount due from Welsh Government shown within short term debtors, as a consequence there was also a large amount due from ERW to Local Authorities shown within short term creditors. All funding for 2018-19 was received prior to the 31 March 2019 thus no large short term debtors / creditors were required and the bank balance restored.

## 11.5 Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents during the reporting period, showing how the ERW Joint Committee generates and uses cash and cash equivalents by classifying cash flows into operating, investing and financing activities.

The amount of net cash flows arising from net operating activities is a key indicator of the extent to which operations are funded by way of grant income or from the recipients of services provided by the ERW Joint Committee.

All cash transactions are administered by Pembrokeshire County Council as ERW Joint Committee does not operate its own bank account.

CASH FLOW STATEMENT	2017-18		2018-19	
	£000	£000	£000	£000
<b>Reconciliation of Comprehensive Income and Expenditure Statement to Net Revenue Cashflow</b>				
<b>Net (Surplus)/Deficit on the provision of services</b>	-	216	-	84
<b>Adjustments to net surplus or deficit on the provision of services for non-cash movements</b>				
Pension fund adjustments	(156)		(24)	
Movements in revenue debtors, creditors, stocks etc.	(306)	(462)	(2,501)	(2,525)
<b>Net cash Flow from Operating Activities</b>		(246)		(2,441)
<b>NET (INCREASE)/DECREASE IN CASH &amp; CASH EQUIVALENTS</b>				
Cash & Cash equivalents at the beginning of reporting period	(842)		(596)	
Cash & Cash equivalents at the end of reporting period	(596)		1,845	
<b>(INCREASE)/DECREASE IN CASH &amp; CASH EQUIVALENTS</b>		(246)		(2,441)

## 12.0 Notes to the Expenditure and Funding Analysis

	2017-18		
	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
(Surplus) / Deficit on Continuing Operations	119		119
Other Operating Expenditure			
Financing & Investment Income & expenditure	37		37
Taxation and non-specific grant income			
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>156</b>	<b>-</b>	<b>156</b>

	2018-19		
	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
(Surplus) / Deficit on Continuing Operations	111		111
Other Operating Expenditure			
Financing & Investment Income & expenditure	(87)		(87)
Taxation and non-specific grant income			
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>24</b>	<b>-</b>	<b>24</b>

### 12.1 Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by ERW as allowed by statute and the replacement with current service costs and past service costs.
- For financing and investment income and expenditure — the net interest on the defined benefit liability is charged to the CIES.

## 13.0 Notes to the Comprehensive Income & Expenditure Statement

### 13.1 Revenue Grants

The table below sets out specific grant income from Welsh Government and Other Grant Awarding Bodies \* subsequently pass ported to the Member Authorities. The Grants held centrally are further analysed on the next page.

