



north wales economic ambition board
bwrdd uchelgais economaidd gogledd cymru

REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD

18/10/2019

Title: Revenue Budget 2019/20 – Second Quarter Review (September 2019)

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1. Purpose of the Report

- 1.1 This report intends to provide the North Wales Economic Ambition Board (NWEAB) with details of the actual expenditure and income for the second quarter of the 2019/20 financial year as well as projected full year out-turn against its annual budget.
- 1.2 In order to operate effectively, the Joint Committee needs to be aware of its projected expenditure position against its approved annual budget.

2. Decision Sought

- 2.1 To receive the Joint Committee's Second Quarter Review for 2019/20.
- 2.2 To obtain the Joint Committee's approval for the budget virements set out in the last column of Appendix 1.
- 2.3 To note and accept the present position on the 2020/21 Budget.

3. Reasons for the Decision

- 3.1 There is reduced forecasted expenditure on project planning (externally sourced and staff), but capitalisation of salaries won't be possible in 2019/20. The consequent net expenditure is affordable within the current partner contributions, but is dependent on obtaining the ESF Priority 5 grant funding from WEFO.
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4. Background

- 4.1 The first quarter review was reported to the NWEAB in its meeting on 26 July 2019.
- 4.2 The budget will continue to be monitored and reviewed throughout the financial year, and quarterly reports will be presented to the Executive Group and the NWEAB.

5. Expenditure and income in 2019/20

- 5.1 Appendix 1 shows the actual expenditure and income for the second quarter of the 2019/20 financial year together with projected full year out-turn against its annual budget.
- 5.2 At the end of the second quarter, the actual net position was a surplus of (£406,228).
- 5.3 The expected net out-turn position at the end of the financial year is expected to be within the budget and funded from partner contributions, ESF grant funding (if approved) and the Public Transport (Wales) Bill grant.

Programme Management Office

- 5.4 There is a net projected underspend of (£132,616) on the Programme Management Office in 2019/20, due to delayed recruitment to posts.
- 5.5 The expenditure of £62,484 on Programme Management / Development includes, the re-charge costs for the Lead Director – North Wales Growth Deal until September 2019.
- 5.6 The £47,290 spent on advertising and assessment of candidates relates to the recruitment of the Programme Director's post, and includes external assessment centre costs on two occasions.
- 5.7 The expenditure on the Project Planning, Development and Support heading includes expenditure on external input for developing the projects, contributions towards the Skills and Digital projects, an allocation for external input to assist with the work on the 5 case business models and expenditure on Transport related costs which is funded by Welsh Government.
- 5.8 The Programme Office Structure Report that was presented to the NWEAB Meeting on 28 June 2019 was approved on the basis that it's affordable within the core financial contributions. For 2019/20, this can be done by using the agreed annual contributions as well as the ESF Priority 5 funding (dependent on approval).

Accountable Body Support Services

- 5.9 The net projected underspend of (£22,720) on the Accountable Body (host authority) support services in 2019/20 remains unchanged from the first quarter review.

Joint Committee

- 5.10 In the NWEAB's meeting on 12 April 2019, £20,000 was allocated to support the establishment of the Business Delivery Board, but an estimated underspend of at least £10,000 is likely on this heading during 2019/20.

Funding Contributions

- 5.11 The Partners have been invoiced during the last quarter in accordance with the budgeted contribution amounts for the year.
- 5.12 Although the work on the 5 case business models will commence in the near future, we cannot prudently assume that capitalisation of salaries will be possible during this financial year. The exact commencement date of the capitalisation funding will form part of the final Growth Deal negotiations. Therefore, a budget virement approval, which will have no effect on the budget bottom line, is required to displace the (£250,250) capitalisation target. This will be done by reducing the Employee, Finance Service Support and Business Delivery Board expenditure headings and to include income targets for the Public Transport (Wales) Bill and the ESF Priority 5 funding (figures shown in the last column of Appendix 1).
- 5.13 The Executive Group are currently working on the Business Planning Stage as part of the European Social Fund (ESF) Priority 5 funding application, with a plan to submit it to the Welsh European Funding Office (WEFO) by 31 October 2019. Approval of this funding would mean that posts within the Programme Management Office could obtain funding of up to 50% up until 2022/23. Based on our projected employee expenditure of £132,206 for 2019/20, £50,811 of ESF Grant funding could be claimed for this period. If successful, the ESF grant could also be back-dated to June 2018, but this has not been reflected in our figures for 2019/20.
- 5.14 The NWEAB has been awarded £155,000 for the Public Transport (Wales) Bill to cover the period 1 March 2019 to 31 March 2021. An estimated specific grant worth £34,103 is likely

to be claimed during this financial year, and the spending profile for 2020/21 will need to be planned so that the maximum funding is received by the NWEAB.

- 5.15 In the first quarter review report, a transfer of £97,439 was estimated as required from the earmarked reserve in order to fund part of the expenditure for 2019/20. Based on this report's revised forecasts, the earmarked reserve will not be required during this financial year. The earmarked reserve of (£336,213) will therefore be available for future years.

6. Staffing Implications

- 6.1 The estimated out-turn position for the year reflects the implications of the recruitments that are taking place at the moment.

7. 2020/21 Budget

- 7.1 Due to slippage in the 5 case business models work, which was expected to be done over the summer months, it is impossible to propose a budget for 2020/21 onwards at the moment. We will be in a better position with regard to the 2020/21 Budget once discussions have started with the newly appointed Programme Director. There are many variables which impact upon Partner contributions for 2020/21, but the level could be unchanged from the current partner contributions. Of course, any further commitments would require approval from the Board and individual partners.
- 7.2 Employee expenditure affordability for 2020/21 will depend on a successful Growth Deal and ESF grant funding, but the earmarked reserve is available as back-up funding if needed.

8. Consultations Undertaken

- 8.1 Appendix 1, as well as a summary of the contents of this report, was presented to the Executive Group on 4 October 2019.

9. Appendix

Appendix 1 – Economic Ambition Board Budget 2019/20 – Second Quarter Review (September 2019).

STATUTORY OFFICERS' RESPONSE:

i. Monitoring Officer – Accountable Body:

It is important that the Economic Ambition Board maintains an overview of its financial position. Its available budget is determined by the partnership contributions and other sources of revenue available to it. The report clearly sets out the current position in this context.

ii. Statutory Finance Officer – Accountable Body:

Author of this report.