

# **ERW Financial Update 2020-21**

**13 November 2020**

**ERW S151 Officer**



## 1. Introduction

This report presents the Joint Committee with a financial update at 30 September 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)

The SLA budget for 2020-21 was £125,000 but no Local Authority has been forthcoming to provide these services at reduced cost or no cost to ERW. Therefore, the SLA's for 2020-21 will cost £139,000 and are 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
<b>Total Budgeted SLA's</b>	<b>£139,000</b>

### 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
<b>Total</b>	<b>480,356</b>

Core Budgeted Expenditure	2020-21 Approved Budget £000's	2020-21 Projected Outturn at Sep 2020 £000's	Core Funded £000's	Grant Funded £'000s	Actual Income / Expenditure Sep 2020 £000's
<b>Staffing Costs</b>					
Salaries, Secondments, Specialists	845	905	579	326	368
Travel, Subsistence, Training and Development	3	3	3	-	-
IT Hardware & Mobiles	-	-	-	-	-
	<b>848</b>	<b>908</b>	<b>582</b>	<b>326</b>	<b>368</b>
<b>Development and Running Costs</b>					
Rent and Accommodation	59	59	59	-	23
General Office Expenses	2	2	2	-	1
Stationary, Telephone, Photocopying	8	3	3	-	2
Translation	2	7	7	-	2
Software, Marketing, R&E,	33	33	33	-	1
Service Level Agreements	125	139	78	61	139
External Audit	14	14	14	-	-
Contingency unallocated	-	-	-	-	-
	<b>243</b>	<b>257</b>	<b>196</b>	<b>61</b>	<b>168</b>
<b>Total Estimated Expenditure</b>	<b>1,091</b>	<b>1,165</b>	<b>778</b>	<b>387</b>	<b>536</b>
<b>Core Budgeted Income</b>					
Local Authority Contributions	480	480	480	-	-
Grant Funding	313	387	-	387	-
2019-20 Funding Utilised	298	298	298	-	298
<b>Total Estimated Income</b>	<b>1,091</b>	<b>1,165</b>	<b>778</b>	<b>387</b>	<b>298</b>
<b>Core Net Expenditure / (Income)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Appropriation to Reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 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 £387,000 of the Central Team costs.
- The SLA's are shown at £139,000 as outlined above.
- The salaries, secondments and specialists includes the cost of the Head of Human Resources/HR Lead seconded to ERW as agreed via email ahead of the Joint Committee to ensure timeliness.
- 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

	Original Grant Income Estimate 2020-21 £000's
<b>RCSIG</b>	
Curriculum and Assessment	1,495
Developing the Profession	31,846
Leadership	453
Supporting Self Improving System	298
<b>RCSIG Total</b>	<b>34,092</b>
<b>PDG</b>	
PDG	20,135
LAC PDG	913
PDG Coordinator	78
Consortia Led Funding	157
<b>PDG Total</b>	<b>21,283</b>
<b>Others</b>	
EWC	418
<b>Other Total</b>	<b>418</b>
<b>Total Grant Income Expected</b>	<b>55,793</b>

#### 3.1 PDG Grant Allocation 2020-21

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.

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
<b>Total</b>	<b>20,957</b>	<b>326</b>	<b>21,283</b>

## 3.2 Regional Consortia School Improvement Grant (RCSIG) 2020-21

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 will be presented to the Joint Committee on 13 November 2020 for formal review and acceptance. 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.

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

The RCSIG EIG Grant allocation was as follows:

	<b>Total Grant Funding £'000's</b>	<b>Match Funding £'000's</b>	<b>Total Funding £'000's</b>
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
<b>Totals</b>	<b>28,681</b>	<b>2,709</b>	<b>31,390</b>

