



REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD

03/02/2023

Title: 2022/23 Revenue and Capital Budget – End of December 2022 Review.

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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 up to the end of December 2022, as well as a projected full year out-turn against its annual budget. It also shows the revised proposed capital programme as at the end of December 2022.
- 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

The Board is asked to:-

- 2.1 Note and accept the NWEAB's revenue end of December 2022 review (Appendix 1), which includes using a further reduced amount from the North Wales Growth Deal grant to show a neutral position for the year.
 - 2.2 Note and accept the NWEAB's reserves update (Appendix 2).
 - 2.3 Agree the NWEAB's revised capital expenditure profile (Appendix 3).
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3. Reasons for the Decision

- 3.1 To note a further forecast underspend of £127,078 against the revenue budget in 2022/23. Any underspend at the end of the financial year will be used to reduce the amount used from the North Wales Growth Deal Grant.
- 3.2 To note the removal of two projects from the capital programme, which leaves £19.7m of the capital budget now unallocated to projects. The Board approved on 9 December 2022 for £7m of this funding to be allocated to a Portfolio Deliver Fund to support mature projects to move into delivery during 2023/24 and the remainder will be offered to new projects.

4. Background and Relevant Considerations

- 4.1 The NWEAB in its meeting on 25 March 2022 approved its 2022/23 revenue and capital budget.
- 4.2 The net out-turn position at the end of the 2022/23 financial year was forecasted to be an underspend of £189,048 at the end of August 2022 review, but a further underspend of £127,078 is now forecasted. This further underspend is mainly due to an increase in ESF grant income, Corporate Joint Committee (CJC) contribution for the Transport Lead and a reduction in the accountable body support services costs.
- 4.3 The out-turn report for 2022/23 will be presented to the NWEAB on 5 May 2023.

Revenue

5. Expenditure and income in 2022/23

- 5.1 Appendix 1 provides a detailed analysis of the actual expenditure and income up to the end of December 2022, together with projected full year out-turn against its annual budget.

Portfolio Management Office (PMO)

- 5.3 A net underspend of £1,345 is forecasted for the PMO in 2022/23. A £23,035 overspend is showing on the core Portfolio Management Office staff costs and £29,740 on Energy Project staff costs, but these are funded from external sources (CJC

as well as an energy grant from Welsh Government) and this can be seen in the Income section.

Accountable Body Support Services

5.4 With further information available, we are now forecasting an underspend of £24,782 on the Accountable Body Support Services heading.

Joint Committee

5.5 There's a net underspend of £11,736 on the Joint Committee heading, which is a slight increase from the August 2022 review.

Projects

5.6 The Projects heading shows an underspend of £139,251, and this is due to slippage on the capital programme. The expenditure on the project business case development has increased since the last review but there is a reduction on the external financial and procurement support headings.

Grant schemes

5.7 The Community Renewal Funding project is received from four local authorities (Denbighshire, Gwynedd, Isle of Anglesey and Wrexham) and the Mobile phone coverage survey grant is received from Welsh Government. The grant receipts are shown in the Income section.

Transfer to interest reserve

5.8 The partner interest contributions are transferred to a specific reserve to fund future interest payments, and the contributions for 2022/23 are less than what was initially anticipated as the result of Coleg Cambria removing their project from the Growth Deal and will therefore not be contributing towards these costs.

Funding Contributions

- 5.9 The main income streams for 2022/23 include partner contributions, ESF Grant, the revenue allocation of the North Wales Growth Deal (NWGD) grant and the earmarked reserve. It also includes income from the CJC to cover the Portfolio Director's secondment and two days a week for the Transport Lead. There are also grants to fund specific schemes which include Community Renewal Funding, Mobile phone coverage survey grant and the Local Energy grant.
- 5.10 The Board in its meeting on 30 September 2022, approved for a reduced amount of £560,952 of the North Wales Growth Deal grant to be used to fund revenue expenditure in 2022/23, to show a neutral position for the year. Since this review is now showing a further £127,078 underspend, it is suggested that a reduced amount of £433,874 is now claimed (with the exact figure to be finalised at year end).

NWEAB Reserves

- 5.11 Appendix 2 shows the opening reserve balances for the year, and the estimated balances at 31 March 2023.
- 5.12 The total general earmarked reserve balance at 31 March 2022 was £637,027, and £85,000 of this reserve is used in 2022/23 to give an estimated balance of £552,027 at 31 March 2023. The Board has already approved for this reserve to be used to fund the Portfolio Management Office staff until March 2024.
- 5.13 The projects reserve balance at 31 March 2022 was £195,000, and a commitment of £42,700 has been made against this reserve to give an estimated balance of £152,300 at 31 March 2023.
- 5.14 The interest reserve is ringfenced to fund the cost of borrowing in future years. It's balance at 31 March 2022 was £699,145, and the partner interest contributions of £216,370 for 2022/23 will be added to the reserve to give an estimated balance of £915,515 at 31 March 2023. The interest on this reserve balance as well as interest on the capital grant will be added at the end of the financial year. Due to the capital grant balance of around £34m as well as the increase in interest rates over recent months, this is likely to be in the region of £700k to £800k for this year.

Capital

5.15 Appendix 3 shows the revised proposed capital programme as at the end of December 2022. The main difference from the last review is the removal of the Bodelwyddan Strategic Site project and the Llysfasi Net Zero Farm project, and the budget that had been allocated for these two projects are now shown on the last line as “unallocated projects”. If we receive the third payment of the North Wales Growth Deal grant in 2022/23 and another payment in 2023/24, the grant will be sufficient to finance the capital programme for the first three years, with no external borrowing needed until 2024/25.

6. Staffing Implications

6.1 In addition to the core PMO posts, there are three energy posts that are 100% funded from a Welsh Government Energy grant, and the estimated out-turn position for 2022/23 reflects these recruitments.

7. Consultations Undertaken

7.1 The appendices as well as a summary of the contents of this report, was presented to the Portfolio Board on 20 January 2023.

8. Appendices

Appendix 1 – 2022/23 Economic Ambition Board Revenue Budget – End of December 2022 Review

Appendix 2 – NWEAB’s Reserves

Appendix 3 – 2022/23 Economic Ambition Board Capital Budget – End of December 2022 Review

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.