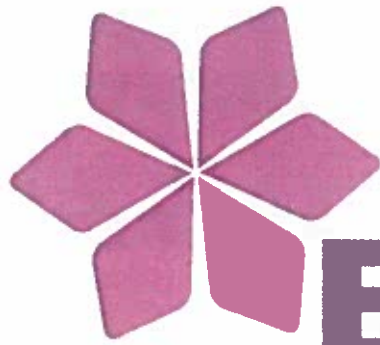




ERW

Ein Rhanbarth ar Waith
Education through Regional Working

Education through Regional Working

South West and Mid Wales Consortium

Statement of Accounts 2016/17

Cynghrair o 6 awdurdod lleol yw ERW a reolir gan gyd-bwyllgor cyfansoddiadol cyfreithlol.
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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NARRATIVE REPORT

ERW is an alliance of six Local Authorities, Carmarthenshire, Ceredigion, Pembrokeshire and Powys the County Borough of Neath Port Talbot and the City and County of Swansea. ERW delivers a single consistent and integrated professional school improvement service across the six Local Authorities

ERW's vision is for a consistently high performing school network across the region with every school a good school offering high standards of teaching under good leadership resulting in all learners achieving their maximum potential. In order to achieve this vision, we will build school capacity through support, challenge and intervention to become self-improving, resilient organisations which continually improve outcomes for all learners.

The ERW region has well established governance arrangements in place with a legally constituted Joint Committee holding the regional school improvement service to account for its performance in improving outcomes for learners. The Joint Committee membership is made up of the six Local Authority Leaders. ERW's Joint Committee is advised by the Executive Board. The Board is made up of the six LA Directors, external school improvement experts, Head Teacher representatives and the Managing Director.

The Joint Committee is established through and operates under a legal agreement signed and sealed by each constituent Council on 16th July 2014.

Pembrokeshire County Council has been appointed as finance lead for the region. As such ERW operates under Pembrokeshire County Council's Financial Regulations, Employers Tax and VAT registration, Pension schemes, Human Resources policies (as they relate to centrally employed core staff) and all relevant accounting policies.

Powys County Council Procurement policies are followed, Carmarthenshire County Council lead on governance and Committee Services, Ceredigion County Council lead on Legal and Monitoring Officer duties, Neath Port Talbot County Borough Council lead on Risk Management and the County of Swansea lead on Scrutiny.

SUMMARISED FINANCIAL PERFORMANCE 2016/17

The summarised financial performance provides a high level overview of the financial position of the Consortium as at 31st March 2017. Set out in the following paragraphs is the final outturn position for 2016/17 compared to the original estimate agreed by the ERW Joint Committee on 5 February 2016 and consideration of the Central Team draft budget and funding position for 2017/18 approved by the Joint Committee on 20 February 2017.

1. REVENUE EXPENDITURE

Central Team	2016/17		2016/17	2016/17	2015/16
	Central Team		Grants	Total	Total
	Original Estimate £000	Actual Expenditure £000	Actual Expenditure £000	Actual Expenditure £000	Actual Expenditure £000
Gross Expenditure					
Employees	402	376	1,116	1,492	1,199
Premises	33	32	-	32	28
Transport	10	3	32	35	23
Translation	35	1	90	91	93
Supplies & Services	61	90	1,294	1,384	1,934
Payments to Schools via LA's for specific work		-	1,608	1,608	-
Facilitation	10	9	165	174	9
Grants Passported to LA's	-	-	63,527	63,527	62,883
Total Gross Expenditure	551	511	67,832	68,343	66,169
Income					
Contributions from Member Authorities	(250)	(250)	-	(250)	(250)
Welsh Government Grant	(150)	(310)	(67,492)	(67,802)	(65,893)
Contributions from Other Consortia	-	-	(33)	(33)	-
Other Grant Income	-	-	(307)	(307)	(86)
Miscellaneous Income	-	(21)	-	(21)	-
Total Income	(400)	(581)	(67,832)	(68,413)	(66,229)
Net Expenditure	151	(70)	-	(70)	(60)
Appropriation from Reserve	(151)	-	-	-	(10)
Appropriation to Reserve	-	70	-	70	70

DRAFT BUDGET AND FUNDING POSITION 2017/18

Central Team	2017/18
	Total
	Estimated Expenditure £000
Gross Expenditure	
Employees	439
Premises	33
Transport	5
Translation	35
Supplies & Services	94
Facilitation	-
Grants Passported to LA's	-
Total Gross Expenditure	606
Income	
Contributions from Member Authorities	(250)
Welsh Government Grant	(150)
Sports Council of Wales	-
Miscellaneous Income	(12)
Total Income	(412)
Net Expenditure	194
Appropriation from Reserve	(194)

1.1 Commentary on the 2016/17 Revenue Performance

The ERW Consortium gross expenditure for 2016/17 totalled £68.34 million which included £63.5 million of grants being passported directly to the six constituent Local Authorities.

