

1. FINANCIAL VARIANCES

1.1 **Employees – Management, Brokerage, Standards and Administration: £192 overspend:**

A fairly neutral final net position. GwE received a grant contribution towards its management and administration costs. The Management/Administration Unit managed to cope with an element of the additional work on grant projects within their existing resources, leading to a saving of £25,732. The savings were transferred as a contribution towards the additional cost of supplies, specifically ICT equipment and software for the additional staff employed by grants (as the costs were not covered by grant conditions).

No significant change to what was reported in the term 2 review

1.2 **Employees – Challenge Advisers: (£126,848) underspend**

Secondment of core staff to specific projects along with staff turnover has led to an underspend on this heading. In addition, there were difficulties and a delay in terms of staff appointments in some specific areas, such as Special Schools Challenge Adviser.

A (£33,211) underspend was reported in the term 2 review

1.3 **Employees – Training, advertising and other employee costs: £11,079 overspend**

A slight overspend, mainly due to the need to re-advertise some posts and the need to advertise a number of temporary posts.

A £4,271 overspend was reported in the term 2 review

1.4 **Building: (£6,845) underspend**

In establishing the 2015/16 budget, the 'Buildings Rent' budget was increased so as to reflect whole year costs for new GwE offices in Caernarfon and Colwyn Bay. There was a delay in acquiring the new buildings, which has led to a one-off underspend in 2015/16. In addition, there was an additional one-off cost of £79,143 for moving, adapting, setting up ICT systems/telephones and furnishing the offices and training rooms to be fit for purpose. This one-off cost was funded by means of an additional contribution from the Authorities.

A (£18,157) underspend was reported in the term 2 review. The underspend is slightly less than anticipated due to an increase in the use of external rooms.

1.5 **Travel costs: (£10,542) underspend**

The staff turnover noted in 1.2 above has also led to an underspend in travel costs.

No significant change to what was reported in the term 2 review

1.6 **Supplies and Services: £27,516 overspend**

A final £27,516 overspend situation under this heading, despite a budget transfer of (£25,732) as noted above in 1.1

Grants had funded some additional temporary staff which led to increasing the need for ICT resources at a cost of approximately £35,000. This was not eligible to be funded from the grants.

In addition, there was a one-off payment of £19,620 for an online data collection system (SMS) under this heading.

A decrease from what was reported in the term 2 review (£39,768 overspend) following efforts to reduce the use of supplies in response to the anticipated overspend.

1.7 **Brokerage: (£100,123) underspend / slippage**

Following a decision by the Management Board, the service has committed to contributing to a GCSE support programme across a number of north Wales schools. As the majority of courses commenced in April 2016, this underspend is committed to be spent in 2016/17.

No over/underspend was predicted in the term 2 review

1.8 **Specific projects: (£139,004) underspend - No net effect:**

The service is involved in a number of specific projects which are funded from external sources, including grants. There is significant funding available (£9,891,785 in 2015/16) with tight conditions and a limited spending time frame.

An overspend of £2,978 on the Schools Challenge Cymru grant is to be funded from the core budget.

Comments from GwE managers and the Regional Networks to explain the reasons for failing to spend an element of the available grant:**LiDW**

Expenditure reflects the regional ICT Network's capacity to support, taking into account the very challenging time frame and limited scope of the grant. Concerns were raised with WG regarding the likelihood of underspend and additional support was offered to schools. This was rejected by WG as specifically supporting HWB+ was not considered. Taking into account the grant support that HWB+ Centres of Excellence have already received, approximately £30,000 each, and the same limited time frame for undertaking activities (4 months), we believe that the strategic support provided by the region to the 5 HWB+ Centres of Excellence is significant and reasonable considering the restrictions noted.

PDG-LAC

2015/16 was the first year of implementation of the LAC grant in line with new WG arrangements. Confirmation of arrangements was not received until the end of the first quarter of the financial year. As a result, a co-ordinator was not in post until the end of the first quarter and there were only 2 terms left to develop and deliver a programme. We are confident that we are in a much better situation this year as we have had time to prepare and develop the programme which will span the whole year.

Pioneer Schools Network

Two schools decided to pull out of the programme after fully understanding requirements. The decision was made due to lack of capacity to commit in full to the programme. Schools to receive £7,500 each.

£14,328 of the grant has been specifically earmarked (by the Government) for a specific 'workload' project with tight conditions to follow. Details about this element of the grant were received too late to be shared with schools so as to produce worth while plans to have an impact.

No over/underspend was predicted in the term 2 review.

2. UNDERSPEND RESERVE

- 2.1 At the beginning of the 2015/16 financial year, there was (£266,829) in the reserve. During 2015/16, £11,500 was used to develop the GwE website. After adding the (£205,050) underspend, the total in the fund on 31 March 2016 comes to (£460,379).
- 2.2 As noted in 1.7 above, £100,100 has been committed to be spent in early 2016/17 on the GCSE support programme. Following this, the value of the reserve will decrease to (£360,279).