South East Wales Corporate Joint Committee

Cyd-bwyllgor corfforaethol De-Dwyrain Cymru

Report for:	NOTING
Contains Confidential or Exempt Information	NO

For Consideration By	South-East Wales Corporate Joint Committee
Report Title	2025/26 Month 07 Revenue Budget Monitoring Update
Report of	Strategic Director of Resources
Contact Details	Liam.Hull@cardiffcapitalregion.gov.uk
Date to be Considered	26 January 2026
Implementation Date	Immediate
Affected Areas	All
Keywords / Index	Finance; Budget Monitoring

Report Summary

1. The report below sets out the South-East Wales Corporate Joint Committee (CJC) Revenue Budget position as at the 31 October 2025 (Month 07).

Recommendations

2. The CJC is asked to:

   (1) Note the Revenue Budget position as at the 31 October 2025 (Month 07) as set out in the report;

   (2) Note that regular budget updates will be provided to the Committee throughout the year.

Reasons for Recommendations and Options Considered

3. To provide the CJC with details of the 2025/26 Month 07 Revenue Budget Monitoring Update Report position.

Background

4. The South-East Wales CJC Establishment Regulations came into force on 1 April 2021 and established a corporate legal entity comprising of the 10 South-East Wales Local Authorities, which are also members of the Cardiff Capital Region (constituent councils) and, for the purposes of the Strategic Development Plan (SDP), the Bannau Brycheiniog National Park Authority (BBNPA).

5. The CJC Statutory Guidance sets out the accounting and reporting arrangements applicable to the set-up and operations of the SEWCJC. Furthermore, the guidance clearly sets out the relevant legislative frameworks which apply to all CJCs, with CJCs seen as "a member of the Local Government family". This means that the CJC is subject to the same regulatory framework provisions as Local Authorities in respect of all financial and accounting matters.

6. Therefore, the 2024/25 represented the first year where the revenue budgets relating to the Cardiff Capital Region City Deal programme and the new CJC functions were brought together as part of the same budget report.

7. The 2025/26 revenue budget sought to develop the CJC's cohesiveness further by preparing the budget on a component basis, bringing together the previous Statutory Duties Budget and City Deal Budgets at a presentational level to reflect the CJC's position as a corporate public body.

8. This presentational approach is aimed at bringing increased visibility to members and greater levels of accountability to budget holders. A zero-based budgeting approach was taken, with all budget holders having the opportunity to input into the process and challenged on the level of resources required. In particular, the budget reflected the CJC's required staffing resources, following the organisational restructure which became effective from 1 April 2025.

Key Considerations

9. Table 1 below sets out the Month 07 position in respect of the approved 2025/26 Gross Expenditure Budget. This shows that actual expenditure incurred to the 31 October 2025 amounted to £5,159,718 and represents 77% of the approved budget. At Month 07 there is projected underspend of £535k against the approved budget. Further details of the material variances (+/- £10k or 10% of the budget) are set out in paragraphs 10 to 26.

Table 1: 2025/26 Gross Expenditure Budget Position – Month 07

	2025/26 Budget £	M7 Actuals £	M7 Commitments £	M7 Revised £	2025/26 Projection £	2025/26 Variance £
Chief Executive & Central Overheads						
Employees	224,211	65,179	55,868	121,047	223,962	(249)
Transport	270	(87)	0	(87)	270	0
Supplies and Services	44,165	66,546	0	66,546	70,765	26,600
External Audit Fee	97,375	0	0	0	167,565	70,190
Contingency	35,000	0	0	0	35,000	0
Sub Total	**401,021**	**131,638**	**55,868**	**187,506**	**497,562**	**96,541**
Regional Growth, Innovation & Investment						
Employees	1,727,523	711,281	4,696	715,977	1,174,727	(552,796)
Transport	4,100	2,096	(64)	2,032	4,839	739
Supplies and Services	8,165	1,900,247	(11,829)	1,888,418	8,165	0
Sub Total	**1,739,788**	**2,613,624**	**(7,197)**	**2,606,427**	**1,187,731**	**(552,057)**
Policy Impact & Partnerships						
Employees	1,633,499	561,270	57,865	619,134	1,279,586	(353,913)
Transport	2,630	6,156	0	6,156	5,127	2,497
Supplies and Services	376,735	305,112	(76,268)	228,844	515,912	139,177
External SLA	25,625	0	0	0	0	(25,625)
Sub Total	**2,038,489**	**872,537**	**(18,403)**	**854,134**	**1,800,625**	**(237,864)**
Resources						
Employees	1,146,101	794,877	(136,052)	658,825	1,136,462	(9,639)
Premises	61,500	35,666	0	35,666	61,500	0
Transport	1,875	492	0	492	2,231	356
Supplies and Services	175,615	206,236	(37,728)	168,508	162,639	(12,976)
External SLA	183,142	8,574	(8,574)	0	191,349	8,207
Capital Financing	13,325	0	0	0	13,325	0
Contingency	0	0	0	0	0	0
Sub Total	**1,581,558**	**1,045,845**	**(182,355)**	**863,490**	**1,567,506**	**(14,052)**
Legal & Governnace						
Employees	706,572	459,600	65,342	524,942	879,771	173,199
Transport	1,875	141	0	141	1,876	1
Supplies and Services	129,705	36,332	29,170	65,502	116,230	(13,475)
External SLA	100,310	0	0	0	112,700	12,390
Sub Total	**938,462**	**496,074**	**94,512**	**590,586**	**1,110,577**	**172,115**
Total	**6,699,318**	**5,159,718**	**(57,575)**	**5,102,143**	**6,164,002**	**(535,316)**

Funded By:

