

24TH SEPTEMBER 2018 MEETING

2018/19 MONTH 04 JOINT COMMITTEE REVENUE BUDGET MONITORING POSITION

REPORT OF ACCOUNTABLE BODY – SECTION 151 OFFICER, CARDIFF CAPITAL REGION CITY DEAL

AGENDA ITEM: 5

Reason for this Report

1. To provide the Cardiff Capital Region Joint Committee (Regional Cabinet) with details of actual expenditure, income and the projected full year out-turn position as at the 31st July 2018 (Month 04), against its approved 2018/19 Joint Committee Revenue Budget.

Background

2. At its meeting of the 15th January 2018, Regional Cabinet approved its 2018/19 Joint Committee Revenue Budget. The budget provides the necessary resources in respect of the Programme Management Office (PMO) and the Accountable Body support arrangements, which support the work of the Regional Cabinet.
3. The budget is funded from a combination of the underspend brought forward from 2017/18, with the balance being met from local authority '2018/19 Partner Revenue Contributions'.

Issues

4. Regional Cabinet was formally established on March 1st 2017 and therefore, 2018/19 represents its second full year of operation. The inaugural year was primarily spent on ensuring that all governance, accountability and project arrangements were set-up and executed in line with the Joint Working Agreement. In addition to this Regional Cabinet also approved its first project investment (the Compound Semi-Conductor Foundry project) and gave in-principle approval to a further four projects. The new Programme Director came in to post on the 1st August 2018 and will work with Regional Cabinet to build on the work completed to-date by developing the next stage of the City Deal. A key aspect of this work will be the need to focus on the requirements of the 5 year Gateway Review process and ensuring that Cardiff Capital Region is well placed to demonstrate both the 'Progress' and the 'Impact' that the City Deal has had on the region, over the evaluation period to-date.

5. At Month 04 the actual expenditure incurred amounts to £218,661 which represents just under 21% of the annual budget, with the projected out-turn position indicating that the budget will be fully spent at year end. Table 1 summarises the position at Month 04 and a narrative summary is outlined below.

Table 1: Month 04 Joint Committee Revenue Budget Monitoring Position

	Budget £	Mth 04 Actual £	Projected Year End £	Variance £
<u>Programme Management Office (PMO)</u>				
Employee Related	475,976	90,744	456,234	-19,742
Premises Related	20,564	4,950	18,673	-1,891
Transport Related	7,500	1,327	7,500	0
Supplies & Services	87,390	7,941	71,388	-16,002
Joint Scrutiny	20,000	0	25,000	5,000
External Support - Communications & Media	25,000	23,757	62,635	37,635
5 Year Gateway Review Support	50,000	0	50,000	0
Contingency	62,585	0	57,585	-5,000
Sub Total	749,015	128,719	749,015	0
<u>Accountable Body Support Services</u>				
HR People Services	11,250	7,467	14,025	2,775
Finance & Accountancy Support	135,640	42,592	135,640	0
Exchequer, Internal Audit & Insurance	3,535	1,023	3,070	-465
Legal & Governance Support	108,815	36,272	108,815	0
ICT, Information & Governance	14,830	2,588	14,830	0
External Audit Fee	5,000	0	9,569	4,569
Contingency	21,915	0	15,036	-6,879
Sub Total	300,985	89,942	300,985	0
Gross Expenditure*	1,050,000	218,661	1,050,000	0
<u>Funded by:-</u>				
2017/18 Underspend B/Fwd	0	-41,846	-41,846	-41,846
Partner Contribution – Blaenau Gwent (4.6%)	-48,507	-46,132	-46,574	1,933
Partner Contribution – Bridgend (9.5%)	-99,110	-94,257	-95,160	3,950
Partner Contribution – Caerphilly (12.0%)	-125,665	-119,512	-120,657	5,008
Partner Contribution – Cardiff (23.7%)	-249,121	-236,922	-239,194	9,927
Partner Contribution – Merthyr Tydfil (3.9%)	-41,379	-39,353	-39,730	1,649
Partner Contribution – Monmouthshire (6.1%)	-64,502	-61,344	-61,931	2,571
Partner Contribution – Newport (9.8%)	-103,069	-98,022	-98,961	4,108
Partner Contribution – RCT (15.8%)	-165,595	-157,486	-158,995	6,600
Partner Contribution – Torfaen (6.1%)	-64,056	-60,919	-61,503	2,553
Partner Contribution – Vale of Glam (8.5%)	-88,996	-84,638	-85,449	3,547
Gross Income*	-1,050,000	-1,040,431	-1,050,000	0
Net Position	0	-821,770	0	0