The ERW Joint Committee and Executive Board received regular budget reports 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.

The Central Team and their capacity to support the region has increased through 2016/17. The Central Team have been supported by specialist professionals being seconded from the 6 Local Authorities during the year at a cost of £904k, 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, and helped reduce the core overhead costs of providing the service such as transport and translation costs. 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.

Supplies and Services exceeded budget during 2016/17 due to additional charges for Printing & Stationery totalling £10k for the ERW inspection and a range of other training materials that could not be apportioned to grant funding due to restrictions on administration costs. Investment was made to the IT infrastructure at a cost of £13k. There was also the need to employ specialist professionals to provide services to the region that ERW were unable to purchase internally. This cost £7k which was not originally budgeted for.

Local Authority contributions for 2016/17 have been collected from the six partners in the sum of £250k. Unlike other consortiums, ERW does not directly employ School Improvement Challenge Advisors. They are employed by each Local Authority and work collaboratively across the three area hubs and the region as a whole as and when necessary to deliver an effective service. ERW therefore only directly employs a small, but growing administrative Central Team which support the Managing Director. This model allows greater flexibility in delivery than employing all Challenge Advisors directly given the geographical area the region covers.

Contributions towards the costs of the Central Team were split between the six Local Authorities on the basis of pupil numbers for 2016/17:

Local Authority	% of Pupils in Region	Contribution
Carmarthenshire	21.0%	£52,500
Ceredigion	7.4%	£18,500
Neath Port Talbot	16.0%	£40,000
Pembrokeshire	13.9%	£34,750
Powys	14.2%	£35,500
City and County of Swansea	27.5%	£68,750
Total	100.0%	£250,000

These percentages were also used for apportioning reserves across the six local authorities.

£310k of the costs of the Central Team have been funded by various Welsh Government grants.

During 2016/17, written confirmation was received from Welsh Government that they would be seeking repayment of £10k of specific 2015/16 grant which was unclaimed by local authorities.

1.2 Implications and Risks

It is not anticipated that there are any unbudgeted commitments or liabilities arising from 2016/17 that the Consortium cannot meet. However the number and 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 as a result of the recent white paper.

2. CAPITAL INVESTMENT

There was no capital expenditure in 2016/17. Capital grants from Welsh Government are issued direct to the relevant Local Authority.

3. ASSETS & LIABILITIES

3.1 Current Assets and Current Liabilities

Total ERW debtors were valued at £10.152m, being mostly grant income due from Welsh Government. No issues have been identified in relation to the impairment of these or any other current assets.

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

3.2 Pensions Liability

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

3.2.1 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).

A composite employer's contribution rate used in 2016/17 ((employer's rate 15.4%) employee rate 5.5% to 12.5%) was calculated by the Fund's actuary based on the valuation as at 31 March 2013 for all employees of ERW (Pembrokeshire County Council) who are members of the scheme. An updated composite employer's contribution rate will be used from April 2017 ((employer's rate 15.5%) employee rate 5.5% to 12.5%) for the 2017/18 financial year, based on the valuation of the Fund as at March 2016.

The Fund was valued as at 31 March 2016 & the results of this valuation are reflected in the 2016/17 Accounts.

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. The Dyfed Fund has seen an increase in its net deficit.

3.2.2 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 has been 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.

A new all Wales Pensions Investment Pool is to be created as a result of a National UK agreement with the Treasury to increase the size of the investment funds and reduce administration costs. The all Wales fund will be 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.

3.2.3 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.

3.2.4 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.

3.3 Usable Reserves and Balances

3.3.1 General Reserve

This reserve constitutes ERW's working balance and is maintained to meet day to day operational eventualities.