	2025/26 Budget £	M7 Actuals £	M7 Commitments £	M7 Revised £	2025/26 Projection £	2025/26 Variance £
Local Authority Contributions	(1,278,963)	(1,278,963)	(0)	(1,278,963)	(1,278,963)	(0)
Corporate Vacancy Factor	(275,000)	0	0	0	0	275,000
BBNPA Contributions	(2,992)	0	0	0	(2,992)	0
Government Contributions	(137,000)	(150,057)	8,525	(141,532)	(743,605)	(606,605)
Accumulated Interest on Balances Contribution	(1,289,363)	0	(322,341)	(322,341)	(588,005)	701,358
Programme Contributions	(2,284,000)	0	(411,000)	(411,000)	(2,284,000)	0
Project Contributions	(1,431,800)	(24,192)	(357,950)	(382,142)	(1,266,236)	165,563
Total	**(6,699,118)**	**(1,453,212)**	**(1,082,766)**	**(2,535,978)**	**(6,163,801)**	**535,316**

2025/26 Employee Related Variances

10. As outlined in this report, the 2025/26 budget reflected the updated resource allocations in respect of the CJC organisational restructure. Whilst existing staff members transferred cross to their equivalent roles on the 1 April 2025, the external aspect of the restructure was planned throughout 2025/26.

11. The Senior Executive Team opted to take a staged approach to this recruitment with Heads of Department highlighted as a priority. This recruitment is still ongoing with the CJC still carrying approximately 15% vacancies across the organisation.

12. This has resulted in a planned underspend, over and above the corporate vacancy factor that was built into the budget. This is partially offset by an overspend on employee costs in the Legal & Governance directorate due to a continued reliance on interim arrangements.

Chief Executive & Central Overheads (£97k projected overspend)

13. This Directorate covers the Office of the Chief Executive, the CJC's corporate contingency budget and central corporate costs

14. At Month 07, the material variances are limited to the Supplies and Services budget heading and relate to:

- an overspend of £27k on the revised 2025/26 CJC's insurance premiums. The increased costs reflect the significant change to the CJC's headcount from the previous year;

- External Audit Fees: Audit Wales' estimated fees for both the Performance Audit (£22k) and the Financial Audit (£49k) have increased from the amounts included within budget. This has resulted in a projected overspend of £70k.

Regional Growth, Innovation & Investment (£552k projected underspend,)

15. The focus of the Regional Growth, Innovation & Investment Directorate, includes Business Development, Inward Investment, Regional Talent & Skills, Infrastructure Development and Investment, including Investment Zone programme.

16. At Month 07, other than Employee related variance referred to above, there are no other variances which fall within the +/- £10k or 10% definition, set out above.

Policy, Impact & Partnerships (£238k projected underspend)

17. The services provided by this directorate include Policy & Impact, the CJC statutory duties in respect of the Strategic Development Plan and the Regional Transport Plan, Innovation led investment, as well as the CJC's Communications & External affairs function.

18. The material variances at Month 05 relate to the Supplies and Services budget head which is projected to overspend by £137k consisting of the following variances:

- £197k overspend on Strategic Development Plan, which has been offset by Welsh Government funding.

- A projected overspend of £48k on budgeted Marketing and Communications Costs due to increased activity and participation in Events, and a requirement for additional Public Relations support.

- A projected overspend of £35k against the £50k budget approved for CCR's participation at MIPIM 2026.

Resources (projected underspend of £14k)

19. The Resources Directorate provides key support services to the CJC's front-line delivery areas and includes finance & accounting services, support in respect of the people & culture function, as well as the CJC's programme delivery and performance reporting support function.

20. There are no material variances within the Resources directorate.

Legal & Governance (Projected overspend of £172k)

21. The remainder of the CJC's corporate support functions are structured within the Legal & Governance Directorate. These include legal services, democratic services (including cabinet and member support) and the CJC's corporate translation services support, to ensure the CJC remains compliant with the Welsh Language Act.

22. There is a projected overspend of £173k on employee costs due to a large number of agency employees in this directorate that come with an increased premium. Previous attempts to recruit to these roles has been challenging. Further permanent recruitment campaigns are planned in the near future.

23. There is potential that some of these costs can be offset by the support provided to capital projects and an exercise is planned to consider the impact of this during quarter 3.

24. The variance on Supplies & Services budget heads amount to a projected underspend of £14k and largely relates to an underspend of £12k on translation services. This has been offset by an overspend on the Procurement SLA budget.

2025/26 Funding Sources Variances

25. Alongside the expenditure variance the CJC has also received one-off funds from Welsh Government for Capacity Building, Local Area Energy Plan and Regional Transport Plan.

26. This and other income variances, ultimately result in a projected drawdown of accumulated interest on balances of £588k, which is £701k less than the budgeted figure of £1,289k. This will allow the retained balances to be put to use in future and increase the financial resilience of the CJC.

Comments of the s.151 Officer

27. The detailed financial implications are set out in the body of this report. In summary. There is a projected underspend of £535k largely attributable to the employees budget head.

28. The positions set out about will be monitored throughout the year and regular budget monitoring updates will be brought to the Governance & Audit Sub-Committee for consideration and comment, as part of their programme of meetings.

Comments of the Monitoring Officer

29. This report asks the CJC to note information about the status of the revenue budget and the overall budgetary position of the CJC;

30. 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

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

Equality, Human Rights and Community Cohesion

32. No adverse equalities implications have been identified.

Well-being of Future Generations

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

Welsh Language Implications

34. None.

Background Papers

35. None.

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Meeting Date: 16 December 2025

Background Papers:

1. 2025/26 Annual Budget Report (Item 04: 27 January 2025)

Appendices: None