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| MEETING | GwE Joint Committee |
| DATE | 24 February 2021 |
| TITLE | GwE Budget 2020/21 – 3rd Quarter Review |
| PURPOSE | <ul style="list-style-type: none">• To update Joint Committee members on the latest financial review of GwE’s budget for the 2020/21 financial year.• The report focuses on the significant financial variances, with Appendix 1 containing the full financial information. |
| RECCOMENDATION | To accept the report. |
| AUTHOR | GwE Managing Director and Gwynedd Council Head of Finance. |

1. CONCLUSION

- 1.1 The 3rd quarter review estimates a net underspend of (£42,505), mainly due to savings on travelling costs in the core budget.
- 1.2 However, the impact of Covid-19 can be seen to affect various individual headings, and the following section of this report explains the reasons behind the main variations.

2. FINANCIAL VARIANCES

2.1 Employees:

Quarter 3: overspend £18,455 *Quarter 2 : overspend £31,302*

As reported in the 2nd quarter review, the overspend is mainly attributable to redundancy costs for 2 members of staff who were on temporary contracts but had service carried forward from their previous employment.

There is decrease in the overspend since quarter 2, due to a member of staff being on secondment.

2.2 Rent:

Quarter 3: overspend £58,080 *Quarter 2 : overspend £58,080*

As reported in quarter 2, the expected lack of income under this heading is equivalent to an overspend in 2020/21. The rent income budget is for the use of GwE buildings and is dependent on income from schools, authorities and internal use for projects funded through grants. Since the income is not external, it is not possible to claim for loss of income from the Welsh Government's hardship fund.

2.3 Travel:

Quarter 3: underspend (£120,145) *Quarter 2 : underspend (£94,928)*

It was reported in quarter 2 that a large underspend was expected, but at that time educational visits were restarting, and it was expected that expenditure would increase this year as a result. Of course, in the latest lockdown, there hasn't been any travelling, and it is unclear when school visits will resume.

2.4 Supplies and Services:

Quarter 3: overspend £723 *Quarter 2 : underspend (£25,956)*

In quarter 2 an underspend was reported. By now the situation is clearer, and it is expected that the final position under this heading will be neutral.

2.5 **Regional Consortia School Improvement Grant (RCSIG)**

Quarter 3: neutral *Quarter 2 : neutral*

As was reported in quarter 2, there was a general 3% (£957,939) cut to the RCSIG, and a cut to specific projects (£1,263,019) as a result of their response to the Covid-19 crisis (with GwE's cut being £328,361 and cuts to authorities / schools being £1,892,597). However, given that some projects have been delayed, and with sound financial planning, a neutral position is expected in 2020/21.

Analysis of full grant below:

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|---------------|---------------------------|
| Delegated* | £27,468,198 |
| Non-Delegated | <u>£ 7,828,872</u> |
| Total | <u>£35,297,070</u> |
| Grant | £32,810,790 |
| Match Funding | <u>£ 2,486,280</u> |
| Total | <u>£35,297,070</u> |

* GwE Accounts do not include grants distributed directly to schools.

3. **UNDERSPEND FUND**

- 3.1 At the beginning of the 2020/21 financial year, the fund totalled £480,204.
- 3.2 The fund total at the end of 2020/21 is estimated at £522,709 having taken into account the underspend anticipated above.
- 3.3 There could be financial challenges in 2021/22 due to the uncertainty regarding specific grants, therefore it is suggested that the underspend fund should be put to one side for the time being, before considering the pressures and costs of catching up in 2021/22.

APPENDICES

Appendix 1: GwE Budget 2020/21 – 3rd Quarter Review.

OPINION OF STATUTORY OFFICERS

Monitoring Officer:

Nothing to add from a propriety perspective.

Statutory Finance Officer:

Co-author of report.