



31 JANUARY 2022

PROPOSED 2022/23 JOINT COMMITTEE REVENUE BUDGET

REPORT OF ACCOUNTABLE BODY SECTION 151 OFFICER AND DIRECTOR OF CARDIFF CAPITAL REGION

AGENDA ITEM 5

Reason for this Report

1. To provide Regional Cabinet with details of the proposed 2022/23 Joint Committee Revenue Budget and indicative revenue budgets to 2026/27. To also set out the revised resourcing requirements of the City Deal Office to deliver the objectives of the CCRC as the scale and magnitude of the programme increases in line with the planned transition into a Corporate Joint Committee.

Background

2. Regional Cabinet was formally established on March 1st 2017 with budgets established to operate the City Deal Office (CDO) and Accountable Body (AB) arrangements, in order to discharge and support the work of the Regional Cabinet. The budget is reviewed annually as the activities, roles, and responsibilities to discharge the functions of Regional Cabinet are developed over time in accordance with its approved Business Plans.
3. At its meeting of the 15th March 2021, Regional Cabinet approved a 2021/22 Joint Committee Revenue Budget totalling £2,220,988 to meet the operational and management costs of the Joint Committee, as set out in the Joint Working Agreement (JWA).
4. This report proposes the 2022/23 Joint Committee Revenue budget and indicative medium term financial plan. At this stage, it is not possible to quantify the potential impacts of the full transition to the Corporate Joint Committee and, as such, the proposed budget 2022/23 and medium-term financial plan are set out on a business as usual basis.

Issues

5. Table 1 below shows the proposed Joint Committee budget for 2022/23, including changes from the prior year.

Table 1: 2022/23 Proposed Joint Committee Budget - Analysis of changes

	2021/22 Budget £	Growth / Reduction (+/-) £	Proposed 2022/23 Budget £	Change %
Proposed Budget				
Employees	1,568,736	605,475	2,174,211	38.6
Premises	20,000	0	20,000	0.0
Transport	20,100	(13,600)	6,500	-67.7
Supplies & Services	185,510	28,400	213,910	15.3
External Support	105,000	10,000	115,000	9.5
Support Services (Accountable Body):				
HR People Services	16,185	0	16,185	0.0
Finance & Accountancy Support	125,000	0	125,000	0.0
Exchequer, Internal Audit & Insurance	2,857	0	2,857	0.0
Legal & Governance Support	121,060	0	121,060	0.0
ICT, Information & Governance	24,040	0	24,040	0.0
External Audit Fee	12,500	12,000	24,500	96.0
Contingency	20,000	0	20,000	0.0
CJC Transition Costs	0	0	0	0.0
Joint Committee Costs	2,220,988	642,275	2,863,263	28.9
Funded by: -				
Partner Contributions	(1,160,058)	(58,003)	(1,218,061)	5.0
WIF Top-Slice Contribution	(1,060,930)	(584,272)	(1,645,202)	55.1
Total Funding	(2,220,988)	(642,275)	(2,863,263)	28.9
Net Position	0	0	0	0

6. The risks of any of the approved budgets not being sufficient due to either changes in prices or the levels of activity will be brought to the attention of Regional Cabinet via the Accountable Body Section 151's regular Budget Monitoring Reports and will need to be managed within budgets and reserves approved for use.
7. A General Reserve of £212,080 comprised of prior year underspends funded by the 10 Local Authority partners was brought forward at 1st April 2021 and is anticipated to be supplemented by further underspends expected to materialise during 2021/22. This acts as a contingency and supports the management of costs across financial years and is also proposed to fund costs to be incurred in the Joint Committee's transition to a Corporate Joint Committee.

