



REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD

29/04/2022

Title: NWEAB's Revenue and Capital out-turn position for 2021/22.

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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 2021/22.

2. Decision Sought

The Board is asked to:-

2.1 Note and accept the NWEAB's revenue out-turn report for 2021/22 (Appendix 1) and the Capital End of Year Review as at March 2022 (Appendix 3).

2.2 Approve the opening of two new reserves as well as the transfers to reserves as detailed in Appendix 2.

2.3 Delegate the authority to the Programme Director in consultation with the Statutory Finance Officer to approve expenditure from the Projects reserve in 2022/23.

3. Reasons for the Decision

3.1 To inform the NWEAB of their financial position for both revenue and capital in 2021/22.

4. Background and Relevant Considerations

- 4.1 The NWEAB, for the first year in 2021/22, will be considered a “larger relevant body” pursuant to the Accounts and Audit (Wales) Regulations 2014. This means that the Board will need to prepare an annual Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, rather than an annual return as has been produced for the last two financial years. The draft Statement of Accounts will be presented to the Board in July 2022.

Revenue

5. Expenditure and income in 2021/22

- 5.1 Appendix 1 provides a detailed analysis of the actual expenditure and income per heading against its 2021/22 budget.
- 5.2 The final net out-turn position at the end of the 2021/22 financial year, is an underspend of £318,328.

Portfolio Management Office

- 5.3 The final underspend on this heading is £219,142. The underspend has increased by £21,755 from the third quarter review, and is mainly due to a further underspend on a variety of the budget headings.

Accountable Body Support Services

- 5.4 The final underspend on this heading is £44,254 as a result of the reduced net expenditure on the Accountable Body (host authority) support services heading.

Joint Committee

- 5.5 The final underspend on this heading is £45,743, which is due to an underspend on the External Legal Support, External Financial Fees and the Business Delivery Board headings. On 25 March 2022, the Board approved carrying forward the £20,000 underspend on the Business Delivery Board heading to 2022/23, to give a total budget of £40,000.

Projects and Grant schemes

5.6 The Projects heading has now been split to “Projects” and “Grant schemes”. The “Projects” heading includes expenditure on the project business cases and the “Grant schemes” heading includes items that were funded by specific grants with the corresponding grant income shown under the Income heading. The final underspend on the Projects heading is £224,348 and the underspend has increased £121,981 since the third quarter review due to delays to project development, and expenditure is now expected to occur during 2022/23.

Transfers to reserves

5.7 The 2021/22 partner interest contributions (£678,020) as well as the interest on these and on the capital grant (£16,272) will be transferred to a specific Interest reserve to be ringfenced to fund the cost of borrowing in future years.

5.8 During the last quarter of the financial year, the NWEAB have been successful in obtaining a grant of £195,000 from Welsh Government to fund specific expenditure that supported the delivery of Regional Economic Framework priorities and accelerate post-Covid economic recovery in 2021/22. The partner contributions (£100,000) and the earmarked reserve (£95,000) that had originally been budgeted to fund these activities in 2021/22, will be transferred to a specific Project reserve to fund further expenditure in this area during 2022/23.

Funding Contributions

5.9 The main income streams for 2021/22 include partner contributions, ESF Grant, the revenue allocation of the North Wales Growth Deal (NWGD) grant and other specific grants received during the year.

5.10 It was originally anticipated that £384,430 of the revenue allocation of the NWGD grant would be required during 2021/22, but due to lower expenditure than what was originally anticipated, only £218,773 was needed to fund the revenue expenditure during the year. Although the North Wales Growth Deal grant is a capital grant, 1.5% of the North Wales Growth Deal grant (which equates to £3.6m) has been allocated

to fund the revenue expenditure of the Portfolio Management Office in accordance with the grant conditions. This flexibility can be achieved in the same way that local authorities have flexibility to manage the funding for their own capital programmes. In 2021/22 this has involved Gwynedd Council allocating £218,773 of the funding designated for the Growth Deal against other capital projects within their capital programmes and then transferring the equivalent value of revenue funding to the NWEAB to fund their revenue expenditure.

- 5.11 The Community Renewal Funding is received from four local authorities (Denbighshire, Gwynedd, Isle of Anglesey and Wrexham) while the Decarbonisation Grant, Mobile phone coverage survey Grant and the North Wales Regional Economic Framework Grant has been received direct from Welsh Government.

NWEAB Reserves

- 5.12 Appendix 2 shows the movement in reserves during the year, and the balances at 31 March 2022.
- 5.13 The total general earmarked reserve balance at 31 March 2022 was £637,027. This was estimated at £620,692 in the third quarter review. The Board in its meeting on 25 March 2022, approved the use of this earmarked reserve as part of the 2022/23 budget as well as to fund the staffing structure during 2023/24.
- 5.14 The projects reserve balance at 31 March 2022 was £195,000, and this will be ringfenced to support the delivery of the Regional Economic Framework priorities during 2022/23.
- 5.15 The interest reserve balance at 31 March 2022 was £699,145, and this will be ringfenced to fund the cost of borrowing in future years.

Capital

5.16 Appendix 2 shows the NWEAB'S Capital programme end of year review for 2021/22. The expenditure on the Digital Signal Processing centre (DSP) project has commenced during 2021/22, with £0.12m worth of equipment received before the end of March 2022, and although orders have been placed, the remaining equipment is expected to be delivered during 2022/23. This then gives revised slippage figures against the original budget that was approved in March 2021 of £18.51m in 2021/22, £39.69m in 2022/23 and £18.93m in 2023/24. The £16m North Wales Growth Deal grant received in March 2021 was used to finance the Capital Programme in 2021/22. A further £20.4m has been approved for 2022/23, and was received on 8 April 2022.

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 8 April 2022.

8. Appendices

Appendix 1 – NWEAB's Revenue out-turn position 2021/22

Appendix 2 – NWEAB's Reserves Balance

Appendix 3 – NWEAB's Capital Programme 2021/22 – End of Year Review (March 2022)

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.