3.3.2 Earmarked Reserves

These constitute balances held at the year end for specific purposes and will be used in accordance with those specific requirements. A working reserve of £100k was created in 2016/17 in order to provide an adequate level of funding to deal with any unexpected expenditure.

4. 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.

5. PAYMENTS TO AUDITORS

It is estimated that £13k will be paid to the Wales Audit Office for its work auditing the 2016/17 financial statements. All grant certification will be subject to Internal Audit as required by Welsh Government.

6. POST BALANCE SHEET EVENTS

There were no events judged as material to ERW's financial position at 31 March 2017, which occurred after the financial year end but before the initial reporting date of 5 June 2017.

Any events taking place between the 5 June 2017 and the 21 September 2017, 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.

Auditor General for Wales' report to the Members of Education through Regional Working Joint Committee

I have audited the accounting statements and related notes of Education through Regional Working Joint Committee for the year ended 31 March 2017 under the Public Audit (Wales) Act 2004.

Education through Regional Working Joint Committee's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement.

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 2016/17 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the Auditor General for Wales

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Education through Regional Working Joint Committee's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Narrative Report to identify material inconsistencies with the audited accounting statements and related notes 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.

Opinion on the accounting statements of Education through Regional Working Joint Committee

In my opinion the accounting statements and related notes:
give a true and fair view of the financial position of Education through Regional Working Joint Committee as at 31 March 2017 and of its income and expenditure for the year ended; and have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Opinion on other matters

In my opinion, the information contained in the Narrative Report is consistent with the accounting statements and related notes.

Matters on which I report by exception

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

- adequate accounting records have not been kept;
- the accounting 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; and
- the Governance Statement does not reflect compliance with guidance.

Certificate of completion of audit

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



For and on behalf of
Huw Vaughan Thomas
Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

26 September 2017

STATEMENT OF ACCOUNTS

ERW, SOUTH WEST AND MID WALES CONSORTIUM 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 Finance 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 Finance's Responsibilities

The Director of Finance 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 Finance has:

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

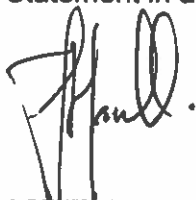
The Director of Finance has also:

- 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 FINANCE

The Statement of Accounts of the ERW, South West and Mid Wales Consortium Joint Committee for the year ended 31 March 2017 is contained on pages 13 to 36, and is produced in accordance with the requirements of the Local Government Accounts and Audit (Wales) Regulations 2014. 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, South West and Mid Wales Consortium Joint Committee as at 31 March 2017 and its income and expenditure for the year ended 31 March 2017 and append my signature to the Statement in accordance with Regulation 10(1).



J HASWELL FCCA

Director of Finance

Date : 21.09.2017

REPORTING AND APPROVAL

These accounts, initially published on 5 June 2017, will be reported to the ERW South West and Mid Wales Consortium Joint Committee for approval following the conclusion of the Annual Audit on 21 September 2017. The audit certificate is shown on pages 9 - 10.

Chair of ERW South West and Mid Wales Consortium Joint Committee



Name: Cllr. Ellen Ap Gwynn

Offices Address: Y Llwyfan
College Road
Carmarthen
SA31 3EQ

Date: 21.09.2017

1.0 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.

1.1 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 Code of Practice requires that the Authority 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. The standards introduced in the 2017/18 Code that are relevant are:

- Amendments to IFRS10 Consolidated Financial Statements
- IFRS12 Disclosure of Interests in Other Entities

The impact of the above changes won't be material.

The Statement of Accounts set out on pages 13 to 35 have been prepared in compliance with the 2016/17 Code of Practice on Local Authority Accounting.

1.2 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

1.3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND ESTIMATION RISK

In applying the accounting policies set below in section 1.4. The ERW Joint Committee has made judgements about the complex transactions and those involving uncertainty in future years.

Although there is a high degree of uncertainty about the future level of funding for local government, to date Education has been a priority for the Welsh Government. Therefore while some grants may be reduced and 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.

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:

Issues appertaining to items in the current set of accounts:		
Item	Risk	Potential Affect
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

Issues potentially impacting the accounts in the future		
Item	Risk	Potential Affect
Confirmation of regional position as delivery mechanism for school improvement	Increased funding from WG and subsequent expectations	Inability to respond to increasing expectations of regional working.
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
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.
Demographic Change	Assumptions Incorrect	Increased service & contractual costs
Grant Funding / Brexit	Loss of grant from Welsh Government & Europe	Reduction in service provision
Governance	Decisions not made in	Delay in improvements

	timely manner	Budget over/under spends & loss of grant funding
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 WG	ERW not adhering to regional nature of grant conditions	Schools do not access the support required.

