

**30 JANUARY 2023**

---

## **PROPOSED 2023/24 JOINT COMMITTEE REVENUE BUDGET**

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

#### **AGENDA ITEM 4**

---

##### **Reason for this Report**

1. To provide Regional Cabinet with details of the proposed 2023/24 Joint Committee Revenue Budget and indicative revenue budgets to 2027/28. To also set out the revised resourcing requirements of the City Deal Office to deliver the objectives of the CCRCD 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 1<sup>st</sup> 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 31 January 2022, Regional Cabinet approved a 2022/23 Joint Committee Revenue Budget totalling £2,863,263 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 2023/24 Joint Committee Revenue budget and indicative medium term financial plan. At this stage, the potential impacts of the full transition to the Corporate Joint Committee are still crystalising, and therefore the proposed Joint Committee Revenue Budget for 2023/24 and the 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 2023/24, including changes from the prior year.

**Table 1: 2023/24 Proposed Joint Committee Budget - Analysis of changes**

	<b>2022/23 Budget</b>	<b>Growth / Reduction (+/-)</b>	<b>Proposed 2023/24 Budget</b>	<b>Change</b>
<b>Proposed Budget</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>%</b>
Employees	2,174,211	192,095	2,366,306	
Premises	20,000	24,606	44,606	
Transport	6,500	0	6,500	
Supplies & Services	328,910	117,992	446,902	
Recharge Income	0	(274,791)	(274,791)	
<b>Support Services (Accountable Body):</b>				
HR People Services	16,185	14,808	30,993	
Finance & Accountancy Support	125,000	(10,000)	115,000	
Exchequer, Internal Audit & Insurance	2,857	2,010	4,867	
Legal & Governance Support	121,060	1,925	122,985	
ICT, Information & Governance	24,040	7,674	31,714	
External Audit Fee	24,500	0	24,500	
Contingency	20,000	(16,417)	3,583	
<b>Joint Committee Costs</b>	<b>2,863,263</b>	<b>59,902</b>	<b>2,923,165</b>	<b>2.1</b>
<b>Funded by</b>				
Partner Contributions	(1,218,060)	(60,903)	(1,278,963)	
WIF Top-Slice Contribution	(1,645,203)	1,001	(1,644,202)	
<b>Total Funding</b>	<b>(2,863,263)</b>	<b>(59,902)</b>	<b>(2,923,165)</b>	<b>(2.1)</b>

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 1<sup>st</sup> April 2022 (subject to Audit) and is anticipated to be supplemented by further underspends expected to materialise during 2022/23. 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.

### The Challenge – Staffing Resources, Capacity and Capability

8. The budget for Employees is proposed to increase by £192,095. This represents uplifts required as a result of a projected pay award in 2023/24 along with salary scale point increases for appointed staff and changes in the cost of Employers National Insurance contributions.
9. With a number of projects now in delivery and the continued strong pipeline, staffing levels need to be appropriate to demands. Currently there is a small number of core establishment posts but staffing levels for the team continue to be reviewed to provide for the resource demands associated with the Wider Investment Fund Programme at the rates required and dealing with the CJC establishment, transition planning and commencement duties. An update will be provided to a future Regional Cabinet meeting on the proposed future staffing structure and in line with the proposals set out in this report.
10. In line with continuing WG support to LAs for costs associated with establishment of CJCs, 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.
11. The proposed 2023/24 budget will be funded from a combination of Local Authority contributions, (which in-line with the JWA have been increased by 5% over the 2022/23 levels) and the City Deal Office contribution included in the 'Top-Slice' element of the Wider Investment Fund as set out in table 3.

### Non-Employee Budgets

12. 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)

13. 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.
14. 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.
15. The proposed Accountable Body budget for 2023/24 reflects the annual review of these SLAs and will continue to be reviewed in line with CCR activities and objectives.

Proposed Joint Committee Costs 2023/24 and Indicative Costs to 2027/28

16. The proposed Joint Committee costs for 2023/24, indicative budgets over the medium term and the mechanisms for funding the proposed expenditure are presented in Table 2 below.

