

BRIEFING NOTE

SDP Funding Issues and Options

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Context

The CJC has a statutory duty to produce a Strategic Development Plan (SDP) and as part of this, it should assess the resources required to complete this duty, including the means to fully fund the production of the plan.

The Welsh Government Explanatory Note 1 (Strategic Development Plans- the transition to Corporate Joint Committees) produced in 2021 states at paragraph 5.2 that *“a key link needs to be made between the Delivery Agreement (DA), the scale and scope of a plan preparation team and financial planning, as without all three being in place progress may be impeded”*.

Work was undertaken by the North Wales Planning Officers Group (NWPOG) in 2021 to assess both the scale and scope of a plan preparation team, and to assess the scope and likely costs of producing an SDP overall. This exercise calculated that the overall costs for producing the SDP would be £3,120,461 which assuming a reasonable 5% for increases/inflation since then would now be £3,276,484.

Whilst the North Wales CJC has prudently set a budget for commencement of work on the SDP in its first budget for 2025/26 (£431,500) when projected over the anticipated 5-year plan production timetable (2026/27 - 2030/31), this would (if kept static) not meet the full costs of the SDP, estimated by NWPOG.

Resourcing and funding for the SDP is a key issue being raised by all four of the CJs in Wales at present, as whilst most CJs have engaged consultants to lead on producing Regional Transport Plans (RTP), the lengthier and more complex requirements for an SDP require the CJC to consider employing its own staff to co-ordinate the SDP in a cost-effective manner.

The chairs of all four CJs are considering making an approach to the Welsh Government to say that without significant funding support from WG, they will be unable to adequately resource the preparation of an SDP for their respective regions.

Welsh Government have (informally at present) intimated that there is potentially £400k available in year to incentivise work on DAs by all CJs. This would provide £100k per CJC if distributed equally, but it is understood that it is more likely to be offered to those CJs who have already begun work on their DA. At present the Cardiff Capital Region has prepared a draft DA and carried out a consultation, but it has not submitted this to Welsh Government. Ambition North Wales have a first draft DA that will be consulted on over the summer. The other two CJs have not begun work on their DAs. This means that there is potentially £200k available to Ambition North Wales - £100k when a draft DA is agreed by the CJC (September 2025) and £100k when a final DA is submitted to Welsh Government (NB: the final DA need to identify how the SDP will be fully funded by the CJC, and be submitted by 31.03.2026 to be able to claim the second £100k grant).

The CJC budget allocation for SDP 2025/26

The CJC agreed its budget for the 2025/26 financial year at its meeting on 17 January, 2025. The agreed revenue expenditure and income for the SDP is as follows:

North Wales Corporate Joint Committee's 2025/26 revenue budget.						Appendix 1
	Strategic Planning	Transport	Investment Zone	Corporate Joint Committee	Total Budget	
Expenditure	(£)	(£)	(£)	(£)	(£)	
Employees						
Employee expenditure (Pay, N.I. & Superannuation)	226,230	112,970	0	428,880	768,080	
Lay members allowance	0	0	0	1,230	1,230	
Employees Total	226,230	112,970	0	430,110	769,310	
Travel						
Travel and subsistence	940	400	0	1,660	3,000	
Travel Total	940	400	0	1,660	3,000	
Supplies and services						
Tools and equipment	3,440	1,470	0	5,090	11,000	
Miscellaneous supplies	940	400	0	1,660	3,000	
Engagement and meetings	930	1,160	0	2,780	4,870	
Audit Wales' fees	0	0	0	30,000	30,000	
External consultants	132,500	66,340	0	10,000	208,840	
Insurance	15,000	15,000	0	30,000	60,000	
Systems	4,770	5,960	0	14,310	25,040	
Supplies and services Total	157,580	90,330	0	94,840	342,750	
Support Services						
Finance Services Support (Includes S151 Officer)	11,630	10,920	0	47,100	69,650	
Legal (Includes Monitoring Officer)	12,940	12,940	0	27,330	53,210	
Democratic Support	14,220	17,770	0	42,650	74,640	
Corporate Services	4,750	4,920	0	12,710	22,380	
Information Technology	3,210	1,380	0	5,690	10,280	
Support Services Total	46,750	47,930	0	135,480	230,160	
Set-up costs						
Legal	0	0	0	50,000	50,000	
External consultants	0	0	0	72,000	72,000	
Investment Zone	0	0	180,000	0	180,000	
Set-up costs Total	0	0	180,000	122,000	302,000	
Total Expenditure Budget	431,500	251,630	180,000	784,090	1,647,220	
Investment Zone			(180,000)		(180,000)	
Contribution from reserve	(56,460)	(67,450)		(440,830)	(564,740)	
Total Net Expenditure Budget	375,040	184,180	0	343,260	902,480	
	Strategic Planning	Other functions		Total Levy	2024/25 Levy	(Increase) / Decrease
Income	(£)	(£)		(£)		
Partners Contributions through a levy						
Conwy County Borough Council	(59,630)	(87,190)		(146,820)	(123,880)	(22,940)
Denbighshire County Council	(52,660)	(74,050)		(126,710)	(107,300)	(19,410)
Flintshire County Council	(84,450)	(118,820)		(203,270)	(172,610)	(30,660)
Cynfor Gwynedd	(53,860)	(90,830)		(144,690)	(121,130)	(23,560)
Isle of Anglesey County Council	(37,540)	(52,800)		(90,340)	(76,710)	(13,630)
Wrexham County Borough Council	(73,770)	(103,750)		(177,520)	(150,420)	(27,100)
Eryri National Park Authority	(13,130)			(13,130)	(12,770)	(360)
Total Income Budget	(375,040)	(527,440)		(902,480)	(764,820)	