1.4 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 2016/17 Code of Practice on Local Authority Accounting.

1.4.1 General Principals

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.

1.4.2 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.

1.4.3 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.

1.4.4 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.

1.4.5 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 1.4.7 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.

1.4.6 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.

1.4.7 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 authorities.

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 Financial Reporting Standard IAS19 as this is accounted for as 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.

1.4.8 Stocks and Works in Progress

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

1.4.9 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.

Impairment of Debts

General allowances for impaired debts shall be made in the Balance Sheet using the following guidelines (or in specific circumstances on a basis agreed with S151 Officer).

Age of Debt	%age of debt provided
Less than 1 year	50%
1 to 2 years	90%
2 to 3 years	100%

The bad debt allowance shall be reviewed at the end of each financial year against the debts outstanding and adjustments made in the Comprehensive Income and Expenditure Statement as is appropriate.

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.

1.4.10 VAT

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

1.4.11 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.

2.0 CORE FINANCIAL STATEMENTS – COMPONENTS AND DETAIL

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

- The Expenditure and Funding Analysis – showing the reconciliation between how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities as reported to management in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices (IFRS basis) as shown in the Comprehensive Income and Expenditure Statement.
- 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 Movement in Reserves Statement in section 2.3.
- The Movement in Reserves Statement – showing the movement on the different reserves held by the authority 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:

- Notes to the core financial statements.

2015/16			2016/17		
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
			Expenditure		
1,199	35	1,234	Employees	1,492	25
28	-	28	Premises	32	-
23	-	23	Transport / Mileage	35	-
93	-	93	Translation	91	-
271	-	271	Supplies & Services	1,192	-
132	-	132	Consultancy	162	-
30	-	30	Support Services	30	-
1,362	-	1,362	Payments to Schools via LA's for specific work	1,608	-
148	-	148	Training / Conferences	174	-
62,883	-	62,883	Grants passported to LA's	63,527	
66,169	35	66,204	Total Expenditure	68,343	25
			Income		
(250)	-	(250)	Contributions from Member Authorities	(250)	-
(65,893)	-	(65,893)	Welsh Government Grant	(67,802)	-
			Contributions from other consortia	(33)	-
-	-	-	Other Grant Income	(307)	-
(2)	-	(2)	Miscellaneous Grant		
			Income	(21)	-
(84)	-	(84)	Total Income	(68,413)	-
(66,229)	-	(66,229)	WG Grant Passported to Member Authorities	-	-
-	-	-			
			(Surplus) / Deficit on Continuing Operations	(70)	25
(60)	35	(25)	Financing & Investment Income and Expenditure		
			Net Pensions Interest	-	18
-	18	18			
			(Surplus) or Deficit on Provision of Services	(70)	43
(60)	53	(7)			
			TOTAL COMPREHENSIVE INCOME & EXPENDITURE	(70)	43
(60)	53	(7)			

