



**Bwrdd Uchelgais Economaidd  
Gogledd Cymru  
North Wales  
Economic Ambition Board**

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**REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD**

**28/01/2022**

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**Title:** 2021/22 Revenue and Capital Budget – Third Quarter Review (December 2021)

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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 revenue expenditure and income for the third quarter of the 2021/22 financial year as well as projected full year out-turn against its annual budget. It also shows the revised proposed capital programme as at the end of December 2021.
- 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. Decisions Sought**

- 2.1 To receive and note the NWEAB joint committee's revenue and capital third quarter review for 2021/22.**
- 2.2 To obtain the Joint Committee's approval for any underspend in 2021/22 to be transferred to the earmarked reserve that will be available for future years.**

**3. Reasons for the Decision**

- 3.1 To note a forecast underspend of £297,140 against the revenue budget in 2021/22. Any underspend at the end of the financial year may be transferred to the earmarked reserve.
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- 3.2 To note a further slight slippage on the capital programme as a result of a delay with the final business case on one of the projects.

#### **4. Background**

- 4.1 The NWEAB in its meeting on 26 March 2021 approved its 2021/22 revenue and capital budget.
- 4.2 The second quarter review was presented to the NWEAB on 22 October 2021, and an underspend of £183,178 was forecasted at that time.
- 4.3 The out-turn report for 2021/22 will be presented to the NWEAB on 29 April 2022.

#### **Revenue Budget**

##### **5. Expenditure and income in 2021/22**

- 5.1 Appendix 1 provides a detailed analysis of the actual expenditure and income for the third quarter of the 2021/22 financial year, together with projected full year out-turn against its annual budget.
- 5.2 The net out-turn position at the end of the 2021/22 financial year is forecasted to be an underspend of £297,140.

#### **Portfolio Management Office**

- 5.3 An underspend of £197,387 is forecasted for the Programme Management Office in 2021/22. This has increased by £69,057 since the last quarter, and is mainly due to lower expenditure now being forecast on the Employee Expenditure heading and the Procurement and Transport External Support heading. Although all recruitment activities have been completed during the last quarter, there was a slight delay in commencement dates to that anticipated in the last quarter.

#### **Accountable Body Support Services**

- 5.4 The projected underspend for the accountable body support services heading has increased since the last quarter, and with further information available, a net underspend of £25,361 is forecasted for this year.

### Joint Committee

- 5.5 A projected underspend of £18,000 remains on the Joint Committee heading.

### Projects

- 5.6 The expenditure under the Projects heading must be considered in the context of the £500,000 decarbonisation grant and the £80,000 community renewal funding shown under the corresponding income budget, that have been awarded during the financial year. Without considering these grants, the projects heading was showing an overspend of £477,633.
- 5.7 Within this heading, the project business case development, external legal support and the assurance headings are showing an increase of £22,367 in underspend since the second quarter review, and it's due to the slippage on the capital programme.
- 5.8 The partner interest of £678,020 reflect the figures presented to the Board in October 2020, and these contributions are now being re-calculated to reflect the revised grant income profile, adjusted capital programme profile and business rates yield lifespan. A report on the outcome of this review will be presented to the Board on 25 March 2022.

### Funding Contributions

- 5.9 The Income streams for 2021/22 include partner contributions, ESF Grant, North Wales Growth Deal Grant, Decarbonisation Grant, Community Renewal Funding and the earmarked reserve.
- 5.10 Based on the revised forecasted employee expenditure and approval for an element of the finance staff time to be claimed as part of the grant, a forecasted ESF grant funding of £812,145 will be received for 2021/22.
- 5.11 The £384,430 of the North Wales Growth Deal grant that had been allocated to fund the revenue expenditure of the Portfolio Management Office during 2021/22 will be claimed in full.
- 5.12 The £500,000 Decarbonisation grant income from Welsh Government will be used to fund the decarbonisation grant expenditure (distribution to third parties) while the community renewal funding will be used to fund feasibility work around smart energy systems, and these are both shown under the Projects heading.

- 5.13 In addition to the base budget for 2021/22, £415,000 of the earmarked reserve was allocated to fund one-off expenditure during the year. After taking this and the forecasted underspend of £297,140 for 2021/22 into consideration, the total estimated earmarked reserve balance at 31 March 2022 will be £620,692, of which will be used to fund the expenditure that has slipped to the following two financial years.

### **Capital Budget**

- 5.14 Appendix 2 shows the revised proposed capital programme as at the end of December 2021. As mentioned in the second quarter review, it was originally anticipated that the capital programme would be running from 2021/22 to 2025/26, but the likely slippage on some of the projects means that the capital programme will now be running for an extra 3 years to 2028/29. The figures reflect the slight adjusted spending profile of the Digital Signal Processing Centre project to agree to the Final Business Case that was approved by the Board in December 2021, and also an anticipated slippage on the Morlais project. This then gives revised slippage figures of £16.81m in 2021/22, £41.39m in 2022/23 and £18.93m in 2023/24. The North Wales Growth Deal grant will be used to finance the Capital Programme in 2021/22 and 2022/23 with no external borrowing needed until 2023/24.
- 5.15 The slippage in the capital programme is mainly caused by delays in the business case development process. The Portfolio Management Office will report on the position of the individual projects.

### **6. Staffing Implications**

- 6.1 The Portfolio Management Office have now recruited to all posts, with the final three officers in post since the beginning of January, and the estimated out-turn position for 2021/22 reflects all the recruitments that have taken place over recent months.

### **7. Consultations Undertaken**

- 7.1 Appendix 1 and Appendix 2, as well as a summary of the contents of this report, was presented to the Executive Group on 14 January 2022.

**8. Appendix**

Appendix 1 – 2021/22 Economic Ambition Board Revenue Budget – Third Quarter Review (December 2021).

Appendix 2 – 2021/22 Economic Ambition Board Capital Budget – Third Quarter Review (December 2021).

**STATUTORY OFFICERS' OPINIONS:**

**i. Monitoring Officer – Accountable Body:**

No observations to add in relation to propriety.

**ii. Statutory Finance Officer – Accountable Body:**

Author of this report.