Proposed 2022/23 Joint Committee Budget

The Challenge – Staffing Resources, Capacity and Capability

8. The budget for Employees is proposed to increase by £605,475. This represents uplifts required as a result of a projected pay award of 3% in 2022/23 along with salary scale point increases for appointed staff and changes in the cost of Employers National Insurance contributions. Also included is a £450,000 contingency to allow the City Deal Director to grow the City Deal Office's staffing capacity to meet its demands.
9. The CCR City Deal programme is in its scale up phase of delivery. With HMT agreeing via the CSR 2021 to forward fund the City Deal, bringing £105M of investment into the scope of an overall fifteen-year programme (reducing from twenty years) – it is crucial that CCR is able to meet acceleration objectives. In addition to this, capacity required from the team to support the establishment and compliance with CCR commencement duties, is having an impact on core City Deal resource and capacity levels creating a double whammy effect.
10. With the emergence of a strong pipeline, an increased number of approved projects, projects in the business case development phase and projects requiring development support in the early pipeline – staffing levels need to grow accordingly. Given only 10 posts sit on the permanent establishment for CCRC - staffing levels for the team were always predicated on a 'core and flex' model and as such, an amount of £450,000 is proposed to be added to the Staffing Budget from 2022/23 to provide for the resource demands associated with scaling up the programme at the rates required and dealing with the CJC establishment, transition planning and commencement duties.
11. In line with continuing WG support to LAs for costs associated with establishment of CJs, in future years, this will need to be reflected in the core annual revenue budget for the SEW CJC – balancing scale-up requirements across CCR City Deal and the commencement duties associated with production of a Regional Transport Plan and Strategic Development Plan and further development requirements.
12. The proposed increase in budget would be funded from the 'Top-Slice' element of the Wider Investment Fund as set out in table 3.

Non-Employee Budgets

13. Budgets have been refined to reflect known changes to operational costs, any applicable assumptions for price increases, growth, and reductions to align with activities consistent with the Annual Business Plan.

Support Services (Accountable Body)

14. The Accountable Body is the legal entity that has responsibility for discharging all the statutory requirements in respect of the Cardiff Capital Region City Deal.
15. Cardiff Council as the Accountable Body provides a range of support services for and on-behalf of Regional Cabinet. The scope of services, charging mechanisms and estimated costs are fully documented within Service Level Agreements (SLAs) and cover areas such Human Resources, Finance, ICT and Legal Support.
16. The proposed Accountable Body budget for 2022/23 reflects the annual review of these SLAs and will continue to be reviewed in line with CCR activities and objectives.

Proposed 2022/23 Joint Committee Costs and Indicative Costs to 2026/27

17. The proposed Joint Committee costs for 2022/23, indicative budgets over the medium term and the mechanisms for funding expenditure proposed are presented in Table 2.

Table 2: Proposed Joint Committee Costs 2022/23 and indicatively to 2026/27 (Medium Term Financial Plan)

	Proposed 2022/23 Budget £	Indicative 2023/24 Budget £	Indicative 2024/25 Budget £	Indicative 2025/26 Budget £	Indicative 2026/27 Budget £
Employees	2,174,211	2,183,149	2,226,812	2,271,348	2,316,775
Premises	20,000	20,000	20,000	20,000	20,000
Transport	6,500	6,500	6,500	6,500	6,500
Supplies & Services	213,910	213,910	213,910	213,910	213,910
External Support	115,000	115,000	115,000	115,000	115,000
Support Services (Accountable Body)	333,642	333,642	333,642	333,642	333,642
CJC Transition Costs	0	0	0	0	0
Total Costs	2,863,263	2,872,201	2,915,864	2,960,400	3,005,827
Partner Contributions	(1,218,061)	(1,278,964)	(1,342,912)	(1,410,058)	(1,480,561)
WIF Top Slice Contribution	(1,645,202)	(1,593,237)	(1,572,952)	(1,550,342)	(1,525,266)
Total Funding	(2,863,263)	(2,872,201)	(2,915,864)	(2,960,400)	(3,005,827)

18. The indicative budgets from 2023/24 to 2026/27 include an estimated 2% pay award on all Employee costs. Any variances from these and any other key assumptions included in the proposed budget will be reported to Regional Cabinet via future periodic Budget Monitoring Report.

City Deal Office – Proposed Funding Mechanism

19. The proposed 2022/23 budget and Medium-Term Financial Plan aims to ensure the appropriate support is in place to deliver the Work Programme as set out in the business plan. As a result, costs in excess of proposed Local Authority Partner contributions (maximised at a 5% annual increase) for 2022/23 and indicatively for future years will continue to be funded from the Wider Investment Fund (WIF) as stated in the JWA, paragraph 12.4.2:

“Where the actual aggregate Joint Committee Costs are likely to exceed the Annual Budget by more than 5% (five per cent) such additional costs shall be met through the wider investment fund (comprising of the HMT Contribution and the Councils Contribution).”