2.2 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 remeasurement of pension assets and liabilities.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	Note	2015/16			2016/17		
	Pg Ref	Gross Expenditure £000	Income £000	Net Expenditure £000	Gross Expenditure £000	Income £000	Net Expenditure £000
Expenditure							
Employees		1,234	-	1,234	1,517	-	1,517
Premises		28	-	28	32	-	32
Transport / Mileage		23	-	23	35	-	35
Translation		93	-	93	91	-	91
Supplies & Services		271	-	271	1,192	-	1,192
Consultancy		132	-	132	162	-	162
Support Services		30	-	30	30	-	30
Payments to Schools via LA's for specific work		1,362	-	1,362	1,608	-	1,608
Training / Conferences		148	-	148	174	-	174
Total Expenditure		3,321	-	3,321	4,841	-	4,841
Income							
Contributions from Member Authorities		-	(250)	(250)	-	(250)	(250)
Welsh Government Grant		-	(3,010)	(3,010)	-	(4,275)	(4,275)
Contributions from Other Consortia		-	-	-	-	(33)	(33)
Other Grant Income		-	(2)	(2)	-	(307)	(307)
Miscellaneous Grant Income		-	(84)	(84)	-	(21)	(21)
Total Income		-	(3,346)	(3,346)	-	(4,886)	(4,886)
WG Grant Passported to Member Authorities	27						
Carmarthenshire		12,946	(12,946)	-	13,265	(13,265)	-
Ceredigion		4,544	(4,544)	-	4,477	(4,477)	-
Neath Port-Talbot		10,679	(10,679)	-	11,107	(11,107)	-
Pembrokeshire		8,967	(8,967)	-	8,585	(8,585)	-
Powys		7,964	(7,964)	-	8,158	(8,158)	-
City and County of Swansea		17,783	(17,783)	-	17,935	(17,935)	-
		62,883	(62,883)	-	63,527	(63,527)	-
(Surplus) / Deficit on Continuing Operations		66,204	(66,229)	(25)	68,368	(68,413)	(45)
Financing & Investment Income and Expenditure							
Net Pensions Interest	29			18			18
(Surplus) or Deficit on Provision of Services				(7)			(27)
TOTAL COMPREHENSIVE INCOME & EXPENDITURE				(7)			(27)

2.3 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 2016/17	ERW Usable Reserves £000	ERW General Working Balance £000	ERW Unusable Reserves £000	Total ERW Reserves £000
Balance 1st April 2016	(472)	-	93	(379)
(Surplus) / Deficit On Provision of Services	(27)	-	-	(27)
Total Comprehensive Income & Expenditure (see page 22)	(27)	-	-	(27)
Transfer to ERW General Working Balance	100	(100)		-
Adjustments Between Accounting Basis and Funding Basis Under Regulation (see note 3)	(43)	-	43	-
(Increase) / Decrease In Year	30	(100)	43	(27)
Balance 31st March 2017	(442)	(100)	136	(406)

2.4 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 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	Pg Ref	2015/16		2016/17	
		£000	£000	£000	£000
CURRENT ASSETS:					
Short-term Debtors and Prepayments	33	1,720		10,152	
Cash & Cash Equivalents	34	56			
Total Current Assets			1,776		10,152
TOTAL ASSETS					
CURRENT LIABILITIES					
Short-term Creditors	33	(1,298)		(8,390)	
Payment in Advance		(6)		(378)	
Overdraft				(842)	
Total Current Liabilities			(1,304)		(9,610)
TOTAL ASSETS LESS CURRENT LIABILITIES			472		542
Net Pension Fund Liability	35	(93)		(136)	
TOTAL LONG TERM LIABILITIES			(93)		(136)
NET ASSETS			379		406
Usable Reserves					
- General Joint Committee Reserve	32		(472)		(442)
- ERW General Working Reserve	32				(100)
- Earmarked Joint Committee Reserve	32				
Unusable Reserves					
- Pensions Reserve	32		93		136
TOTAL RESERVES			(379)		(406)

2.5 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 South West & Mid Wales Consortium Joint Committee does not operate its own bank account.

CASH FLOW STATEMENT	2015/16		2016/17	
	£000	£000	£000	£000
Reconcilliation of Comprehensive Income and Expenditure Statement to Net Revenue Cashflow				
Net (Surplus)/Deficit on the provision of services	-	(7)	-	(27)
Adjustments to net surplus or deficit on the provision of services for non-cash movements				
Pension fund adjustments	(53)		(43)	
Movements in revenue debtors, creditors, stocks etc.	151	98	968	925
Net cash Flow from Operating Activities		91		898
NET (INCREASE)/DECREASE IN CASH & CASH EQUIVALENTS		91		898
Cash & Cash equivalents at the beginning of reporting period	147		56	
Cash & Cash equivalents at the end of reporting period	56		(842)	
(INCREASE)/DECREASE IN CASH & CASH EQUIVALENTS		91		898

3.0 NOTES TO THE EXPENDITURE AND FUNDING ANALYSIS

	2016/17		
	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
(Surplus) / Deficit on Continuing Operations	25		25
Other Operating Expenditure			
Financing & Investment Income & expenditure	18		18
Taxation and non-specific grant income			
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	43	-	43

	2015/16		
	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
(Surplus) / Deficit on Continuing Operations	35		35
Other Operating Expenditure			
Financing & Investment Income & expenditure	18		18
Taxation and non-specific grant income			
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	53	-	53

3.1 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 the authority 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.