Revenue Grants	2017-18	Grants Allocated Direct to Authority	Grants Held Centrally	2018-19	Grants Allocated Direct to Authority	Grants Held Centrally
	£000	£000	£000	£000	£000	£000
Pupil Development Grant	(23,961)	(23,867)	(94)	(24,492)	(24,214)	(278)
National Qualification for Headteachers	(143)	-	(143)	(113)	-	(113)
Learning in Digital CPD	(142)	-	(142)	-	-	-
GCSE	(766)	-	(766)	-	-	-
Welsh Baccalaureate	(22)	-	(22)	-	-	-
Education Improvement Grant	(37,759)	(36,669)	(1,090)	-	-	-
MFL School of Excellence	(120)	-	(120)	-	-	-
Digital Pioneer Schools	(2,419)	(1,708)	(711)	-	-	-
NQT Moderation*	(264)	-	(264)	(341)	-	(341)
British Council Grant *	(6)	-	(6)	(14)	-	(14)
Schools Challenge Cymru - Tranche 3	(21)	-	(21)	-	-	-
Informal Use Welsh	(65)	-	(65)	(191)	-	(191)
ALN	(360)	(300)	(60)	-	-	-
Welsh Language Pilot	(150)	-	(150)	-	-	-
Assessment for Learning	(129)	-	(129)	-	-	-
Foundation Phase Training & Materials	(5)	-	(5)	-	-	-
Literacy & Numeracy	(125)	-	(125)	-	-	-
Schools Causing Concern	(313)	-	(313)	-	-	-
Professional Teaching Standards & Post 16	(23)	-	(23)	-	-	-
National Tests	(5)	(5)	-	(5)	(5)	-
Raising Standards	(3,096)	-	(3,096)	(37)	-	(37)
Review & Reform	(63)	-	(63)	-	-	-
MAT	(100)	(78)	(22)	-	-	-
SRE	(50)	(50)	-	-	-	-
Wellbeing	(35)	(35)	-	-	-	-
Regional Consortia School Improvement Grant	-	-	-	(44,414)	(37,220)	(7,194)
Others	-	-	-	(12)	-	(12)
<b>Total Revenue Grants</b>	<b>(70,142)</b>	<b>(62,712)</b>	<b>(7,430)</b>	<b>(69,619)</b>	<b>(61,439)</b>	<b>(8,180)</b>
<b>Total All Grants Offered to ERW</b>	<b>(70,142)</b>	<b>(62,712)</b>	<b>(7,430)</b>	<b>(69,619)</b>	<b>(61,439)</b>	<b>(8,180)</b>

The above revenue grants have been accounted as follows during the year:

Revenue Grants	2017-18	Grants Allocated Direct to Authority	Grants Held Centrally	2018-19	Grants Allocated Direct to Authority	Grants Held Centrally
	£000	£000	£000	£000	£000	£000
Welsh Government Grants Received	(69,872)	(62,712)	(7,160)	(69,252)	(61,439)	(7,813)
EWC	(264)	-	(264)	(341)	-	(341)
Others	-	-	-	(12)	-	(12)
British Council	(6)	-	(6)	(14)	-	(14)
<b>Grants Credited As Income in Year</b>	<b>(70,142)</b>	<b>(62,712)</b>	<b>(7,430)</b>	<b>(69,619)</b>	<b>(61,439)</b>	<b>(8,180)</b>

Further analysis of the Grants held centrally:

Revenue Grants	2017-18	Grants Held Centrally	2018-19	Grants Held Centrally
		£000		£000
<b>Payments to schools via LA's for specific work</b>				
Carmarthenshire	793		394	
Ceredigion	379		122	
Neath Port-Talbot	486		237	
Pembrokeshire	305		279	
Powys	464		265	
City and County of Swansea	648		423	
General	40		51	
		3,115		1,771
<b>Other expenditure</b>				
Employees	2,540		4,964	
Grants covering Central Team	340		275	
Transport / Mileage	61		123	
Translation	70		39	
Supplies & Services	1,106		849	
Facilitation	198		159	
		4,315		6,409
<b>Total expenditure</b>		<b>7,430</b>		<b>8,180</b>

## 13.2 Pension Costs

The ERW Joint Committee participates in two pension schemes:

- 13.2.1 **The Dyfed Superannuation Scheme**, which is administered by Carmarthenshire County Council, is a funded defined benefit scheme to which both employees and the ERW Joint Committee, through Pembrokeshire County Council as employers, pay contributions. The scheme operates under the legislation appertaining to Local Government Pensions.

A composite employer's contribution rate used in 2018-19 was calculated by the Fund's actuary based on the valuation as at 31 March 2016 for all employees of the ERW Joint Committee who are members of the scheme.

The Fund was valued as at 31 March 2016 and the results of this valuation are reflected in the 2017-18 and 2018-19 Accounts.

The disclosures set out below are required by International Accounting Standard 19 (IAS 19), which employs slightly different assumptions than those used in the actuarial valuation, are also produced by the Fund's actuary at each financial year end.

IAS 19 requires most assets to be valued at "realisable values" i.e. bid values, as opposed to "fair values" (in effect, mid-market values).

