

Report from the Association Treasurer to WEA Conference 2021

This report is best read in conjunction with the Annual Financial Report for 2019-20, which can be found [here](#) or in the WEA Conference website. My purpose here is to provide some key elements of the financial position of the Association and some contextual understanding of how we have reached that situation and what may happen in the future.

Financial Performance – key data

| | | 2018/19 | 2019/20 | 2020/21 |
|--------------|-------------------|---------|---------|---------|
| | | 000 | 000 | 000 |
| Unrestricted | | | | |
| | Income | 23234 | 17924 | 16217 |
| | Expenditure | 22769 | 16764 | 12251 |
| | Surplus/(deficit) | 465 | 1160 | 3966 |
| Restricted | | | | |
| | Income | 4196 | 10918 | 13591 |
| | Expenditure | 4488 | 11117 | 13005 |
| | Surplus/(deficit) | -292 | -199 | 586 |
| Total | | | | |
| | Income | 27430 | 28842 | 29808 |
| | Expenditure | 27257 | 27881 | 25256 |
| | Surplus/(deficit) | 173 | 961 | 4552 |

- Over the past three years there has been an upward trend in income
- We have in that time generated a surplus on unrestricted income in three successive years
- However, restricted income is a growing proportion of our funding
- 2020/21 results have not yet been audited and may change. In any case this is an exceptional year and is not expected to be repeated

Contextual understanding

There are two key features I would like to highlight as having especial significance over the past period: the changes in the source of our income and the impact of changes in the way education is provided, especially impacted by COVID-19.

- 1) **Changes in income sources.** Historically, a significant source of our income has been through central government. With the policy of devolving government funding to mayoral authorities, we have seen that change rapidly and it continues to do so. The Table below, taken from the Annual Report and Accounts shows the scale of that change.

| | 2018-19 | 2019-20 | 2020-21 ¹ |
|---------------------|---------|---------|----------------------|
| Unrestricted Income | 85% | 62% | 54% |
| Restricted Income | 15% | 38% | 46% |

¹ This is an estimated figure at the time of the 2019-20 Annual Accounts

This creates both fresh opportunities to secure income but is also placing us in greater risk since funding is less certain and long established and valued provision may be affected. We have had many successes in securing funding from Mayoral Controlled Authorities (MCAs), but we have also had severe disappointments. The nature of the contracting arrangements means we are more restricted on the provision we provide in some areas and also in those who can participate in the programmes.

- 2) Education Provision and COVID-19.** The pandemic created huge uncertainty in our work, affecting both how we functioned as an organisation and how we delivered education as face to face courses were brought to a halt. We did not know how our major funders would respond to our challenges. And we did not know how successful our necessitated upscaling of online and blended learning would be. Such uncertainty required a level of financial caution in some areas and provision. The work carried out throughout the Association to develop quality online provision has proved hugely successful and this has enabled us to meet financial as well as educational objectives. Because of our ability to put in place opportunities for learners alongside flexibility from donors, the financial outcome has been positive in the short term. But currently and going forward, the balance of online and face to face learning remains an area of transition and in due course will be reflected in the funding arrangements of the future

Looking Forward

In the immediate term, we have addressed the financial challenges of devolved funding and COVID-19 with a level of success, demonstrating our ability to respond flexibly and effectively to these challenges. As shown above, the end year out-turn will be an unusually positive one financially and provide the financial breathing space to address important areas of improvement.

Looking further ahead, given the source of our funding is primarily governmental, the WEA has always needed to align our educational provision with the basis on which we are able to secure funds. As our funding becomes more restricted in what we can use it for, so this will impact on what activities we undertake. In consequence, if we want to undertake activities that sit beyond the scope, for example, of MCA contracts then we will need sources of funding that enable us to do that. Ideally such funds would be without restriction. This will be a major challenge for the Association and will require engagement throughout the WEA if we are to achieve this. At the same time, we cannot take the financial support from the ESFA and MCAs for granted and we need to ensure we have the skills and internal resource to both secure contracts and deliver them.

In conclusion, I would especially like to thank the members of the Finance and General Purposes Committee for their support and engagement with me in providing effective stewardship of the Association's finances; and to Dympna McCoy and the finance staff who have done such an exemplary job in the most difficult of circumstances.

Cliff Allum

Association Treasurer

September 2021