

ERW Outline Budget 1 April – 31 August 2021

30 March 2021

ERW S151 Officer



1. Introduction

This report presents the Joint Committee with an outline budget for five months, 1 April to 31 August 2021, based on an alliance of 4 Local Authorities (following the departure of Ceredigion County Council on 31 March 2021).

2. Assumptions and Estimates

A number of assumptions and estimates have had to be made to create the outline budget and should be considered throughout.

The assumptions and estimates for the outline budget, based on an alliance of 4 Local Authorities, are:

- The assumptions and estimates are subject to change as they are confirmed;
- The funding for the RCSIG is indicative only, is subject to change by Welsh Government and will be paid to the Local Authorities (*in previous years it has been paid direct to ERW*);
- For budgeting purposes, where elements of the RCSIG and PDG are still to be confirmed, the funding level has been excluded as agreement will need to be made to transfer any funding to ERW in the future;
- No commissioning of ERW services from NPT or Ceredigion has been included within this outline budget, for prudence and due to the “TBC” status of these funding streams within the indicative funding, other than the HLTA and future leaders programme for NPT on a pro-rated basis.
- All posts which are currently filled for 2020-21 have been included;
- A 1.5% pay increase from April 2021 has been budgeted for anyone on the non-teaching pay grades;
- Salaries for all other staff have remained the same as their increases do not come into effect until September 2021;
- Remote working will continue for this period due to uncertainty around Covid-19 and to reduce costs;
- Minimal staff investment in training including Welsh language courses and Professional Learning;
- For rent, service charge and utilities, we have budgeted for 1 April 2021 – 31 October 2021 as this will cover our liability if we give notice on Y Llwyfan prior to 30 April 2021;
- Service Level Agreements (SLA’s) – the cost has been pro-rated for the five month budget, however, it was agreed several years ago that twelve months’ notice would be given to terminate any SLA’s, which would result in an annual expense of £139,000 based on 2020-21 SLA’s;
- We anticipate a duplication of costs for 2021-22 in respect of some SLA’s, e.g. Internal Audit, as two will be required, one for each structure. Agreement of new SLA’s may be more expensive, as some current SLA’s haven’t increased in many years.
- Audit Wales have not been contacted for an estimate of their fees for 1 April – 31 August 2021. Whilst their fees normally cover a financial year, they will charge for additional work, e.g. two Statements of Accounts for 2021-22, to be audited.
- £10k has been budgeted in respect of legal fees, as in 2020-21.
- Laptop replacements were put on hold due to Covid-19. Future requirements to be considered, ensuring technology is fit for purpose especially if remote working is to continue. Three months’ notice is required to exit mobile phone contracts.
- £3k for office decoration to ensure compliance with the terms and conditions of the lease.

3. Directors of Education Decisions

The Directors of Education have agreed to extend the following secondments to 31 August 2021:

Secondments in to ERW:

- Head of Curriculum Reform & Innovation (1 FTE);
- Area of Learning and Expertise Development Lead (1 FTE);
- Area of Learning and Expertise Development Lead (0.6 FTE);
- Area of Learning and Expertise Development Lead (0.4 FTE).

4. Central Team Budget 1 April – 31 August 2021

Local Authority contributions for 1 April – 31 August 2021 would be £181,922 which is 5/12th's of the 2020-21 contributions. No increase has been added to account for the withdrawal of Ceredigion County Council in line with the approach following the withdrawal of NPT (*when the shortfall was covered by unused funding carried forward*).

The below table is based on PLASC-19 and may change if a move is made to PLASC-20, however, the impact of this is minimal.

Local Authority	2019-20 Contribution £	2020-21* Contribution £	2021-22 Contribution £	2021-22 Contribution £ (5/12)
Powys	33,535	81,934	81,934	34,139
Pembrokeshire	33,895	79,898	79,898	33,291
Carmarthenshire	53,167	123,998	123,998	51,666
Swansea	69,998	150,785	150,785	62,827
Ceredigion	18,692	43,741	-	-
NPT	40,713	-	-	-
Total	250,000	480,356	436,615	181,923

* The change in contribution levels for 2020-21 was due to a requirement to fund the structure following the review and reform work undertaken in 2019 as outlined in the report considered and approved by the Joint Committee on 9 December 2019.