### Interest on Assets

This is the interest on assets held at the start of the period and cash flows occurring during the period, calculated using the discount rate at the start of the year.

The Net Interest Cost is calculated as interest on pension liabilities less the interest on assets.

### Recognition of Actuarial Gains and Losses

All actuarial gains and losses are recognised in the year of occurrence via Other Comprehensive Income and Expenditure.

Actuarial gains and losses on liabilities due to changes in actuarial assumptions are split between the effect of changes in financial assumptions and changes in demographic assumptions.

### Expenses

Administration expenses are recognised as a separate item within the pension cost. Investment expenses are treated as a loss on asset and so recognised via Other Comprehensive Income and Expenditure.

### 13.2.2 Teachers Pension Scheme

The scheme is administered by the Department for Education. This is an unfunded scheme, meaning that there are no investment assets accumulated to meet pension costs before they arise, and therefore no fund assets or liabilities appearing in the ERW Joint Committee's Balance Sheet.

## Revenue Transactions

Comprehensive Income And Expenditure Statement Entries included in Net Operating Expenditure	2017-18		2018-19	
	£000	£000	£000	£000
Interest on Pension Liabilities	170		201	
Interest on Plan Assets	(133)	37	(164)	37
Current Service Cost		228		253
Remeasurement of Pension Liabilities and Assets		-		(124)
		<b>265</b>		<b>166</b>
<b>Statement of Movement on the Council Fund Balance Entries</b>				
<b>Reversal IAS 19 Entries Above:</b>		(265)		(166)
<b>Actual Charges Paid in Year</b>				
Actual Amount Charged for Period	109	109	142	142
<b>Net Adjustment Required</b>		<b>(156)</b>		<b>(24)</b>

### 13.3 Exceptional Costs

There were no exceptional costs incurred in the period.

### 13.4 Remuneration Details

13.4.1 The following tables set out the disclosure of remuneration for ERW Joint Committee Senior Staff as follows:

- Managing Director and Other Senior Staff including pension contributions or equivalent payments. The total contribution rate for employer pension contributions was 15.8% for 2017-18 and 16.9% for 2018-19.
- Other Employees receiving remuneration of £60,000 or more (not including employer pension contributions) in bands of £5,000.

Senior Officers	Year	Gross Salary, Fees & Other Emoluments	Employer Pension Contributions to Local Government Pension Scheme	Benefits in Kind
Managing Director	2017-18	* £90,106	£14,093	-
Managing Director	2018-19	** £86,798	£14,629	-
Interim Managing Director	2018-19	*** £59,924	-	-

Other Employees	Number of Other Employees	
	2017-18	2018-19
Remuneration Band		
£60,000 - £64,999	1	1

\*Includes two additional SPA points (Soulbury) backdated to 1 May 2015 and a third SPA from 1 May 2017, all awarded in January 2018

\*\* The Managing Director was seconded and recharged to Welsh Government for the period November to 31 March 2019. The total reimbursement from Welsh Government was £62,500.

\*\*\* The Interim Managing Director was seconded from Cardiff City Council for the period November to 31 March 2019.

There are other senior officer roles within the ERW Joint Committee who are not employed by the Consortium and they do not receive any remuneration through the additional roles that they carry out on behalf of the region. They include:

Lead Chief Executive	Swansea
Lead Director of Education	Powys
Director of Resources/S151 Officer	Pembrokeshire
Monitoring Officer	Ceredigion

Also on the Executive Board are the other five Directors of Education from Neath Port Talbot, Carmarthenshire, Ceredigion, Pembrokeshire and Swansea.

For information on the remuneration of the above individuals and seconded staff members, users should refer to the respective Local Authority Statement of Accounts.

### 13.4.2 Termination Benefits

There were no senior staff terminations during 2018-19.

