

ERW Financial Update 2020-21

9 February 2021

ERW S151 Officer



1. Introduction

This report presents the Joint Committee with a financial update at 31 December 2020.

2. 2020-21 Central Team Budget

The 2020-21 Central Team budget was approved by the Joint Committee on 21 July 2020.

It has been noted that grant dependency has risks but these have been accepted by the Joint Committee.

Service Level Agreements (SLA's)

For 2020-21, the SLA breakdown is as follows:

SLA's	Budgeted Cost
Committee Services (Carmarthenshire)	£5,000
Scrutiny (Swansea)	£5,000
Finance (Pembrokeshire)	£40,000
Internal Audit (Pembrokeshire)	£25,000
Human Resources (Pembrokeshire)	£20,000
Information Technology (Pembrokeshire)	£24,000
Procurement (Pembrokeshire)	£20,000
Total Budgeted SLA's	£139,000

Local Authority Contributions

The agreed Local Authority Contributions for 2020-21 are as follows.

Local Authority	2020-21 Contribution £
Powys	81,934
Ceredigion	43,741
Pembrokeshire	79,898
Carmarthenshire	123,998
Swansea	150,785
Total	480,356

All contributions have been paid.

Core Budgeted Expenditure	2020-21 Approved Budget £000's	2020-21 Projected Outturn at Dec 2020 £000's	Core Funded £000's	Grant Funded £'000s	Actual Income / Expenditure Dec 2020 £000's
Staffing Costs					
Salaries, Secondments, Specialists	845	602	281	321	498
Travel, Subsistence, Training and Development	3	3	3	-	1
IT Hardware & Mobiles	-	-	-	-	-
	848	605	284	321	499
Development and Running Costs					
Rent and Accommodation	59	59	59	-	40
General Office Expenses	2	2	2	-	2
Stationary, Telephone, Photocopying	8	6	6	-	5
Translation	2	6	6	-	6
Software, Marketing, R&E,	33	21	21	-	1
Service Level Agreements	125	139	78	61	139
External Audit	14	14	14	-	-
Legal	-	10	10	-	-
	243	257	196	61	193
Total Estimated Expenditure	1,091	862	480	382	692
Core Budgeted Income					
Local Authority Contributions	480	480	480	-	480
Grant Funding*	313	382	-	382	-
2019-20 Funding Utilised	298	-	-	-	-
Total Estimated Income	1,091	862	480	382	692
Core Net Expenditure / (Income)	0	0	0	0	0
Appropriation to Reserve	0	0	0	0	0

*Grant Funding will be allocated at the end of the financial year.

- All office costs charged to the Central Team are recharged to grants where appropriate.
- Grant flexibility of £500,000 has been provided by Welsh Government and will be used to fund £382,000 of the Central Team costs.
- The SLA's are £139,000 as outlined above.
- The salaries, secondments and specialists includes the cost of the Head of Human Resources/HR Lead seconded to ERW.
- £10,000 has been added to the budget to cover the legal costs of the forthcoming changes to ERW, based on an estimate provided to the Lead Director of Education. Savings elsewhere within the core funded budget have been found to cover this cost.
- The Joint Committee approved Local Authority contributions of £480,356 are based on PLASC 19 pupil numbers for the five Local Authorities.

3. 2020-21 Grant Allocations

	Grant Income Estimate
	2020-21 £000's
RCSIG	
Curriculum and Assessment	1,495
Developing the Profession	31,881
Leadership	453
Supporting Self Improving System	298
RCSIG Total	34,127
PDG	
PDG	20,135
LAC PDG	913
PDG Coordinator	78
Consortia Led Funding	157
PDG Total	21,283
Others	
EWC	418
Other Total	418
Total Grant Income Expected	55,828

3.1 Pupil Development Grant (PDG)

As outlined in the last financial update, the PDG grant invitation letter was received from Welsh Government on 29 July 2020 with the grant offer letter received on 26 August 2020. Please refer to Table 3 for the breakdown. The PDG will be distributed quarterly based on percentage allocations contained within the grant offer letter. The first payment of £4,784,289 was received on 28 August 2020, the second payment of £4,261,012 was received on 5 October 2020, and the third payment of £4,788,688 was received on 6 January 2021. The final instalment is due on 2 March 2021.

3.2 PDG Grant Allocation 2020-21

As outlined in the last financial update, the PDG Grant has been allocated as follows:

	Local Authority £'000's	ERW Retained £'000's	Total £'000's
PDG	20,135	-	20,135
PDG LAC	822	91	913
PDG Co-ordinator	-	78	78
Consortia Led Funding	-	157	157
Total	20,957	326	21,283

3.3 Regional Consortia School Improvement Grant (RCSIG)

As outlined in the last financial update, the RCSIG will be distributed on a quarterly basis. The 2020-21 grant offer letter was received from Welsh Government on 29 July 2020 and was formally reviewed and accepted by the Joint Committee on 13 November 2020. The first payment of £8,509,208 was received on 10 August 2020, the second payment of £8,207,641 was received on 5 October 2020, and the third payment of £8,600,146 was received on 6 January 2021. The final instalment is due on 2 March 2021.

