



<b>MEETING</b>	<b>GwE Joint Committee</b>
<b>DATE</b>	23 May 2018
<b>TITLE</b>	<b>GwE Final Accounts 2017/18 – Revenue Out-turn</b>
<b>PURPOSE</b>	<ul style="list-style-type: none"><li>• To update Joint Committee Members on the final financial review of GwE's budget for the financial year 2017/18.</li><li>• The report focuses on the significant financial variances, with Appendix 1 containing the full financial information.</li></ul>
<b>RECOMMENDATION</b>	To accept the report
<b>AUTHOR</b>	GwE Managing Director and Gwynedd Council Head of Finance

## **1. CONCLUSION**

- 1.1 The Revenue Income and Expenditure Account for 2017/17 is presented as Attachment A.** Information on the main differences between the budget and expenditure are presented in the Out-turn report as per normal practice.
- 1.2 Following the 3<sup>rd</sup> quarter review, an estimate of Net Underspend of (£40,345) was reported against the budget.
- 1.3 The final financial position was a net overspend of £67,206, the main reasons for this variance is explained in the following part of this report.

## **2. FINANCIAL VARIANCES**

### **2.1 Employees:**

**Final Position: Underspend (£20,207). (3<sup>rd</sup> Quarter: expected underspend (£64,589)).**

We reported in Quarter 3 that staff turnover and the period when the Managing Director was in an interim and part-time position (April and May 2017) have resulted in a relatively small one-off underspend.

The expected underspend reported in the 3<sup>rd</sup> quarter has been reduced due to extra staffing costs from maternity/illness and a decrease in the amount transferred against specific projects.

### **2.2 Property - Rent:**

**Final Position: Overspend £38,116. (3<sup>rd</sup> Quarter: expected overspend £29,750).**

The expected overspend was reported in the 3<sup>rd</sup> quarter. GwE has relocated its Flintshire/Wrexham area office as of 1st September, with the annual cost being higher than the cost of the previous office (7-month impact for this year, which has been included above). There is a need to identify permanent funding for the whole year cost increase.

There has been a shortfall against targets for the use of GwE buildings by specific projects, and costs of hiring other rooms. This has contributed to the overspend slightly.

### **2.3 Transport – Travelling Expenses:**

**Final Position: Underspend (£15,025). (3<sup>rd</sup> Quarter: expected underspend (£5,506)).**

The trend in historic travelling expenses suggests that the actual annual cost is likely to be slightly below what has been established in the budget.

### **2.4 Supplies and Services:**

**Final Position: Overspend £38,066: (3<sup>rd</sup> Quarter: no expected over/(underspend)).**

Due to difficulty in appointing a temporary translator, and an increase for this service on specific projects, there was an increase in the use of an external translator.

Prior audits suggests an overspend on the Audit Fees.

### **2.5 Brokerage:**

**Final Position: Overspend £4,552: (3<sup>rd</sup> Quarter: no expected over/(underspend)).**

Slight overspend on this heading.

### **2.6 Specific Projects: Net Overspend £25,736: (3<sup>rd</sup> Quarter: no expected over/(underspend)).**

The service undertakes a number of specific projects that are funded through external sources, including grants. There is a significant amount available (£12,679,455 in 2017/18) with restricted conditions and tight spending deadlines. Slight overspend on some projects are expected.

### **3. UNDERSPEND FUND**

3.1 At the beginning of the 2017/18 financial year, the fund totalled (£738,572).

3.2 GwE's business plan incorporates details of the use of £399,750 during 2017/18.

<b>Business Plan Priority</b>	
Standards	£140,500
Curriculum and Assessment	£62,500
Leadership	£102,750
Wellbeing	£13,000
Teaching	£36,000
Office relocation	£45,000

3.3 The use of the fund £399,750 and the net overspend of £67,206 has decreased the underspend fund to £271,616 at the end of 2017/18.

3.4 A sufficient allocation of the fund will be needed to bridge an element of the savings target (£36,879) and the rent shortfall (£11,000), if GwE is unable to find the savings needed during 2018/19.

### **APPENDICES**

#### **Appendix A: Revenue Income and Expenditure Account 2017/18**

### **VIEW OF THE STATUTORY OFFICERS**

#### **Monitoring Officer:**

Nothing to add from a propriety perspective

#### **Statutory Finance Officer:**

Co-author of report.