### 13.5 Audit Fees

The following amounts are estimated as payable to the Wales Audit Office for the year:

	2017-18 £000	2018-19 £000
Fees payable to Wales Audit Office with regard to external audit services carried out by the Appointed Auditor for the year	14	13
<b>Total</b>	<b>14</b>	<b>13</b>

### 13.6 Related Parties

Related parties refers to bodies or individuals that have the potential to control or influence the ERW Joint Committee or to be influenced or controlled by the ERW Joint Committee thereby possibly constraining the ability of the ERW Joint Committee or the other party to operate independently.

There are other instances where Executive Board Members, lead officers and Members of the ERW Joint Committee may attend meetings of the third party bodies but do not have the direct ability to exercise control, however, the opinions they express may influence decisions and policy.

During 2018-19, the Managing Director was seconded to Welsh Government, who provide ERW with the majority of its funding.

In 2017-18, the £3,060 paid to Pembrokeshire College was recorded due to the Director of Resources/S151 Officer and the Director for Children & Schools (Pembrokeshire) being Members of the College Board. There were no payments made in 2018-19.

#### 13.6.1 Material Relationships

The following material relationships have been identified where material influence exists.

##### Welsh Government

The Welsh Government has the responsibility for the statutory framework and provide the majority of the ERW Joint Committees funding, much of which is subject to specific terms and conditions. The bodies can, therefore, exert effective control over the operations of the ERW Joint Committee. Details of grants received are set out in note 13.1. Grant receipts outstanding at 31 March 2019 are set out in note 15.1.3.

The following table shows the total transactions and year end balances with the 6 Local Authorities

Transactions with Local Authorities	Balance owed at the year-end £000	Total transactions in the year £000
Carmarthenshire County Council	50	14,518
Pembrokeshire County Council	50	8,741
Neath Port Talbot County Council	91	12,041
Swansea County Council	91	18,760
Powys County Council	178	8,518
Ceredigion County Council	35	4,623
<b>Total</b>	<b>495</b>	<b>67,201</b>

### 13.7 Amounts Reported for Resource Allocation Decisions

The Comprehensive Income and Expenditure Statement is prepared using the accounting policies set out within note 10.4 to meet the requirements of the Code of Practice on Local Authority Accounting.

Decisions about resource allocation are taken by the Joint Committee on the basis of budget reports prepared on a different basis using the service groupings set out in the Service Reporting Code of Practice (SERCOP).

In particular:

- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than the current service cost of benefits accrued in the year.

#### 13.7.1 Net Cost of Services Analysed by Income and Expenditure Type

This reconciliation shows how the figures in the Net Revenue Summary relate to the amounts included in the Comprehensive Income and Expenditure Statement (note 11.2).

Actual Expenditure 2018-19	ERW Central Team Expenditure £000	ERW Specific Grants Expenditure £000	Total Expenditure £000
Local Authority Contributions	(250)		(250)
Government Grants	(275)	(69,003)	(69,278)
Other Grant Income	(4)	(341)	(345)
<b>Total Income</b>	<b>(529)</b>	<b>(69,344)</b>	<b>(69,873)</b>
Employee Costs	330	4,964	5,294
Other Operating Costs	144	1,170	1,314
Support Services	115		115
Payments to Schools via LAs for specific work	-	1,771	1,771
Grants Pass ported to LA's	-	61,439	61,439
<b>Total Costs</b>	<b>589</b>	<b>69,344</b>	<b>69,933</b>
<b>Net Cost of Services</b>	<b>60</b>	<b>-</b>	<b>60</b>
<b>Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement</b>			
Net Cost of Services			<b>60</b>
Add Financial Adjustments not included in Management Reports			<b>24</b>
Remove amounts not in Comprehensive Income and Expenditure Statement			-
<b>Net Cost of Services Comprehensive Income and Expenditure Statement</b>			<b>84</b>