## 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 A.

### 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 Sept 2020 £000's	
RCSIG School Improvement 2020-21	1,096	453	
RCSIG 3% Savings	(191)		
<b>Total Estimated Income</b>	<b>905</b>		
School Improvement Budgeted Expenditure	2020-21 Projected Expenditure £000's	Actual Expenditure September 2020 £000's	Committed £000's
<b>Staffing Costs</b>			
Salaries, Secondments, Specialists	505	308	197
Core Central Staff	12	8	4
Travel, Subsistence, Training and Development	5	-	5
IT Hardware & Mobiles	1	-	1
	<b>523</b>	<b>316</b>	<b>207</b>
<b>Development and Running Costs</b>			-
Accommodation & Venue Hire	-	-	-
Stationary, Telephone, Photocopying	-	-	-
Translation	16	9	7
Software, Marketing, R&E,	-	-	-
	<b>16</b>	<b>9</b>	<b>7</b>
<b>Delegated to Schools</b>			-
Passported on WG Instruction	-	-	-
Regional Support & Development Work	366	-	366
<b>Delegated to Local Authorities</b>	-	-	-
<b>Total Estimated Expenditure</b>	<b>905</b>	<b>325</b>	<b>580</b>

#### 4.4 Digital

Budgeted Income	2020-21 Projected Income £000's	Actual Income at September 2020 £000's	
RCSIG School Improvement 2020-21	287	115	
RCSIG 3% Savings	(58)		
<b>Total Estimated Income</b>	<b>229</b>		
School Improvement Budgeted Expenditure	2020-21 Projected Expenditure £000's	Actual Expenditure September 2020 £000's	Committed £000's
<b>Staffing Costs</b>			
Salaries, Secondments, Specialists	174	93	81
Travel, Subsistence, Training and Development	2	-	2
IT Hardware & Mobiles	1	-	1
	<b>177</b>	<b>93</b>	<b>84</b>
<b>Development and Running Costs</b>			
Accommodation & Venue Hire	-	-	-
Stationary, Telephone, Photocopying	-	-	-
Translation	-	-	-
Software, Marketing, R&E,	-	-	-
	-	-	-
Regional Support & Development Work	52	-	52
<b>Delegated to Schools</b>			
Passported on WG Instruction	-	-	-
<b>Delegated to Local Authorities</b>			
	-	-	-
<b>Unallocated Funds</b>			
	-	-	-
<b>Total Estimated Expenditure</b>	<b>229</b>	<b>93</b>	<b>136</b>

## 4.5 Welsh

Budgeted Income	2020-21 Projected Income £000's	Actual Income at September 2020 £000's	
RCSIG School Improvement 2020-21	858	343	
RCSIG 3% Savings	(172)		
<b>Total Estimated Income</b>	<b>686</b>		
School Improvement Budgeted Expenditure	2020-21 Projected Expenditure £000's	Actual Expenditure September 2020 £000's	Committed £000's
<b>Staffing Costs</b>			
Salaries, Secondments, Specialists	246	110	136
Core Central Staff	2	1	1
Travel, Subsistence, Training and Development	2	1	1
IT Hardware & Mobiles	1	-	1
	<b>251</b>	<b>112</b>	<b>139</b>
<b>Development and Running Costs</b>			
Accommodation & Venue Hire	-	-	-
Stationary, Telephone, Photocopying	-	-	-
Translation	-	-	-
Software, Marketing, R&E,	-	-	-
	-	-	-
Regional Support & Development Work	435	-	435
<b>Delegated to Schools</b>			
Passported on WG Instruction	-	-	-
<b>Delegated to Local Authorities</b>			
	-	-	-
<b>Total Estimated Expenditure</b>	<b>686</b>	<b>112</b>	<b>574</b>



## 4.6 Leadership

<b>Budgeted Income</b>	<b>2020-21 Projected Income £000's</b>	<b>Actual Income at September 2020 £000's</b>	
RCSIG School Improvement 2020-21	654	327	
RCSIG 3% Savings	(131)		
EWC 2020-21	418	100	
<b>Total Estimated Income</b>	<b>941</b>	<b>427</b>	
<b>School Improvement Budgeted Expenditure</b>	<b>2020-21 Projected Expenditure £000's</b>	<b>Actual Expenditure September 2020 £000's</b>	<b>Committed £000's</b>
<b>Staffing Costs</b>			
Salaries, Secondments, Specialists	193	120	73
Core Central Staff	5	2	3
External Verifiers NQT	68	28	40
Travel, Subsistence, Training and Development	3	-	3
IT Hardware & Mobiles	1	-	1
	<b>270</b>	<b>150</b>	<b>120</b>
<b>Development and Running Costs</b>			
Accommodation & Venue Hire	-	-	-
Stationary, Telephone, Photocopying	-	-	-
Translation	6	4	2
Software, Marketing, R&E,	-	-	-
	<b>6</b>	<b>4</b>	<b>2</b>
Regional Support & Development Work	665	-	665
<b>Delegated to Schools</b>			
Passported on WG Instruction	-	-	-
<b>Delegated to Local Authorities</b>			
<b>Total Estimated Expenditure</b>	<b>941</b>	<b>154</b>	<b>787</b>