* *Note: the approved budget for 2018/19 amounts to £1,159,940 and included funding of £109,940 in respect of two FTEs from the Wider Investment Fund (WIF). Actual costs against this element of the budget will be reported against the WIF budget via the Quarterly Performance Reports.*

Programme Management Office: On Target

6. At Month 04 the actual expenditure incurred amounts to £128,719 and represents just over 17% of the Programme Management Office (PMO) element of the approved budget. However, the projected out-turn position assumes that the budget will be fully spent over the course of the financial year. The position against the key PMO budget heads is summarised below.

Employee Related Budgets: (-£19,742)

7. The Employee Related budget approved in respect of the PMO totals £475,976 and is based on 7 FTEs, which included two senior posts to support the work of the Programme Director. The budget report advised Regional Cabinet that the specific team structure was being developed in consultation with Chief Executives and the Accountable Body. A key principle agreed at that time was that recruitment to the two senior posts would not be progressed until the new Programme Director was in post.
8. At Month 04, the actual costs amount to £90,744 and relate to the Programme Director and two Project Support posts, whilst recruitment to the Digital post is currently being undertaken. Based on these assumptions, the Programme Director has uncommitted resources amounting to £180,527 at her disposal to take forward the work of the PMO.
9. At Month 04, it is understood that the Programme Director wishes to retain as much flexibility as possible to allow her to build extended and agile teams that have the breadth, skills, networks and capabilities to evolve the City Deal into the next phase of its growth.
10. In line with plans currently being established to guide the 'way forward' for the next phase of evolution of the City Deal, a structural re-alignment including proposals for staffing the PMO and building an extended virtual team, will be brought forward simultaneously as part of a future report to Regional Cabinet. In addition to any budget implications, the report will need to consider and set-out the position in relation employment, VAT and insurance matters.
11. Based on the information known at this time, an underspend of -£19,742 is being projected against the Employee Related budgets. These budgets will be closely monitored over the course of the year and projections updated to reflect the implementation of an agile resourcing structure as referred to above.

Premises Related Budgets: (-£1,891)

12. These budgets relate to the Office Lease and NNDR costs for the PMO office at Valleys Innovation Centre and are currently projected to be slightly underspent at year end.

Supplies & Services: (-£16,002)

13. There are a range of Supplies & Services budgets totalling £87,390 and at Month 04 these are largely anticipated to be fully spent at year end. However, there is currently a projected overspend in respect of Office Equipment & Furniture amounting to £4,000. This overspend is off-set by an underspend of £20,000 against the Web Design and Social Media Management budget, resulting in a net underspend of -£16,002.

Joint Scrutiny (+£5,000)

14. Governance arrangements for a Cardiff Capital Region Joint Scrutiny Committee were approved by Regional Cabinet at its meeting of 15th January 2018, where a budget of £20,000 was earmarked against PMO resources. Further information received from the lead authority (taking forward joint scrutiny arrangements) indicate that costs are likely to be in the region of £25,000.

External Support – Communications & Media: (+£37,635)

15. Communications & Media has an approved budget of £25,000 in respect of the 'base contract', which covers a range of services such as Public Relations, Social Media, Digital Marketing etc. and which are delivered via an external partner.
16. At Month 04, actual spend totalled £23,757 and therefore the budget is projected to be overspent by +£37,635 at the year end. A large part of the projected overspend relates to services provided in respect of the £20,000 Web Design and Social Media Management budget (referred to above), which is now being delivered through these external arrangements. The balance relates to the base contract which was budgeted at £25,000 for the full year. A new contract has been let which covers a suite of services (base contract along with website & social media management and supporting stakeholder engagement) and is estimated to cost an additional £27,000 for the six month period from September 2018 to February 2019.
17. The Programme Director has committed to reviewing the arrangements for Communications & Media throughout the rest of financial year in order to manage the extent of the overspend as much as possible.