Actual Expenditure 2017-18	ERW Central Team Expenditure £000	ERW Specific Grants Expenditure £000	Total Expenditure £000
Local Authority Contributions	(250)	-	(250)
Government Grants	(340)	(69,538)	(69,878)
Other Grant Income	(4)	(264)	(268)
<b>Total Income</b>	<b>(594)</b>	<b>(69,802)</b>	<b>(70,396)</b>
Employee Costs	450	2,540	2,990
Other Operating Costs	110	1,435	1,545
Support Services	94	-	94
Payments to Schools via LAs for specific work	-	3,115	3,115
Grants Pass ported to LA's	-	62,712	62,712
<b>Total Costs</b>	<b>654</b>	<b>69,802</b>	<b>70,456</b>
<b>Net Cost of Services</b>	<b>60</b>	<b>-</b>	<b>60</b>
<b>Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement</b>			
Net Cost of Services			<b>60</b>
Add Financial Adjustments not included in Management Reports			<b>156</b>
Remove amounts not in Comprehensive Income and Expenditure Statement			-
<b>Net Cost of Services Comprehensive Income and Expenditure Statement</b>			<b>216</b>

## 14.0 Notes To The Movement In Reserves

### 14.1 Adjustments Between Accounting Basis & the Regulatory Funding Basis

Actuals	2017-18		2018-19	
	ERW Usable Reserves £000	ERW Unusable Reserves £000	ERW Usable Reserves £000	ERW Unusable Reserves £000
<b>Amounts included in Total Comprehensive Income and Expenditure required by regulation to be excluded to arrive at the funding position</b>				
Pension Cost Adjustment	(265)	265	(290)	290
Remeasurement of Pension Liabilities and Assets	-	-	124	(124)
<b>Amounts excluded in Total Comprehensive Income and Expenditure required by regulation to be included to arrive at the funding position</b>				
Employers Contribution to Pension Scheme	109	(109)	142	(142)
<b>Net Adjustment Required</b>	<b>(156)</b>	<b>156</b>	<b>(24)</b>	<b>24</b>

## 14.2 Usable Reserves

Usable Reserves	Balance 1st April 2018 £000	Contribution from Revenue Accounts £000	Contribution to Revenue Accounts £000	Balance 31st March 2019 £000
Earmarked Reserves	(382)	-	60	(322)
General Working Reserve	(100)	-	-	(100)
<b>Total Useable Reserves</b>	<b>(482)</b>	<b>-</b>	<b>60</b>	<b>(422)</b>

### General Working Reserve

This reserve constitutes ERW's working balance and is maintained to meet day to day operational eventualities. It was created in 2016-17 in order to provide an adequate level of funding to deal with any unexpected expenditure.

### Earmarked Reserves

These constitute balances held at the year-end for specific purposes and will be used in accordance with those specific requirements.

Both reserves are reviewed annually during the budget process.

## 14.3 Unusable Reserves

The transactions in the unusable reserve accounts summarised below can be found in more detail in note 15.4.

Unusable Reserves	Balance 1 <sup>st</sup> April 2018 £000	Movement in Year £000	Balance 31st March 2019 £000
Pensions Reserve	292	24	316
<b>Total Unusable Reserves</b>	<b>292</b>	<b>24</b>	<b>316</b>

## 15.0 Notes To The Balance Sheet

### 15.1 Debtors and Creditors

#### 15.1.1 Debtors and Prepayments

All amounts included as assets are shown at market (fair) value.

	Net 1st April 2018 £000	Gross 31st March 2019 £000	Impairment Allowance £000	Net 31st March 2019 £000
<b>Amounts falling due in one year:</b>				
Welsh Government	10,193	-	-	-
Local Authorities & Schools	-	40	(20)	20
Other Debtors	4	1	-	1
<b>Total Debtors</b>	<b>10,197</b>	<b>41</b>	<b>(20)</b>	<b>21</b>