4.0 NOTES TO THE COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

4.1 REVENUE GRANTS

The table below sets out specific grant income from Welsh Government and Other Grant Awarding Bodies subsequently passported to the Member Authorities.

Revenue Grants	2015/16	Grants Allocated Direct to Authority	Grants Held Centrally	2016/17	Grants Allocated Direct to Authority	Grants Held Centrally
	£000	£000	£000	£000	£000	£000
Pupil Deprivation Grant	(21,008)	(20,953)	(55)	(22,768)	(22,683)	(85)
National Qualification for Headteachers	(49)	-	(49)	(169)	-	(169)
Learning in Digital CPD	(71)	-	(71)	(142)	-	(142)
Learning in Wales Digital Capacity Building	(83)	-	(83)	-	-	-
14-19 Learning Pathways	(1)	(1)	0	-	-	-
Literacy & Numeracy for Special Schools	(50)	-	(50)	(25)	-	(25)
Regional Collaboration Fund	(358)	(348)	(10)	-	-	-
GCSE Yr 9 Cross Curricula	(70)	-	(70)	-	-	-
GCSE Tranche 2	-	-	0	(775)	-	(775)
Support for Headteachers	(42)	(42)	0	(21)	-	(21)
GCSE / Milan	(679)	-	(679)	(240)	-	(240)
Physical Literacy	-	-	0	-	-	-
GCSE Drama, Music	(26)	(26)	0	-	-	-
Welsh Baccalaureate	(50)	-	(50)	(28)	-	(28)
Lit Num + MFL	(255)	-	(255)	-	-	-
Education Improvement Grant	(40,419)	(39,137)	(1,282)	(38,938)	(37,277)	(1,661)
Securing Teacher Assessment	(33)	-	(33)	(14)	-	(14)
MFL School of Excellence	(121)	-	(121)	(119)	(57)	(62)
New Deal	-	-	-	(857)	-	(857)
Schools Challenge Cymru - Tranche 1	(571)	(529)	(42)	-	-	-
School Challenge Cymru - Tranche 2	(1,455)	(1,359)	(96)	(780)	(754)	(26)
Yr 6 National Numeracy Tests	(5)	-	(5)	-	-	0
Digital Pioneer Schools	(488)	(488)	-	(1,575)	(1,412)	(163)
Mathematics Events	(45)	-	(45)	-	-	-
NQT Moderation	-	-	-	(62)	-	(62)
Implimenting Successful Futures	-	-	-	-	-	-
British Council Grant	-	-	-	(4)	-	(4)
HLTA	(28)	-	(28)	-	-	-
Schools Challenge Cymru - Tranche 3	-	-	-	(1,100)	(924)	(176)
Informal Use Welsh	-	-	-	(196)	(194)	(2)
ALN	-	-	-	(296)	(226)	(70)
Total Revenue Grants	(65,907)	(62,883)	(3,024)	(68,109)	(63,527)	(4,582)
Grants to Support Activity - Not linked to SLA's	(7)	-	(7)	-	-	-
Total All Grants Offered to ERW	(65,914)	(62,883)	(3,031)	(68,109)	(63,527)	(4,582)

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

Revenue Grants	2015/16	Grants Allocated Direct to Authority	Grants Held Centrally	2016/17	Grants Allocated Direct to Authority	Grants Held Centrally
	£000	£000	£000	£000	£000	£000
Welsh Government Grants Received	(65,829)	(62,883)	(2,946)	(67,802)	(63,527)	(4,275)
Qualifications Wales	(50)	-	(50)	(28)	-	(28)
Education Achievement Service (EAS)	(33)	-	(33)	(13)	-	(13)
Routes into Language	(1)	-	(1)	-	-	-
GwE Consortium	(1)	-	(1)	-	-	-
EWC	-	-	-	(62)	-	(62)
WLGA	-	-	-	(200)	-	(200)
British Council	-	-	-	(4)	-	(4)
Grants Credited As Income in Year	(65,914)	(62,883)	(3,031)	(68,109)	(63,527)	(4,582)

4.2 PENSION COSTS

The ERW Joint Committee participates in two pension schemes:

4.2.1 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 2016/17 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 & the results of this valuation are reflected in the 2016/17 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 cashflows 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.

4.2.2 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.