20. Details of the actual costs to-date and assumptions of expenditure in current and future years against the WIF Top-Slice budget are shown in Table 3 below.

Table 3: Indicative WIF Top-Slice (3%) Resources

	2021/22*	2022/23	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000	£000	£000
Opening Balance / Brought Forward	(12,429.6)	(11,106.8)	(8,881.5)	(6,674.8)	(4,489.0)	(2,279.4)
Programme Development & Support	500.0	580.1	613.5	612.8	659.3	684.3
CDO Budget Contribution	822.8	1,645.2	1,593.2	1,573.0	1,550.3	1,525.3
Carried Forward	(11,106.8)	(8,881.5)	(6,674.8)	(4,489.0)	(2,279.4)	(69.8)

* Note 21/22 costs subject to outturn

21. Table 3 indicates that there are sufficient resources available within the existing envelope approved by Regional Cabinet to meet expenditure assumptions over the next five years. This proposal is based on the assumption that most (if not all) of projects approved as part of the WIF will have been approved and implemented by Year 15 (2030/31) and therefore the call on Project Development and Support resources will be significantly reduced. In any event, regular update reports will be provided to Regional Cabinet to keep them fully informed of matters relating to the Annual Budget.

Reason for Recommendations

22. To set out the proposed staffing structure and revenue resources required to meet the costs of the Cardiff Capital Region City Deal Joint Committee and objectives set out in the business plan.
23. To set out the 2022/23 revenue budget, and indicative medium term financial plan and resulting Local Authority partner contributions.

Financial Implications

24. The proposed 2022/23 Annual Budget represents an increase of 28.9% and can be accommodated within the parameters (maximum of up to 5% increase in Partner Contributions) of the Joint Working Agreement.
25. The ring-fenced 3% Top-Slice budget has sufficient resources to meet the cost of the City Deal Office over the next five financial years, based on the level of known and estimated commitments at this time.
26. Paragraph 7 above sets out the General Reserve held as at 31 March 2021. Reserves support financial resilience including contingencies for unexpected events or emergencies or to meet specific, known or predicted future expenditure. Reserves need to be maintained in accordance with the CIPFA Code of Practice on Local Authority Accounting and agreed accounting policies in accordance with relevant codes of practice for each reserve established, the purpose, usage and basis of transactions should be clearly identified. Approval of any expenditure that is to be met from specific Earmarked Reserves is delegated to the Joint Committee S151 Officer. Approval of any expenditure that is to be met from the General Reserve is delegated to the Joint Committee S151 Officer in consultation with the Joint Committee Chair.
27. The City Deal Office together with the Accountable Body will need to review and monitor budgets closely to inform periodic budget monitoring reports to regional Cabinet. These reports will also need to highlight any issues or risks in respect of City Deal funding terms and conditions.

Legal Implications

28. In this case Regional Cabinet is being asked to approve three matters, the amount of the Joint Committee costs, the Annual Budget and use of part of the HMT contribution to meet the balance of the Joint Committee costs, to the extent that the same exceed the Annual Budget. This is achievable within the parameters set by the Joint Working Agreement in relation to the delivery of the Cardiff Capital Region City Deal ('the JWA'). The JWA provides that:
 - (i) the Joint Committee Costs means the operational and management costs of the joint committee, its sub committees and groups created, including, and by way of example only; staffing costs of the City Deal Office, communications and the costs of the Accountable Body in carrying out the duties of the Accountable Body. The Joint Committee Costs do not include any revenue costs or capital investment relating to the implementation of any project.
 - (ii) the approval of the Annual Budget is a matter for the Joint Committee (the Regional Cabinet) to determine provided that the Annual Budget shall not exceed the previous Annual Budget by more than 5%.

It should be noted that the JWA provides that each Council comprising the CCRCD shall each contribute towards the Annual Budget on a proportionate basis.

- (iii) “Where the actual aggregate Joint Committee Costs are likely to exceed the Annual Budget by more than 5% (five per cent) such additional costs shall be met through the wider investment fund (comprising of the HMT Contribution and the Councils Contribution)”. In this case the proposed joint committee costs exceed the proposed annual budget. It is therefore proposed that the excess costs be met through the wider investment fund (namely that part of the HMT contributions referred to in this report as the ‘WIF Top-Slice’).