#### 15.1.2 Creditors

	Balance 31st March 2019			
	Short Term Creditors £000	Revenue Grants Receipts in Advance £000	Capital Grants Receipts in Advance £000	Total Creditors £000
<b>Amounts falling due in one year:</b>				
Welsh Government		(193)	-	(193)
Local Authorities & Schools	(513)	-	-	(513)
Other Creditors	(142)	(596)	-	(738)
<b>Total Creditors</b>	<b>(655)</b>	<b>(789)</b>	<b>-</b>	<b>(1,444)</b>

	Balance 1st April 2018			
	Short Term Creditors £000	Revenue Grants Receipts in Advance £000	Capital Grants Receipts in Advance £000	Total Creditors £000
<b>Amounts falling due in one year:</b>				
Welsh Government	-	(723)	-	(723)
Local Authorities & Schools	(8,396)	-	-	(8,396)
Other Creditors	-	-	-	-
<b>Total Creditors</b>	<b>(8,396)</b>	<b>(723)</b>	<b>-</b>	<b>(9,119)</b>

### 15.1.3 Further Breakdown of Short-Term Creditor Analysis

<b>Breakdown of Short-Term Creditors</b>	<b>2017-18 £000</b>	<b>2018-19 £000</b>
Pupil Development Grant	7,212	28
National Qualification for Headteachers	10	-
GCSE	64	-
Welsh Baccalaureate	6	-
Education Improvement Grant	146	-
MFL School of Excellence	8	-
Digital Pioneer Schools	37	-
British Council Grant	4	-
Schools Challenge Cymru - Tranche 3	70	-
ALN	212	-
Raising Standards	506	-
Schools Causing Concern	14	-
Assessment for Learning	11	-
Foundation Phase Training	2	-
Literacy & Numeracy	34	-
Wellbeing	35	-
Regional Consortia School Improvement	-	594
<b>Total Current Liabilities Revenue Grants</b>	<b>8,371</b>	<b>622</b>
Central Team	25	33
<b>Total Creditors Owed 31st March</b>	<b>8,396</b>	<b>655</b>

### 15.2 Cash and Cash Equivalents

	<b>Balance 31st March 2018 £000</b>	<b>Balance 31st March 2019 £000</b>
Cash at Bank / in Hand	-	1,845
Cash Overdrawn	(596)	-
<b>Total Cash and Cash Equivalents</b>	<b>(596)</b>	<b>1,845</b>

### 15.3 Contingent Liabilities

#### Local Authority Contributions

The 2019-20 Central Team Budget has been prepared on the basis of the partner Local Authorities contributing £250k core contributions in proportion to the number of pupils attending each of the Local Authority's schools. This is highlighted due to one Local Authority having not yet paid their 2018-19 contribution.

Following the implementation of the new ERW senior management structure following its Review and Reform Programme, there is the potential for severance/redundancy payments during 2019-20. Previous Wales Audit Office advice is that all severance/redundancy payments for senior management must be approved by the Joint Committee prior to any payments being made

Following the implementation of the new ERW senior management structure following its Review and Reform Programme, there is the potential for severance/redundancy payments during 2019-20. Previous Wales Audit Office advice is that all severance/redundancy payments for senior management must be approved by the Joint Committee prior to any payments being made

### 15.4 Pensions (Reserve)/Liability

The Pensions (Reserve)/Liability relates to the Dyfed Pension Scheme (see note 13.2.1) and absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions.

The debit balance on the Pensions Reserve reflects the shortfall at a point in time between the benefits earned by past and current employees and the resources in terms of pension fund assets required to meet them. The statutory arrangements for managing the Fund should ensure that funding will have been set aside by the time the benefits come to be paid.

	2017-18 £000	2018-19 £000
<b>Balance 1st April</b>	<b>136</b>	<b>292</b>
Re-measurement of Pension Liabilities and Assets	-	(124)
Reversal of items chargeable to the surplus/deficit on the provision of services in the Comprehensive Income and Expenditure Statement	265	290
Employers pension contributions and other direct payments in the year	(109)	(142)
<b>Balance 31st March</b>	<b>292</b>	<b>316</b>