South East Wales Corporate Joint Committee

Cyd-bwyllgor corfforaethol De-Dwyrain Cymru

REPORT SUMMARY

ITEM 10: 2023/24 Corporate Joint Committee Revenue Budget Final Out-turn Report (CCRCD)

Purpose

To update the South East Wales Corporate Joint Committee (the CJC) on the 2023/24 Revenue Budget Monitoring out-turn position for 2023/24.

Summary

The CCR had a net underspend of (£503,552) against the approved budget of £2,923,165. The final underspend represents an increase of (£91,388) against the position reported at Month 09

Recommendations

The Corporate Joint Committee is asked to:

1) Note the final out-turn position against the approved Joint Committee Revenue Budget for the year ending 31 March 2024.

2) Approve the proposed treatment of the 2023/24 Joint Committee Revenue Budget underspend as set out in Table 2 of the report.

Contact Officer

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South East Wales Corporate Joint Committee

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Report for:	ACTION
Contains Confidential or Exempt Information	NO

For Consideration By	Corporate Joint Committee
Report Title	2023/24 Joint Committee Revenue Budget Final Out-turn Report (CCRCD)
Report of	Liam Hull, Strategic Director Resources Hrjinder Singh, Head of Finance, Risk & Assurance
Contact Details	Liam.Hull@cardiffcapitalregion.gov.uk Hrjinder.Singh@cardiffcapitalregion.gov.uk
Date to be Considered	26 July 2024
Implementation Date	With immediate effect
Affected Council Areas	All
Keywords / Index	Finance; Out-turn; Annual Return

Report Summary

1. The report below sets out the financial performance (subject to audit) against the approved Cardiff Capital Region (CCR) Joint Committee Revenue Budget for the financial year 2023/24. The CCR had a net underspend of (£503,552) against the approved budget of £2,923,165. The final underspend represents an increase of (£91,388) against the position reported at Month 09.

Recommendations

2. The Corporate Joint Committee is asked to:

   (1) Note the final outturn position against the approved Joint Committee Revenue Budget for the year ending 31 March 2024;

   (2) Approve the proposed treatment of the 2023/24 Joint Committee Revenue Budget underspend as set out in Table 2 of this report.

Reason for Recommendations and Background Information

3. To inform CJC of the final outturn position against the CCR Joint Committee Revenue Budget for the year ending 31 March 2024.

4. To seek approval from CJC to the transfer of the 2023/24 Joint Committee Revenue Budget underspend to General and Specific Earmarked Reserves to be carried forward to fund future expenditure and as set out in Table 2.

Background

5. At its meeting of the 30 January 2023, CCR Regional Cabinet approved its 2023/24 Joint Committee Revenue Budget. The budget supports the City Deal Office (CDO) and the Accountable Body (AB) arrangements in the delivery of CCR Programme on behalf of Regional Cabinet.

6. The budget is funded by CCR's constituent local authority partners, based on agreed percentage contributions with the balance being met from the Wider Investment Fund 'Top-Slice'. UK Government allowed CCR to set aside up to 3% of the Wider Investment Fund to support delivery of the programme.

7. CCR carried forward General Reserves of £270,307 from previous years' underspends and these reserves were available to supplement the approved 2023/24 budget during the year, if required.

8. CCR has received regular budget monitoring updates throughout the year, including updates in respect of the budget position at Months 4, 6 and 9. The most recent update was reported to CCR's meeting of the 18 March 2024, and indicated a projected underspend of (£412,165) for the year, based on the actual spend, commitments and working assumptions known at that time (31 December 2023).

9. A draft version of this report was reviewed by the South East Wales Corporate Joint Committee Governance and Audit Sub-Committee at its meeting of 12 July 2024 and was recommended to this meeting for approval.

10. The 2023/24 final outturn position, detailed in Table 1 below, shows a net underspend of (£503,552) compared to the budget for the year. Further details of the individual favourable and adverse variances are set out in paragraphs 11 to 17.

Table 1: 2023/24 Joint Committee Revenue Budget Outturn Position at 31 March 2024.