In November 2020, a variation letter was received and accepted for a total of £35,260.50. The funding provided for the following:

Grant Element	Amount £000's
Supporting Adopted Learners	5
NPEP Funding	30
Total	35

A copy of the variation letter can be seen at Appendix A.

3.4 Regional Consortia School Improvement Grant (RCSIG) – EIG Grant Allocation 2020-21

As outlined in the last financial update, the RCSIG EIG Grant allocation was as follows:

	Total Grant Funding £'000's	Match Funding £'000's	Total Funding £'000's
ERW	911	-	911
Powys	4,648	540	5,188
Ceredigion	2,584	290	2,874
Pembrokeshire	4,411	496	4,907
Carmarthenshire	7,110	669	7,779
Swansea	9,017	714	9,731
Totals	28,681	2,709	31,390

4. 2020-21 Grants

4.1 A breakdown of the funding for the ERW staffing structure (grant funding and core funding) is shown at Appendix B.

4.2 RCSIG

The RCSIG is allocated according to the National Ministerial Priorities. Grants received are allocated according to the ERW Business Plan 2020-21 priorities in line with the strategy groups created in 2019-20:

- Curriculum (4.3)
- Digital (4.4)
- Welsh (4.5)
- Leadership (4.6)
- Professional Learning (4.7)
- Equity & Wellbeing (4.8)

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

This report and the financial information contained within it should be considered alongside the ERW Business Plan 2020-21.

4.3 Curriculum

Budgeted Income	2020-21 Projected Income £000's	Actual Income at Dec 2020 £000's	
RCSIG School Improvement 2020-21	1,096	678	
RCSIG 3% Savings	(191)		
Total Estimated Income	905		
School Improvement Budgeted Expenditure	2020-21 Projected Expenditure £000's	Actual Expenditure Dec 2020 £000's	Committed £000's
Staffing Costs			
Salaries, Secondments, Specialists	505	484	21
Core Central Staff	12	9	3
Travel, Subsistence, Training and Development	5	1	4
IT Hardware & Mobiles	1	-	1
	523	494	29
Development and Running Costs			-
Accommodation & Venue Hire	-	-	-
Stationary, Telephone, Photocopying	-	-	-
Translation	16	14	2
Software, Marketing, R&E,	-	-	-
	16	14	2
Delegated to Schools			-
Passported on WG Instruction	-	-	-
Regional Support & Development Work	366	5	361
Delegated to Local Authorities	-	-	-
Total Estimated Expenditure	905	513	392

4.4 Digital

Budgeted Income	2020-21 Projected Income £000's	Actual Income at Dec 2020 £000's	
RCSIG School Improvement 2020-21	287	172	
RCSIG 3% Savings	(58)		
Total Estimated Income	229		
School Improvement Budgeted Expenditure	2020-21 Projected Expenditure £000's	Actual Expenditure Dec 2020 £000's	Committed £000's
Staffing Costs			
Salaries, Secondments, Specialists	174	99	75
Travel, Subsistence, Training and Development	2	-	2
IT Hardware & Mobiles	1	-	1
	177	99	78
Development and Running Costs			
Accommodation & Venue Hire	-	-	-
Stationary, Telephone, Photocopying	-	-	-
Translation	-	-	-
Software, Marketing, R&E,	-	-	-
	-	-	-
Regional Support & Development Work	51	6	45
Delegated to Schools	1	1	-
Passported on WG Instruction	-	-	-
Delegated to Local Authorities	-	-	-
Unallocated Funds	-	-	-
Total Estimated Expenditure	229	106	123

4.5 Welsh

Budgeted Income	2020-21 Projected Income £000's	Actual Income at Dec 2020 £000's	
RCSIG School Improvement 2020-21	858	514	
RCSIG 3% Savings	(172)		
Total Estimated Income	686		
School Improvement Budgeted Expenditure	2020-21 Projected Expenditure £000's	Actual Expenditure Dec 2020 £000's	Committed £000's
Staffing Costs			
Salaries, Secondments, Specialists	245	173	72
Core Central Staff	3	3	-
Travel, Subsistence, Training and Development	2	2	-
IT Hardware & Mobiles	1	-	1
	251	178	73
Development and Running Costs			
Accommodation & Venue Hire	-	-	-
Stationary, Telephone, Photocopying	-	-	-
Translation	-	-	-
Software, Marketing, R&E,	-	-	-
	-	-	-
Regional Support & Development Work	196	-	196
Delegated to Schools			
Passported on WG Instruction	-	-	-
Delegated to Local Authorities	239	239	-
Total Estimated Expenditure	686	417	269