**Table 2: Proposed Joint Committee Costs 2023/24 and indicatively to 2027/28 (Medium Term Financial Plan)**

	<b>Proposed 2023/24 Budget £</b>	<b>Indicative 2024/25 Budget £</b>	<b>Indicative 2025/26 Budget £</b>	<b>Indicative 2026/27 Budget £</b>	<b>Indicative 2027/28 Budget £</b>
Employees	2,366,306	2,439,462	2,516,183	2,596,644	2,681,029
Premises	44,606	46,390	48,246	50,176	52,183
Transport	6,500	6,500	6,500	6,500	6,500
Supplies & Services	446,902	446,902	446,902	446,902	446,902
Recharge Income	-274,791	-285,783	-297,214	-309,103	-321,467
Support Services (Accountable Body)	333,642	333,642	333,642	333,642	333,642
<b>Total Costs</b>	<b>2,923,165</b>	<b>2,987,114</b>	<b>3,054,259</b>	<b>3,124,761</b>	<b>3,198,789</b>
Partner Contributions	-1,278,963	-1,342,912	-1,410,057	-1,480,559	-1,554,587
WIF Top Slice Contribution	-1,644,202	-1,644,202	-1,644,202	-1,644,202	-1,644,202
<b>Total Funding</b>	<b>-2,923,165</b>	<b>-2,987,114</b>	<b>-3,054,259</b>	<b>-3,124,761</b>	<b>-3,198,789</b>

17. The indicative budgets from 2024/25 to 2027/28 include an estimated % 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

18. The proposed 2023/24 budget and Medium-Term Financial Plan aim 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 2023/24 and indicatively for future years will continue to be funded from the Wider Investment Fund (WIF) as stated in the JWA, clause 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).”*

19. 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**

	Actual to Date	Forecast 2022/23	Proposed 2023/24	Indicative 2024/25	Indicative Future Years
	£s	£s	£s	£s	£s
Opening Balance / Brought Forward	(14,850,000)	(12,606,988)	(10,498,988)	(8,405,988)	(6,332,988)
Programme Development & Support	554,801	746,546	448,798	428,798	1,400,382
CDO Budget Contribution	2,194,411	1,361,454	1,644,202	1,644,202	4,932,606
Recycled Funds - Revenue	(506,200)	0	0	0	0
<b>Carried Forward</b>	<b>(12,606,988)</b>	<b>(10,498,988)</b>	<b>(8,405,988)</b>	<b>(6,332,988)</b>	<b>0</b>

20. Table 3 indicates that there are sufficient resources available within the existing envelope approved by Regional Cabinet to meet expenditure assumptions over the short-term. This 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 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.

Proposed 2023/24 CJC Transition Budget

21. Separate to the proposed Joint Committee revenue budget for 2023/24, a CJC budget has also been prepared to support the transition of CCRC into the CJC under the lift and shift model. The proposed budget totals £234,481 and is intended to cover transitional costs such as HR support and various advisory support services e.g., Corporate Governance, Project Management and Tax Advisory Services. Further details are included in Table 4 below.

**Table 4: Proposed 2023/24 CJC Transition Budget**

Transition Plan Workstreams	Proposed Budget £s
1. People - HR Support	61,626
2. Corporate & Governance - Advisory Services	71,500
3. Corporate & Governance - Project Management/Support	51,355
4. Finance - Tax Advisory Services	50,000
<b>Total Budget Requirement</b>	<b>234,481</b>

22. The costs of the Transition Plan will be met from General Reserves held by CCRC on behalf of the CCR constituent Councils. The Month 07 Budget Monitoring position reported to Cabinet confirmed that there will be sufficient resources within the reserves to meet the costs included in the proposed 2023/24 CJC Transition Budget.

## **Reason for Recommendations**

23. 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.
24. To set out the 2023/24 revenue budget, and indicative medium term financial plan and resulting Local Authority partner contributions.
25. To set out the proposed CJC transition budget for 2023/24.

