



REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD

17/05/2024

Title: NWEAB's Revenue and Capital out-turn position for 2023/24.

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1. Purpose of the Report

1.1 This report intends to provide the North Wales Economic Ambition Board (NWEAB) with the final position for both revenue and capital in 2023/24.

2. Decision Sought

The Board is asked to note and accept the:-

2.1 NWEAB's revenue out-turn report for 2023/24 (Appendix 1), which includes using £561,454 from the North Wales Growth Deal grant to show a neutral position for the year.

2.2 NWEAB's reserves position (Appendix 2).

2.3 Capital End of Year Review as of 31 March 2024 (Appendix 3).

3. Reasons for the Decision

3.1 To inform the NWEAB of their financial position for both revenue and capital in 2023/24.

4. Background and Relevant Considerations

- 4.1 The NWEAB is considered a “larger relevant body” pursuant to the Accounts and Audit (Wales) Regulations 2014 (as amended). This means that an annual Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom will be produced for 2023/24 and presented to the Board in due course.

Revenue

5. Expenditure and income in 2023/24

- 5.1 Appendix 1 provides a detailed analysis of the actual expenditure and income per heading against its 2023/24 budget.
- 5.2 The final net out-turn position for 2023/24 was an underspend of £460,546, and this has increased from the £340,768 underspend that was forecasted in the end of December 2023 review. The underspend in 2023/24 is due to the success of the Portfolio Management Office with their regional Shared Prosperity Fund application as well a reduction in expenditure on several of the budget headings. In order to leave a neutral position for the year, the Board will be asked to approve for a reduced amount of £561,454 (compared to the original budget of £1,022,000) of the Growth Deal Grant to be used to fund the revenue expenditure in 2023/24.

Portfolio Management Office

- 5.3 The final underspend on this heading is £75,151 and is mainly due to staff turnover during the year.

Accountable Body Support Services

- 5.4 The final underspend on this heading is £39,391 which is the result of the reduced net expenditure on the Accountable Body (host authority) support services.

Joint Committee

5.5 The final underspend on this heading is £40,995, which is due to an underspend on the External Legal Support, External Financial Fees and the Business Delivery Board headings.

Projects

5.6 The final underspend on this heading is £129,091 and this is due to the slippage on the capital programme. There's an underspend on the project business case development and the external procurement support but there has been high demand for external legal and financial support on the projects.

Grant schemes

5.7 The expenditure under the grants heading includes Local Energy schemes and the Agri-food research that are funded from Welsh Government grants. The Local Area Energy Plans is showing as a significant underspend in 2023/24, but this is due to £162k of the expenditure having been incurred at the end of the previous financial year.

Transfers to reserves

5.8 The transfers to reserves section shows the 2023/24 partner interest contributions (£251,040) as well as the interest on the capital grant (£2,814,561) transferred to a specific interest reserve to be ringfenced to fund the cost of borrowing in future years.

Funding Contributions

5.9 The main income streams for 2023/24 include partner contributions, ESF Grant, the revenue allocation of the North Wales Growth Deal (NWGD) grant, CJC contribution for staff secondment, Welsh Government Energy grant, UK Shared Prosperity Fund and the earmarked reserve.

5.10 The original Growth Deal grant allocation was £1,022,000, but due to the net underspend position of £460,546 for 2023/24, a reduced amount of £561,454 is

needed in order to leave a neutral position for the year. Although the North Wales Growth Deal grant is a capital grant, the Board have used the same flexibility as local authorities in the way that they manage their capital funding, with Cyngor Gwynedd allocating the Growth Deal grant against its capital projects and releasing the equivalent value of revenue funding to the NWEAB to fund their revenue expenditure.

NWEAB Reserves

- 5.11 Appendix 2 shows the movement in reserves during the year, and the balances at 31 March 2024.
- 5.12 The total earmarked reserve balance at 31 March 2024 was £277,927. The Board at its meeting on 15 March 2024 approved the use of £67,000 of this reserve as part of the 2024/25 budget and a further £61,000 as part of the 2025/26 budget.
- 5.13 The projects reserve balance at 31 March 2024 was £152,300.
- 5.14 The interest reserve balance at 31 March 2024 was £4,733,483, and this has increased significantly due to the interest that was received on the Growth Deal Grant during the year. This reserve is ringfenced to fund the cost of borrowing in future years.

Capital

- 5.15 Appendix 3 shows the NWEAB'S Capital programme end of year review for 2023/24. This is similar to the Capital budget that was approved by the Board in March, with the main difference being the commencement of the Enterprise Engineering and Optics Centre project with £0.75m expenditure in 2023/24. The 2.15% budget for revenue funding in 2023/24 has also reduced to £0.56m to reflect the final revenue out-turn position.

6. Legal Implications

- 6.1 Section 12 of the Public Audit (Wales) Act 2004 states that a joint committee of two or more (local) authorities is a local government body, and Section 13 of the Act requires such bodies to maintain accounts subject to audit by an external auditor approved by the Auditor General for Wales.

6.2 The Accounts and Audit (Wales) Regulations require all Joint Committees to prepare year-end accounts. Where the annual income or expenditure are over £2.5m, the joint committee is deemed to be a “larger relevant body” and an annual Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom must be prepared.

7. Consultations Undertaken

7.1 Appendix 1, Appendix 2 and Appendix 3 as well as a summary of the contents of this report, was presented to the Portfolio Board on 3 May 2024.

8. Appendices

Appendix 1 – North Wales Economic Ambition Board’s Revenue out-turn position 2023/24

Appendix 2 – North Wales Economic Ambition Board’s Reserves

Appendix 3 – North Wales Economic Ambition Board’s Capital position 2023/24.

STATUTORY OFFICERS’ RESPONSE:

i. Monitoring Officer – Accountable Body:

No observations to add in relation to propriety.

ii. Statutory Finance Officer – Accountable Body:

Author of this report.