## 4.7 Professional Learning

Budgeted Income	2020-21 Projected Income £000's	Actual Income at September 2020 £000's	
RCSIG School Improvement 2020-21	2,360	951	
RCSIG 3% Savings	(459)		
<b>Total Estimated Income</b>	<b>1,901</b>		
School Improvement Budgeted Expenditure	2020-21 Projected Expenditure £000's	Actual Expenditure September 2020 £000's	Committed £000's
<b>Staffing Costs</b>			
Salaries, Secondments, Specialists	639	248	391
Core Central Staff	3	1	2
Travel, Subsistence, Training and Development	3	-	3
IT Hardware & Mobiles	1	-	1
	<b>646</b>	<b>249</b>	<b>397</b>
<b>Development and Running Costs</b>			
Accommodation & Venue Hire	-	-	-
Stationary, Telephone, Photocopying	-	-	-
Translation	3	1	2
Software, Marketing, R&E,	-	-	-
	<b>3</b>	<b>1</b>	<b>2</b>
Regional Support & Development Work	322	-	322
<b>Delegated to Schools</b>	<b>930</b>	<b>300</b>	<b>630</b>
Passported on WG Instruction	-	-	-
<b>Delegated to Local Authorities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Estimated Expenditure</b>	<b>1,901</b>	<b>550</b>	<b>1,351</b>

## 4.8 Equity and Wellbeing

Budgeted Income	2020-21 Projected Income £000's	Actual Income at September 2020 £000's	
RCSIG School Improvement 2020-21 (EIG)	28,837	14,341	
RCSIG 3% Savings	-		
PDG 2020-21	21,283	9,471	
<b>Total Estimated Income</b>	<b>50,120</b>	<b>23,812</b>	
School Improvement Budgeted Expenditure	2020-21 Projected Expenditure £000's	Actual Expenditure September 2020 £000's	Committed £000's
<b>Staffing Costs</b>			
Salaries, Secondments, Specialists	395	214	181
Core Central Staff	4	2	2
Travel, Subsistence, Training and Development	3	1	2
IT Hardware & Mobiles	1	-	1
Grant Flexibility RCSIG 2020-21	500	-	500
	<b>903</b>	<b>217</b>	<b>686</b>
<b>Development and Running Costs</b>			
Accommodation & Venue Hire	-	-	-
Stationary, Telephone, Photocopying	-	-	-
Translation	5	2	3
SLA's	61	61	-
Software, Marketing, R&E,	20	-	20
	<b>86</b>	<b>63</b>	<b>23</b>
Regional Support & Development Work	248	47	201
<b>Delegated to Schools</b>	-	-	-
Passported on WG Instruction	47,905	-	47,905
<b>Delegated to Local Authorities</b>	978	-	978
<b>Total Estimated Expenditure</b>	<b>50,120</b>	<b>327</b>	<b>49,793</b>

## 5. Risks

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

Three Local Authorities have given notice to leave ERW at the end of 2020-21, when it is planned that ERW will be disbanded and recreated at a sub-regional level. The financial implications of this 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 as a result of ERW being disbanded and recreated.

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 the end of 30 September 2020.
- The Joint Committee approves the amendments to the Central Team budget for 2020-21 due to the increase in SLA costs and the costs of the secondment of the Head of Human Resources/HR Lead to ERW.
- The Joint Committee approves the allocation of the PDG Grant for 2020-21.
- The Joint Committee approves the allocation of the RCSIG EIG Grant for 2020-21.