4.6 Leadership

Budgeted Income	2020-21 Projected Income £000's	Actual Income at Dec 2020 £000's	
RCSIG School Improvement 2020-21	654	392	
RCSIG 3% Savings	(231)*		
EWC 2020-21	418	238	
Total Estimated Income	841	630	
School Improvement Budgeted Expenditure	2020-21 Projected Expenditure £000's	Actual Expenditure Dec 2020 £000's	Committed £000's
Staffing Costs			
Salaries, Secondments, Specialists	200	158	42
Core Central Staff	5	3	2
External Verifiers NQT	68	40	28
Travel, Subsistence, Training and Development	3	1	2
IT Hardware & Mobiles	1	-	1
	277	202	75
Development and Running Costs			
Accommodation & Venue Hire	-	-	-
Stationary, Telephone, Photocopying	-	-	-
Translation	6	5	1
Software, Marketing, R&E,	-	-	-
	6	5	1
Regional Support & Development Work	544	-	544
Delegated to Schools	14	14	-
Passported on WG Instruction	-	-	-
Delegated to Local Authorities	-	-	-
Total Estimated Expenditure	841	221	620

*There was a delay in confirming the funding for the Leadership programs due to registration closing in November for the majority of courses resulting in the budgeted income and savings having been estimated.

4.7 Professional Learning

Budgeted Income	2020-21 Projected Income £000's	Actual Income at Dec 2020 £000's	
RCSIG School Improvement 2020-21	2,395	1,452	
RCSIG 3% Savings	(459)		
Total Estimated Income	1,936		
School Improvement Budgeted Expenditure	2020-21 Projected Expenditure £000's	Actual Expenditure Dec 2020 £000's	Committed £000's
Staffing Costs			
Salaries, Secondments, Specialists	639	385	254
Core Central Staff	3	2	1
Travel, Subsistence, Training and Development	3	-	3
IT Hardware & Mobiles	1	-	1
	646	387	259
Development and Running Costs			
Accommodation & Venue Hire	-	-	-
Stationary, Telephone, Photocopying	-	-	-
Translation	3	1	2
Software, Marketing, R&E,	-	-	-
	3	1	2
Regional Support & Development Work	327	5	322
Delegated to Schools	960	915	45
Passported on WG Instruction	-	-	-
Delegated to Local Authorities	-	-	-
Total Estimated Expenditure	1,936	1,308	628

4.8 Equity and Wellbeing

Budgeted Income	2020-21 Projected Income £000's	Actual Income at Dec 2020 £000's	
RCSIG School Improvement 2020-21 (EIG)	28,837	21,627	
RCSIG 3% Savings	-		
PDG 2020-21	21,283	13,834	
Total Estimated Income	50,120	35,461	
School Improvement Budgeted Expenditure	2020-21 Projected Expenditure £000's	Actual Expenditure Dec 2020 £000's	Committed £000's
Staffing Costs			
Salaries, Secondments, Specialists	395	326	69
Core Central Staff	4	3	1
Travel, Subsistence, Training and Development	3	2	1
IT Hardware & Mobiles	1	-	1
Grant Flexibility RCSIG 2020-21	500	-	500
	903	331	572
Development and Running Costs			
Accommodation & Venue Hire	-	-	-
Stationary, Telephone, Photocopying	-	-	-
Translation	5	3	2
SLA's	61	61	0
Software, Marketing, R&E,	20	-	20
	86	64	22
Regional Support & Development Work	248	51	197
Delegated to Schools	-	-	-
Passported on WG Instruction	47,905	21,021	26,884
Delegated to Local Authorities	978	123	855
Total Estimated Expenditure	50,120	21,590	28,530

5. Risks

This report, in a similar vein to previous Budget and Financial Update reports, highlights risks for ERW.

The financial implications of the anticipated changes to ERW will need to be clearly thought through and discussed with the S151 Officer and the Monitoring Officer to ensure no Local Authority suffers any financial detriment.

The ERW Reserves are diminishing as outlined below, with total reserves of only £45k at the end of 2019-20.

Continued reliance upon grant funding remains a risk.

6. Reserves

The table below shows the projected implications on ERW Reserves from 2019-20 to 2020-21.

The projected annual contribution to the cost of the Central Team for 2020-21 is nil.

Useable Reserves	Earmarked Joint Committee Reserves £000's	General Working Reserve £000's	Pensions Reserve £000's	Total Reserves £000's
Balance 31 March 2019	322	100	(316)	106
2019-20 To Revenue	30		(91)	(61)
Balance 31 March 2020	352	100	(407)	45
2020-21 To Revenue	-	-	-	-
Balance 31 March 2021	352	100	(407)	45

7. Recommendations

- The Joint Committee notes the updated ERW financial position at 31 December 2020.
- The Joint Committee approves the amendments to the Central Team budget for 2020-21, namely the legal costs for the anticipated changes to ERW.