	Budget 23/24 £	Outturn 23/24 £	Variance 23/24 £
Staffing Costs	2,091,515	1,240,549	(850,966)
Total Employee Costs	**2,091,515**	**1,240,549**	**(850,966)**
Office Lease	44,606	41,056	(3,550)
Total Premises Costs	**44,606**	**41,056**	**(3,550)**
Travelling & Subsistence Costs	6,500	24,967	18,467
Total Transport Costs	**6,500**	**24,967**	**18,467**
ICT Equipment	18,000	11,242	(6,758)
Office Equipment & furniture	2,600	2,126	(474)
Software Licenses & Mobiles	44,429	17,205	(27,224)
Meeting Room Hire & Refreshments	0	5,125	5,125
Events, Marketing & Branding	158,000	99,042	(58,958)
Training & Development	43,600	13,390	(30,210)
Welsh Translation	10,000	7,831	(2,169)
General Expenses	10,273	11,168	895
Contingency Budget	30,000	0	(30,000)
Total Supplies & Services	**316,902**	**167,128**	**(149,774)**
5 Year Gateway Review Support	30,000	71,206	41,206
WAO Performance Audit Fee	15,000	21,505	6,505
Western Gateway Membership	10,000	10,000	0
Procurement Support	50,000	60,000	10,000
Joint Scrutiny	25,000	25,000	0
CJC Transition Expenditure (Specific Earmarked Reserve)	0	378,476	378,476
SEW CJC Operational Budget (General Reserve)	255,123	255,123	0
Drawdown from General Reserve	(255,123)	(255,123)	0
Total External Support	**130,000**	**566,187**	**436,187**
Accountable Body Support	305,559	305,308	(251)
External Audit Fee	24,500	29,403	4,903
Contingency	3,583	45,015	41,432
Total Support Services (AB)	**333,642**	**379,726**	**46,084**
Total	**2,923,165**	**2,419,613**	**(503,552)**

Local Authority Partner Contributions	(1,278,963)	(988,336)	290,627
Wider Investment Fund Top Slice Contribution	(1,644,202)	(1,431,277)	212,925
Total Funding	**(2,923,165)**	**(2,419,613)**	**503,552**

Employee Related Budgets: (£850,966)

11. The Employee Related budget of £2,091,515, is based on an establishment of 33.8 FTEs. A number of vacant posts existed during the year and therefore, projections included assumptions regarding various anticipated start dates. However, monitoring reports during the year identified that an underspend on employees was likely to materialise in 2023/24. The final value of the underspend reflects a number of changes that have occurred during 2023/24, which were captured and reported during the year. These include:

- A number of City Deal Office posts have been recharged to both the Wider Investment Fund (WIF) delivery and other externally funded projects. e.g. the Shared Prosperity Fund etc.: (£237,578)

- Vacancy savings arising from planned delays to recruitment as the transition to the SEWCJC was completed during the financial year: (£274,388)

- A resource switching exercise was actioned in 2023/24 to ensure the Welsh Government's Regional Transport Plan grant awarded to the CJC was fully utilised: (£125,000);

- CCR's strategy to minimise revenue costs where possible, by maximising the capitalisation directive i.e. charging staff time to capital funded projects where appropriate: (£214,000).

Transport Related Expenditure: £18,467

12. The annual budget for travel and subsistence costs has been reduced in recent years because of the impact of the pandemic on increasingly agile working practices. As CCR activity continues to expand and with the partial return to pre-pandemic working practices, there has been an increase in travelling costs. The budget for transported related expenditure will be addressed as part of the 2025/26 budget setting process.

Supplies & Services: (£149,774)

13. Overall, there is a net underspend of (£149,774) over the various Supplies & Services budget heads. These comprised of several budget lines which had been committed during the year (to provide contingency headroom) for costs that did not materialise. In summary, underspends relate to ICT Equipment (£6,758), Software Licences & Mobiles (£27,224), Events, Marketing & Branding (£58,958), Training & Development (£30,210) and Welsh Translation (£2,169) and the contingency budget of (£30,000). These were partially offset by an overspend of £5,125 against meeting room hire costs.

External Support: £561,187

14. The constituent elements of this overspend can be summarised as follows:

- The main element of this spend amounts to £378,476 and relates to CJC Transition Expenditure incurred during 2023/24. The transition was complex and dynamic, and requirements (and costs) crystalised as the transition gained momentum through the year. These costs have been netted-off against the underspend on the Employees' budget outlined above. Therefore, the approved funding source for these costs (CJC Transition Earmarked Reserve) of £234,481 was not utilised in 2023/24. As the transition is now complete, it is proposed that the balance of this reserve is transferred to General Reserves.