## **Financial Implications**

26. The proposed 2023/24 Annual Budget represents an increase of 2.1% and can be accommodated within the parameters (maximum of up to 5% increase in Local Authority Partner Contributions) of the Joint Working Agreement.
27. The ring-fenced 3% Top-Slice budget has sufficient resources to meet the cost of the City Deal Office over the next three financial years, based on the level of known and estimated commitments at this time.
28. Paragraph 7 above sets out the General Reserve held as at 31 March 2022. 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 established for each reserve in accordance with relevant codes of practice clearly identifying the purpose, usage and basis of transactions. 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.
29. The report also highlights the proposed 2023/24 CJC transition budget which will be funded from General Reserves held by CCRCD on behalf of the CCR Constituent Councils. The Month 07 Budget Monitoring report approved by Cabinet at their November 2022 meeting, confirmed that there will be sufficient resources within the reserve to meet the costs included in the proposed 2023/24 CJC Transition Budget.
30. 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**

31. 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').

32. 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**

33. 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 CCRC) 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.

34. 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 1.

### **Equality Act 2010**

35. 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**

36. It is recommended that Cardiff Capital Region Regional Cabinet approves:

- (1) the Joint Committee expenditure budget of £2,923,165 for 2023/24 as set out in Table 1 of this report;
- (2) the proposed 2023/24 Annual Budget funded by the 10 Local Authority partner contributions as outlined in this report of £1,278,963, 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 £1,644,202 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’);
- (4) the proposed 2023/24 CJC transition budget of £234,481 as set out in Table 4 of this report and will be met from General Reserves held by CCRCD on behalf of the CCR Constituent Councils.

**Christopher Lee**  
**Accountable Body Section 151 Officer**  
**Cardiff Capital Region City Deal**  
**30 January 2023**

## **Appendices**

Appendix 1 Well-being of Future Generations Assessment

# Future Generations Assessment Evaluation

## (includes Equalities and Sustainability Impact Assessments)


<b>Name of the Officer completing the evaluation:</b>  Christopher Lee  <b>Phone no:</b> 02920 872300 <b>E-mail:</b> christopher.lee@cardiff.gov.uk	<b>Please give a brief description of the aims of the proposal</b> To propose the annual revenue budget for the Joint Committee for the financial year 2023/24.
<b>Proposal: 2023/24 Joint Committee Revenue Budget</b>	<b>Date Future Generations Evaluation form completed:</b> 30 January 2023





**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.

<b>Well Being Goal</b>	<b>Does the proposal contribute to this goal? Describe the positive and negative impacts.</b>	<b>What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?</b>
<b>A prosperous Wales</b> Efficient use of resources, skilled, educated people, generates wealth, provides jobs	The report sets out the proposed revenue budget for the Joint Committee for 2023/24, demonstrating the way in which available resources will be used to deliver outcomes and targets.	Set out in report
<b>A resilient Wales</b> 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.	
<b>A healthier Wales</b> 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?
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	Not directly applicable	
<b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	Not directly applicable	
<b>A Wales of vibrant culture and thriving Welsh language</b> Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	Not directly applicable	
<b>A more equal Wales</b> 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>Collaboration</p>	A cornerstone of our process is the strength of partnership working.	
 <p>Involving those with an interest and seeking their views</p> <p>Involvement</p>	Communications and engagement remain a feature of our work.	
 <p>Putting resources into preventing problems occurring or getting worse</p> <p>Prevention</p>	Demonstrated in the report through detailed funding allocations and investment cases	
 <p>Considering impact on all wellbeing goals together and on other bodies</p> <p>Integration</p>	City Deal seeks to make a contribution on place and to improving the life chances of people in the region.	

**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	

<b>Protected Characteristics</b>	<b>Describe any positive impacts your proposal has on the protected characteristic</b>	<b>Describe any negative impacts your proposal has on the protected characteristic</b>	<b>What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?</b>
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?**

	<b>Describe any positive impacts your proposal has on safeguarding and corporate parenting</b>	<b>Describe any negative impacts your proposal has on safeguarding and corporate parenting</b>	<b>What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?</b>
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.**

<b>The impacts of this proposal will be evaluated on:</b>	On a quarterly basis starting Quarter 1 2023/24
---	---