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 Committee relates to:

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

Revenue Transactions

Comprehensive Income And Expenditure Statement Entries included in Net Operating Expenditure	2015/16		2016/17	
	£000	£000	£000	£000
Interest on Pension Liabilities	98		98	
Interest on Plan Assets	(80)		(80)	
		18		18
Current Service Cost		88		77
		106		95
Statement of Movement on the Council Fund Balance Entries				
Reversal IAS 19 Entries Above:		(106)		(95)
Actual Charges Paid in Year				
Actual Amount Charged for Period	53		52	
		53		52
Net Adjustment Required		(53)		(43)

4.3 EXCEPTIONAL COSTS

There were no exceptional costs incurred in the period.

4.4 REMUNERATION DETAILS

4.4.1 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 15.4% for 2015/16 and 15.5% for 2016/17.
- 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	2015/16	£79,430	£12,221	-
Managing Director	2016/17	£81,614	£12,650	-

Other Employees	Number of Other Employees	
Remuneration Band	2015/16	2016/17
£60,000 - £64,999	-	-
£60,000 - £64,999	1	-

There are other senior officer roles within the ERW South West and Mid Wales Consortium 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	- Carmarthenshire
Lead Director of Education	- Neath Port Talbot
S151 / Director of Finance	- Pembrokeshire
Monitoring Officer	- Ceredigion

Also on the Executive Board are the other five Directors of Education from Carmarthenshire, Ceredigion, Pembrokeshire, Powys 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.

4.4.2 Termination Benefits

There were no terminations during 2015/16 or 2016/17.

4.5 AUDIT FEES

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

	2015/16 £000	2016/17 £000
Fees payable to Wales Audit Office with regard to external audit services carried out by the Appointed Auditor for the year	13	13
Total	13	13

4.6 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.

4.6.1 Material Relationships

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

4.6.1.1 UK and Welsh Government

The UK and Welsh Governments, have 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 4.1. Grant receipts outstanding at 31 March 2017 are set out in note 6.1.3.

4.7 AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The Comprehensive Income and Expenditure Statement is prepared using the accounting policies set out within note 1.4 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.

4.7.1 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 2.2).

Actual Expenditure 2016/17	ERW Central Team Expenditure £000	ERW Specific Grants Expenditure £000	Total Expenditure £000
Local Authority Contributions	(250)	-	(250)
Government Grants	(310)	(67,492)	(67,802)
Other Grant Income	(21)	(307)	(328)
Contributions from Other Consortias		(33)	(33)
Total Income	(581)	(67,832)	(68,413)
Employee Costs	376	1,116	1,492
Other Operating Costs	105	1,581	1,686
Support Services	30	-	30
Payments to Schools via LAs for specific work	-	1,608	1,608
Grants Passported to LA's	-	63,527	63,527
Total Costs	511	67,832	68,343
Net Cost of Services	(70)	-	(70)
Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement			
Net Cost of Services			(70)
Add Financial Adjustments not included in management reports			43
Remove amounts not in Comprehensive Income and Expenditure			-
Net Cost of Services Comprehensive Income and Expenditure Statement			(27)

Actual Expenditure 2015/16	ERW Central Team Expenditure £000	ERW Specific Grants Expenditure £000	Total Expenditure £000
Local Authority Contributions	(250)	-	(250)
Government Grants	(288)	(65,605)	(65,893)
Other Grant Income	(2)	(84)	(86)
Total Income	(540)	(65,689)	(66,229)
Employee Costs	349	850	1,199
Other Operating Costs	101	1,956	2,057
Support Services	30	-	30
Grants Passported to LA's	-	62,883	62,883
Total Costs	480	65,689	66,169
Net Cost of Services	(60)	-	(60)
Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement			
Net Cost of Services			(60)
Add Financial Adjustments not included in management reports			53
Remove amounts not in Comprehensive Income and Expenditure			-
Net Cost of Services Comprehensive Income and Expenditure Statement			(7)

5.0 NOTES TO THE MOVEMENT IN RESERVES STATEMENT

5.1 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND REGULATORY FUNDING BASIS

Actuals	2015/16		2016/17	
	ERW Usable Reserves £000	ERW Unusable Reserves £000	ERW Usable Reserves £000	ERW Unusable Reserves £000
Amounts included in Total Comprehensive Income and Expenditure required by regulation to be excluded to arrive at the funding position				
Pension Cost Adjustment	(106)	106	(95)	95
Amounts excluded in Total Comprehensive Income and Expenditure required by regulation to be included to arrive at the funding position				
Employers Contribution to Pension Scheme	53	(53)	52	(52)
Net Adjustment Required	(53)	53	(43)	43