- 29. It is understood that this proposal accords with the funding conditions attaching to the HMT Contributions, in that the additional funding is required out of the WIF top slice to support the objectives of the CCRCD through the implementation of projects, schemes and interventions agreed by Regional Cabinet.

Well-Being of Future Generations (Wales) Act 2015

- 30. In developing the Plan and in considering its endorsement regard should be had, amongst other matters, to:
 - a) the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards;
 - b) public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are: a. age; b. gender reassignment; c. sex; d. race – including ethnic or national origin, colour or nationality; e. disability; f. pregnancy and maternity; g. marriage and civil partnership; h. sexual orientation; i. religion or belief – including lack of belief, and;
 - c) the Well-being of Future Generations (Wales) Act 2015. The Well-being of Future Generations (Wales) Act 2015 (‘the Act’) is about improving the social, economic, environmental and cultural well-being of Wales. The Act places a ‘well-being duty’ on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language and is globally responsible. In discharging their respective duties under the Act, each public body listed in the Act (which includes the Councils comprising the CCRCD) must set and published wellbeing objectives. These objectives will show how each public body will work to achieve the vision for Wales set out in the national wellbeing goals. When exercising its functions, the Regional Cabinet should consider how the proposed decision will contribute towards

meeting the wellbeing objectives set by each Council and in so doing achieve the national wellbeing goals. The wellbeing duty also requires the Councils to act in accordance with a 'sustainable development principle'. This principle requires the Councils to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

Put simply, this means that Regional Cabinet must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, Regional Cabinet must:

- look to the long term;
- focus on prevention by understanding the root causes of problems;
- deliver an integrated approach to achieving the 7 national well-being goals;
- work in collaboration with others to find shared sustainable solutions;
- involve people from all sections of the community in the decisions which affect them.

31. Regional Cabinet must be satisfied that the proposed decision accords with the principles above. To assist Regional Cabinet to consider the duties under the Act in respect of the decision sought, an assessment has been undertaken, which is attached at Appendix 2.

Equality Act 2010

32. In considering this matter, regard should be had, amongst other matters, to the Councils' duties under the Equality Act 2010. Pursuant to these legal duties the Regional Cabinet must in making decisions have due regard to the need to (1) eliminate unlawful discrimination (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are:

- age;
- gender reassignment;
- sex;
- race – including ethnic or national origin, colour or nationality;
- disability;
- pregnancy and maternity;
- marriage and civil partnership;
- sexual orientation;
- religion or belief – including lack of belief.

RECOMMENDATIONS

33. It is recommended that Cardiff Capital Region Regional Cabinet approves:
- (1) the Joint Committee expenditure budget of £2,863,263 for 2022/23 as set out in Table 1 of this report;
 - (2) the proposed 2022/23 Annual Budget funded by the 10 Local Authority partner contributions as outlined in this report of £1,218,061, to meet part of the Joint Committee costs and representing 5% increase from the previous year;
 - (3) that the balance of the Joint Committee costs of £1,645,202 be met from the Cardiff Capital Region Wider Investment Fund (namely that part of the HMT contributions referred to in this report as the 'WIF Top-Slice');