5 Year Gateway Review Support: (On Target)

18. A budget of £50,000 has been approved in 2018/19 to fund work associated with the Gateway Review process. It is understood that discussions are taking place between the PMO and SQW (HM Treasury's appointed advisors) regarding the potential cost to the Cardiff Capital Region to develop and assess Locality Frameworks and Locality Evaluation Plans. These will build on the work of the National Evaluation Framework which was largely completed in 2017/18.
19. At Month 04 the budget is projected to be fully spent, but dialogue is ongoing to understand to the total quantum and profile of costs involved to undertake and complete this work.

Contingency: (-£5,000)

20. The Contingency budget amounts to £62,585. At Month 04 the only known commitment relates to the potential £5,000 sum in respect of the Joint Scrutiny arrangements as outlined above. However, for prudence the remaining budget of £57,585 is projected to be fully spent. This position will be reviewed and updated as we progress through the financial year.

Accountable Body Support & Related Services: On Target

21. The City Deal is entering a key phase, with one project in delivery, four In-Principle projects in development and a number of other initiatives being worked-up. The Accountable Body acts as the interface with the ten partnering authorities, providing updates and reviewing the assumptions which underpin the City Deal's 'funding strategy' to ensure these remain up to date and affordable within current approvals.
22. At Month 04, actual costs amounting to £89,942 were incurred in relation to the Accountable Body Support and Related Services budget and equate to around 30% of the full year budget. On this basis the Month 04 position indicates that the full year projection will be on target with the £300,985 approved budget.
23. The position against the key service heads is summarised below:

HR People Services: (+£2,775)

24. There is a small overspend projected against the HR People Services budget which totals £11,250. The overspend is a result of some costs for the Programme Director recruitment process flowing into 2018/19, along with some additional HR costs in supporting the PMO recruitment process.

Finance & Accountancy Support: On Target

25. The total budget for the provision of these services is £135,640 and is projected to be on target at Month 04. The budget covers a range services including advice, support and attendance at meetings of a senior accountancy manager, a full-time accountant as well as cash and treasury management services.

Exchequer Services, Internal Audit and Insurances: (-£465)

26. The £3,535 budget for the three services can be broken down as Exchequer Services (£350), Internal Audit (£2,000) and Insurances (£1,185). Currently these are expected to be on target with budget, with a small underspend projected against Insurance costs.

Legal & Governance Support: On Target

27. The overall budget for the provision of Legal and Governance support to the Regional Cabinet is £109k and at month 4 this service is expected to be delivered within budget. The position will be closely monitored throughout the financial year.

ICT and Information & Governance: On Target

28. ICT services are projected to be on target based on 11 ICT User Accounts and devices being supported throughout the year. The Information & Governance budget of £5,000 is a fixed fee and therefore projected to be fully spent at year-end.

External Audit: (+£4,569)

29. At the time of setting the 2018/19 budget, the external audit fee was unknown, so the budget remained unchanged at £5,000. Information has subsequently been provided which confirmed the 2017/18 fee was charged at £9,569. The Month 04 projection assumes the 2018/19 fee will be at a similar level and on this basis, an overspend of +£4,569 is projected.

Contingency Budget: (-£6,879)

30. The Accountable Body element of the budget includes a contingency of £21,915. At Month 04, no actual costs have been incurred. It is therefore assumed that part of this budget can be used to cover the projected overspends detailed above and deliver an overall balanced budget position for 2018/19.

Month 04 Summary

31. This report summarises the monitoring position against the Joint Committee's Revenue Budget at Month 04. Whilst there are a number of favourable and adverse variances against individual budget heads, it is anticipated that overall expenditure can be met from within the total budget approved by Regional Cabinet.
32. The budget will continue to be monitored and reviewed through the rest of the financial year and reported back to Regional Cabinet at appropriate intervals.

Reasons for Recommendations

33. To provide Regional Cabinet with an update of the monitoring position against its approved 2018/19 Joint Committee Revenue Budget, as at 31st July 2018 (Month 04).

Financial Implications

34. The financial implications are set-out within the main body of this report.

Legal Implications

35. This is a revenue budget monitoring report for noting and based on the information contained in this report, does not raise any direct legal issues.

Future Generations and Wellbeing Considerations / Well-being and Equalities Assessment

36. Consideration to aspects concerning the Future Generations (Wales) Act 2015 and Well-being and Equality are described in Appendix 1.