5.2 USABLE RESERVES

Usable Reserves	Balance 1st April 2016 £000	Contribution from Revenue Accounts £000	Contribution to Revenue Accounts £000	Balance 31st March 2017 £000
Earmarked Reserves	-	-	-	-
General Reserve	(472)	30	-	(442)
ERW General Working Reserve	-	(100)	-	(100)
Total Useable Reserves	(472)	(70)	-	(542)

5.3 UNUSABLE RESERVES

The transactions in the unusable reserve accounts summarised below can be found in more detail in note 6.3.

Unusable Reserves	Balance 1st April 2016 £000	Movement in Year £000	Balance 31st March 2017 £000
Pensions Reserve	93	43	136
Total Unusable Reserves	93	43	136

6.0 NOTES TO THE BALANCE SHEET

6.1 DEBTORS AND CREDITORS

6.1.1 Debtors and Prepayments

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

	Net 1st April 2016 £000	Gross 31st March 2016 £000	Impairment Allowance £000	Net 31st March 2017 £000
Amounts falling due in one year:				
Welsh Government	1,720	10,152	-	10,152
Local Authorities & Schools	-	-	-	-
Other Debtors	-	-	-	-
Total Debtors	1,720	10,152	-	10,152

6.1.2 Creditors

	Balance 31st March 2017			
	Short Term Creditors £000	Revenue Grants Receipts in Advance £000	Capital Grants Receipts in Advance £000	Total Creditors £000
Amounts falling due in one year:				
Welsh Government	-	-	-	-
Local Authorities & Schools	(8,390)	(378)	-	(8,768)
Other Creditors	-	-	-	0
Total Creditors	(8,390)	(378)	-	(8,768)

	Balance 1st April 2016			
	Short Term Creditors £000	Revenue Grants Receipts in Advance £000	Capital Grants Receipts in Advance £000	Total Creditors £000
Amounts falling due in one year:				
Welsh Government	-	-	-	-
Local Authorities & Schools	(1,298)	(6)	-	(1,304)
Other Creditors	-	-	-	-
Total Creditors	(1,298)	(6)	-	(1,304)

6.1.3 Further Breakdown of Short-Term Creditor Analysis

Breakdown of Short-Term Creditors	2015/16 £000	2016/17 £000
Pupil Deprivation Grant	5	6,729
National Qualification for Headteachers	11	46
Learning in Digital Wales CPD	6	27
14-19 Learning Pathways	3	-
Literacy & Numeracy for Special Schools	35	-
Regional Collaboration Fund	197	-
GCSE Tranche 2	-	95
GCSE / Milan	82	-
Physical Literacy	6	5
GCSE Drama, Music	26	-
Welsh Baccalaureate	6	5
Education Improvement Grant	225	593
MFL School of Excellence	10	10
New Deal	-	114
School Challenge Cymru - Tranche 2	670	-
Digital Pioneer Schools	-	316
NQT Moderation	-	15
British Council Grant	-	1
Schools Challenge Cymru - Tranche 3	-	331
Informal Use Welsh	-	4
ALN	-	63
Total Current Liabilities Revenue Grants	1,282	8,354
Central Team	16	26
Swansea Underspend to go back to WG	-	10
Total Creditors Owed 31st March	1,298	8,390

6.2. CASH AND CASH EQUIVALENTS

	Balance 31st March 2016 £000	Balance 31st March 2017 £000
Cash at Bank / in Hand	56	-
Bank Call Accounts	-	-
Cash Overdrawn	-	(842)
Total Cash and Cash Equivalents	56	(842)

6.3 PENSIONS RESERVE

The Pensions Reserve relates to the Dyfed Pension Scheme (see note 2.2.1) 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.

	2015/16 £000	2016/17 £000
Balance 1st April	40	93
Remeasurement of Pension Liabilities and Assets	-	-
Reversal of items chargeable to the surplus/deficit on the provision of services in the Comprehensive Income and Expenditure Statement	106	95
Employers pension contributions and other direct payments in the year	(53)	(52)
Balance 31st March	93	136