Christopher Lee

Accountable Body Section 151 Officer, Cardiff Capital Region City Deal

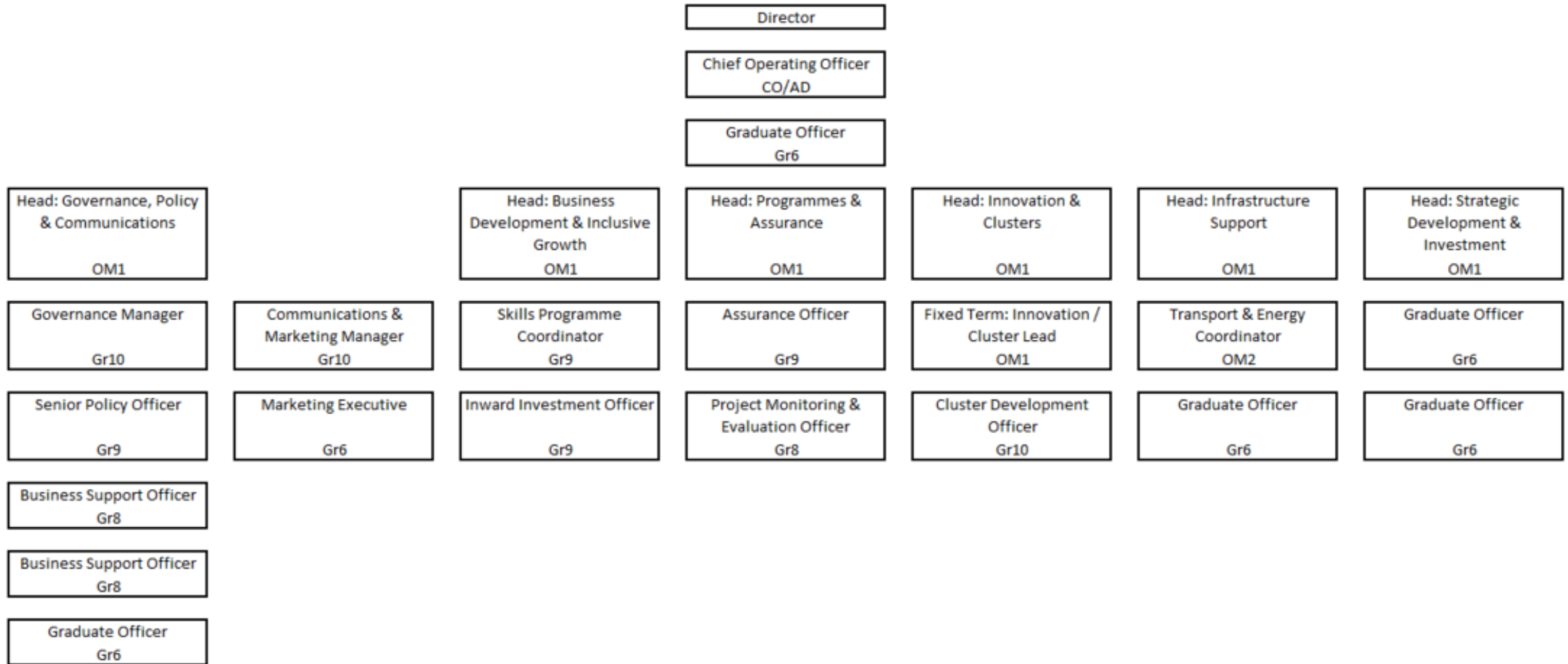
31 January 2022

Appendices

Appendix 1 CDO Structure

Appendix 2 Well-being of Future Generations Assessment

City Deal Office Structure



Future Generations Assessment Evaluation

(includes Equalities and Sustainability Impact Assessments)


Name of the Officer completing the evaluation: Christopher Lee Phone no: 02920 872300 E-mail: christopher.lee@cardiff.gov.uk	Please give a brief description of the aims of the proposal To propose the annual revenue budget for the Joint Committee for the financial year 2022/23.
Proposal: 2022/23 Joint Committee Revenue Budget	Date Future Generations Evaluation form completed: 31 January 2022





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 the proposed revenue budget for the Joint Committee for 2022/23, demonstrating the way in which available resources will be 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 People's physical and mental wellbeing is maximized and health impacts are understood	Not directly 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?
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	Not directly applicable	
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?
 Balancing short term need with long term and planning for the future	The report sets out short-term interventions and balances these against the long-term delivery of major programmes.	

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>Working together with other partners to deliver objectives</p> <p><small>Collaboration</small></p>	<p>A cornerstone of our process is the strength of partnership working.</p>	
 <p>Involving those with an interest and seeking their views</p> <p><small>Involvement</small></p>	<p>Communications and engagement remain a feature of our work.</p>	
 <p>Putting resources into preventing problems occurring or getting worse</p> <p><small>Prevention</small></p>	<p>Demonstrated in the report through detailed funding allocations and investment cases</p>	
 <p>Considering impact on all wellbeing goals together and on other bodies</p> <p><small>Integration</small></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	<p>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.</p>	<p>None arising at this time.</p>	
Disability	<p>As above</p>	<p>As above</p>	

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?
Gender reassignment	As above	As above	
Marriage or civil partnership	As above	As above	
Pregnancy or maternity	As above	As above	
Race	As above	As above	
Religion or Belief	As above	As above	
Sex	As above	As above	
Sexual Orientation	As above	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 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:	On a quarterly basis starting Quarter 1 2022/23
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