Service Level Agreements (SLA's)

The budgets presented within this report are based on the costs of the 2020-21 SLA's, pro-rated for five months. The SLA's for 1 April – 31 August 2021 are budgeted as follows:

SLA's	2020-21 Total	Pro Rated 5 months
Committee Services (Carmarthenshire)	£5,000	£2,083
Scrutiny (Swansea)	£5,000	£2,083
Finance (Pembrokeshire)	£40,000	£16,667
Internal Audit (Pembrokeshire)	£25,000	£10,417
Human Resources (Pembrokeshire)	£20,000	£8,333
Information Technology (Pembrokeshire)	£24,000	£10,000
Procurement (Pembrokeshire)	£20,000	£8,333
Total Budgeted SLA's	£139,000	£57,916

The central team budget is as follows:

Budgeted Expenditure	Core Budget		Central Budget	Total
	Core Funded £000's	Grant Funded £'000s	Grant Funded £'000s	
Staffing Costs				
Salaries, Secondments, Specialists	246	11	905	1,162
Travel, Subsistence, Training and Development	1	-	2	3
IT Hardware & Mobiles	-	-	1	1
	247	11	908	1,166
Development and Running Costs				
Rent and Accommodation	36	-	-	36
General Office Expenses	5	-	-	5
Stationary, Telephone, Photocopying	3	-	-	3
Translation	3	-	11	14
Software, Marketing,	22	-	5	27
Service Level Agreements	33	25	-	58
External Audit	14	-	-	14
Legal Expenses	10	-	-	10
Business Plan Objectives	-	-	202	202
	126	25	218	369
Total Estimated Expenditure	373	36	1,126	1,535
Budgeted Income				
LA Contributions	182	-	-	182
Reserve (Unused Contributions from 2020-21)	77	-	-	77
EWC (Unused Funding Carried Forward)	114	-	-	114
Grant Funding RCSIG (Less EIG)	-	36	750	786
Grant Funding RCSIG (EIG ERW Retained Only)	-	-	315	315
Grant Funding RCSIG (PDG Co-ordinator Only)	-	-	27	27
Grant Funding RCSIG (NPT)	-	-	34	34
Grant Funding RCSIG (TBC Estimate)	-	-	-	-
Grant Funding RCSIG (Ceredigion)	-	-	-	-
Total Estimated Income*	373	36	1,126	1,535

* NB - The above does not include an estimate for PDG LAC as this is TBC, however, 10% is usually retained by ERW to fund workstreams in this area.

5. Grant Funding from Local Authority Allocations 1 April to 31 August 2021

Grant funding for the Pupil Development Grant (PDG) and the Regional Consortia School Improvement Grant (RCSIG) will be disaggregated to each Local Authority within ERW (*In previous years, it has always been paid to ERW*). As it currently stands, no grant funding for the PDG and RSCIG will be paid to ERW. In order to fund ERW and allow delivery of the Business Plan until 31 August 2021, each Local Authority will need to transfer the following RCSIG and the Co-ordinator aspect of the PDG to ERW:

Local Authority	Powys £	Pembs £	Carms £	Swansea £	Total £
RCSIG	59,058	57,817	90,131	107,994	315,000
EIG of RCSIG	186,564	159,435	210,011	230,350	786,360
PDG Coordinator	5,775	6,417	6,096	8,342	26,630
Total	251,397	223,669	306,238	346,686	1,127,990

Indicative Funding Pro-Rated	2,216,765	2,146,966	3,308,389	3,942,775
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The Indicative Funding is based on a pro-rated 5/12th's split per Local Authority of their indicative funding for 2021-22. This will allow £202,000 for delivery of the Business Plan based on the current indicative funding.

Professional Learning and Leadership funding is still TBC. A similar approach would be advisable once the funding is confirmed.

PDG LAC from Local Authority Allocations 1 April to 31 August 2021

PDG LAC funding is TBC from Welsh Government. ERW would usually retain 10% to carry out work across the region in line with the Business Plan approved by the Joint Committee and the LAC Plan approved by the Directors of Education. It is suggested that a pro-rated 10% be made available for this purpose once funding is confirmed. Based on 2020-21 funding and LAC numbers on a pro-rated basis, each Local Authority would need to transfer the following grant funding to ERW:

LA	5/12 th Estimate £
Carmarthenshire	10,120
Powys	8,240
Swansea	15,430
Pembrokeshire	4,260
Total	38,050

6. Risks

The ERW reserves are diminishing (only £45k at the commencement of 2020-21) and any remaining reserves, pending the closure of 2020-21, will need to be utilised to contribute towards funding the Core Central Team in 2021-22.

Work is ongoing in respect of the future financial and funding model from 1 September 2021, but uncertainties remain. Continued reliance upon grant funding remains a risk.

7. Recommendations

- The Joint Committee notes the assumptions and estimates made in compiling the outline budget for 1 April to 31 August 2021;
- The Joint Committee notes the risks associated with the uncertainty over ERW from 1 September 2021 onwards;
- The Joint Committee approves the outline budgets for 1 April to 31 August 2021;
- The Joint Committee approves the Local Authority Contributions for 1 April to 31 August 2021;
- The Joint Committee approves the use of reserves and unused funding carried forward to support the outline core Central Team budget for 1 April to 31 August 2021;
- The Joint Committee approves the transfer of RCSIG, including EIG, and PDG funding from each Local Authority to ERW as outlined in the report;
- The Joint Committee approves the transfer of PDG LAC funding from each Local Authority to ERW as outlined in the report;
- The Joint Committee authorises the ERW S151 Officer to make amendments to the outline budget as assumptions and estimates are confirmed.