RECOMMENDATION

It is recommended that Cardiff Capital region Regional Cabinet notes the actual expenditure, income and projected full year out-turn position as at the 31st July 2018 (Month 04), against its approved 2018/19 Revenue Budget.

Christine Salter
Section 151 Officer, Cardiff Capital Region Joint Committee
18th September 2018

The following Appendix is attached:

Appendix 1: Future Generations Evaluation Q1 Finance

Future Generations Assessment Evaluation

Name of the Officer completing the evaluation: Kellie Beirne Phone no: 07826 9219286 E-mail: kellie.beirne@cardiff.gov.uk	Please give a brief description of the aims of the proposal To provide details of expenditure, income and projected full year outturn position against the approved 2018/19 Joint Committee revenue budget.
Proposal: 2018/19 Month 04 Joint Committee Revenue Budget Monitoring Position	Date Future Generations Evaluation form completed: 14 Sept 2018

- 1. Does your proposal deliver any of the well-being goals below?** Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal.

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs	The report sets out progress against agreed revenue budgets and the way in which resources are being used to deliver outcomes and targets.	Set out in report
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	Not directly relevant however financial support and investments will have regard to these principles and will be set out on a business-case by business-case basis.	
A healthier Wales	Not direct applicable	

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
People's physical and mental wellbeing is maximized and health impacts are understood		
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	Not directly applicable	A greater contribution will be made to this by the data capability, sectoral analysis and place assessments.
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	Not directly applicable	
A Wales of vibrant culture and thriving Welsh language Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	Not directly applicable	
A more equal Wales People can fulfil their potential no matter what their background or circumstances	City Deal is about delivering as far as possible across 10 LAs and a population of £1.5m people. It is about economic gains – but importantly how this will convert as tools for improving people's lives. Some of the specific interventions around skills and housing – will seek to make a more direct contribution to equity of access and equal opportunity for all.	

2. How has your proposal embedded and prioritized the sustainable governance principles in its development?

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Long Term</p> <p>Balancing short term need with long term and planning for the future</p>	<p>The report sets out short-term interventions and balances these against the long-term delivery of major programmes.</p>	
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>A cornerstone of our process is the strength of partnership working.</p>	
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>Communications and engagement remain a feature of our work.</p>	
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	<p>Demonstrated in the report through detailed funding allocations and investment cases</p>	
 <p>Integration</p> <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>City Deal seeks to make a contribution on place and to improving the life chances of people in the region.</p>	

3. **Are your proposals going to affect any people or groups of people with protected characteristics?** Please explain the impact, the evidence you have used and any action you are taking below.

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age	The report is an overview of financial performance. The protected characteristic assessments related to specific proposals will need to be drawn out in the relevant business cases and proposal documents.	None arising at this time.	
Disability	As above	As above	
Gender reassignment	As above	As above	
Marriage or civil partnership	As above	As above	
Pregnancy or maternity	As above		
Race	As above		
Religion or Belief	As above		
Sex	As above		
Sexual Orientation	As above		
Welsh Language	As above	Not at this time but the situation will be kept under review.	

4. Safeguarding & Corporate Parenting. Are your proposals going to affect either of these responsibilities?

	Describe any positive impacts your proposal has on safeguarding and corporate parenting	Describe any negative impacts your proposal has on safeguarding and corporate parenting	What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?
Safeguarding	Not directly relevant –however, building the future economy should have a profoundly positive impact on ability to safeguard the future of our residents		
Corporate Parenting	Not directly relevant – however building strength in the economy should create opportunities for all of the young people entrusted in our care		

5. What evidence and data has informed the development of your proposal?

- Evidence and input contributed by theme leads
- Outcomes of assessments such as audit reports
- The Draft Annual Governance Statement
- Delivery against targets set out in individual business cases/ approved project documentation
- Financial data and recording

6. SUMMARY: As a result of completing this form, what are the main positive and negative impacts of your proposal, how have they informed/changed the development of the proposal so far and what will you be doing in future?

The areas requiring attention and focus are set out and follow-up actions will be assessed and monitored ongoing through the quarterly reporting mechanism. .

7. MONITORING: The impacts of this proposal will need to be monitored and reviewed. Please specify the date at which you will evaluate the impact, and where you will report the results of the review.

The impacts of this proposal will be evaluated on:	Quarter 2
---	------------------