- Additionally, an overspend of £41,206 against the 5 Year Gateway Review Support budget reflects the increase in the number of projects which have been approved and in delivery since the completion of the first Gateway Review and now fall within the scope of the next review. The 2024/25 budget has been increased to meet the costs expected to be incurred during the year as the Gateway Review enters a critical phase of activity.

- Finally, an overspend of £6,505 was incurred against the approved budget of £15,000 for the work Audit Wales undertake on performance audit.

Support Services (Accountable Body Support): £46,084

15. Most of the charges in this section of the budget are governed by Service Level Agreements (SLAs) between the City Deal Office and Cardiff Council as the Accountable Body and were charged in line with the budgets.

16. There were, however, overspends of £4,903 against the budget for the Audit Wales fee for the Financial Accounts audit, and £2,560 against the HR People Services SLA and an underspend of (£2,811) against the ICT Costs SLA.

17. Finally costs of £41,432 were incurred against the contingency budget set aside for technical advice. This relates to the costs borne as a result of engaging external advisors to review the 2022/23 Statement of Accounts prior to their submission to Audit. This relates to a recommendation made by Audit Wales as part of the previous year's audit of the CCR's accounts.

Funding

18. The approved Joint Committee Revenue Budget was expected to be funded by £1,278,963 of Local Authority Partner Contributions (43.8%) and a contribution of £1,644,202 from the Wider Investment Fund Top Slice (56.2%). Aside from the need to create a £125,000 Earmarked Reserve from the Local Authority Contributions to fund CJC Regional Transport Plan costs in 2024/25 (see underspend on the Employees budget head above), the underspend has been allocated in the budgeted ratio, allowing a carry forward of unspent Local Authority Funds and a protection of Top Slice funds held. An analysis of this is included in Table 2 below.

Reserves

19. The Budget Monitoring reports considered by Regional Cabinet at its meetings throughout the financial year have noted that an underspend would be realised against the 2023/24 approved budget. Accordingly, that the budgeted contributions from local authority partners and from the Wider Investment Fund Top-Slice would not be required in full.

20. The proposed funding allocation will result in an underspend during the year of £290,627 in Local Authority Partner Contributions and £212,926 as a reduction in the budgeted drawdown of Wider Investment Fund Top-Slice funds.

21. The proposed General Reserve balances set out below would allow for the SEWCJC budget requirement of £459,470 as set out in the 2024/25 Annual Budget report approved by the CJC on 29 January 2024 to be met.

22. Furthermore, the position would also allow a further £226,600 to be carried forward as Specific Earmarked Reserves to fund future Regional Transport Plan expenditure (£125,000), Gateway Review (£44,178) and CJC Transition Reserve (£57,422) respectively.

Table 2: General and Earmarked Reserves

	Opening Balance 01/04/2023 £	Contributions to Reserve 2023/24 £	Drawdowns from Reserve 2023/24 £	23/24 Adjustments £	Closing Balance 31/03/2024 £
General Reserve	270,307	165,627	(255,123)	278,659	459,470
Earmarked Reserve - RTP	0	125,000	0	0	125,000
Earmarked Reserve - Gateway Review	145,778	0	0	(101,600)	44,178
Earmarked Reserve - CJC Transition	234,481	0	0	(177,059)	57,422
Total	**650,566**	**290,627**	**(255,123)**	**0**	**686,070**

Comments of the s.151 Officer

23. The financial implications are detailed within the body of the report.

24. The underspend position of £503,552 in 2023/24 compared to the budget approved for that year is proposed to be utilised as follows:

- Local Authority Partner Contributions, transfer to General Reserve: £165,627.
- Local Authority Partner Contributions, transfer to Specific Earmarked Reserve: £125,000.
- Wider Investment Fund, reduction in Top Slice Contribution required: £212,926.

Comments of the Monitoring Officer

25. This report asks the Corporate Joint Committee to note information about the status of the revenue budget and the overall budgetary position of the CJC; and approve the treatment of an underspend.

26. Section 151 of the Local Government Act 1972 requires the Corporate Joint Committee to make arrangements for the proper administration of their financial affairs and to secure that one of their officers has responsibility for the administration of those affairs. The CJC's Section 151 Officer is the Strategic Director of Resources.

Staffing Implications

27. Staffing implications arising from this report are set out above.

Equality, Human Rights and Community Cohesion

28. No adverse equalities implications have been identified.

Well-being of Future Generations

29. Regard has been had to the well-being duty arising under the Well-Being of Future Generations (Wales) Act 2015.

Welsh Language Implications

30. None.

Background Papers

31. None.

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Appendices: None