The gross expenditure budget for SDP work is £431,500 which includes all staffing, consultancy, supplies and services, and other support costs. The funding source for this is the proportionate contribution from each local authority which amounts to £375,040 plus a contribution from reserves of £56,460.

If the present budget were to remain static for the duration of the SDP, then the total budget would be £2,157,500 from the 2026/27 financial year (i.e. £431,500 x 5). When compared to the revised NWPOG cost estimate this would leave a funding shortfall of £1,118,984 (or £223,796.81 p.a.). This represents an average annual requirement for an additional £31,970.97 from each local authority.

To complete the DA for submission to Welsh Government the CJC must set out the costs for producing the SDP, and the figures provided by NWPOG are the only reasonable estimates available for this purpose. They are also in line with similar costs calculated by the CCR in their draft DA and broader estimates made by other CJs that put the potential costs between £3.5-£4.5m. Even more critical is the fact that the CJC must also be able to demonstrate that it has allocated sufficient budget to meet

these costs over the life of the SDP project, prior to the submission of the DA to Welsh Government for approval.

Ways to meet the funding shortfall

When NWPOG prepared the costing estimates for producing the SDP (table 5 below) the apportionment of costs per local authority was also set out, based on population size of each LPA (table 7 below).

Table 5 - Annual Budget for the 5 Year Delivery Programme (skeleton staff year 1 only)

COST	Year 1 2022/23	Year 2 2023/24	Year 3 2024/25	Year 4 2025/26	Year 5 2026/27
Project start-up	£50,000	£0	£0	£0	£0
SDP Team	£82,070	£448,848	£448,848	£448,848	£448,848
SDP Team Start-up	£13,000	£0	£0	£0	£0
Evidence Base	£0	£265,000	£265,000	£265,000	£0
Examination costs	£0	£0	£0	£50,000	£200,000
Translation	£0	£12,500	£12,500	£12,500	£12,500
Printing	£0	£13,750	£13,750	£13,750	£13,750
IT/Database costs	£0	£20,000	£3,333	£3,333	£3,333
Total Annual Budget Cost	£145,070	£760,098	£743,431	£793,431	£678,431

Table 7 – Local Planning Authority cost apportionment (skeleton staff year 1)

Local Authority	Population	Proportion	SDP Cost Year 1 (£)	SDP Cost Year 2 (£)	SDP Cost Year 3 (£)	SDP Cost Year 4 (£)	SDP Cost Year 5 (£)	Total SDP Cost (£)
Anglesey	70,000	10.02%	14,533	76,145	74,476	79,484	67,964	312,602
Gwynedd	103,000	14.74%	21,391	112,076	109,619	116,991	100,035	460,112
Snowdonia National Park	25,400	3.63%	5,270	27,613	27,007	28,823	24,646	113,359
Conwy	113,000	16.18%	23,476	123,002	120,305	128,396	109,786	504,964
Denbighshire	95,300	13.65%	19,803	103,757	101,482	108,307	92,609	425,957
Flintshire	155,600	22.28%	32,321	169,347	165,633	176,773	151,152	695,226
Wrexham	136,100	19.49%	28,277	148,159	144,910	154,656	132,240	608,242
North Wales	698,400	100.00%	145,070	760,098	743,431	793,431	678,431	3,120,461

Whilst the distribution of costs year on year may vary, the overall budget estimate is robust enough to use for the purposes of submitting the DA. The main difference is that it may be simpler to average out the budget required year on year. Another difference is that the original calculations were done in 2021, and it is prudent to estimate an uplift due to increased costs and inflation since then. A reasonable 5% uplift has been applied which brings the total budget required for the SDP to £3,276,484. This is compared below with the budget available for SDP in the 2025/26 approved SDP budget.

Budget comparison:

a) 2025/26 CJC SDP Revenue Budget and 5 years projected (2026/27-2030/31)

£	2025/26	5 Year Projected
Employees	226,230	1,131,150
External consultants	132,500	662,500
Travel	940	4,700
Materials and Services	25,080	125,400
Support Services	46,750	233,750
Total	431,500	2,157,500

b) Estimated SDP budget prepared by NWPOG

£	5 Year
SDP budget	3,120,461
Plus allowance for increased costs (5%)	3,276,484

c) **Projected Budget less Estimate costs (shortfall)**

£	5 Year	per year
	-1,118,984	-223,796.80

Distribution of Shortfall:

Welsh Government have advised that it is appropriate to apportion costs to constituent local authorities within the CJC, based on their population. This approach was adopted by the CJC and this is how the contributions to the 2025/26 CJC SDP revenue budget have been calculated. Using this approach to apportion the annualised shortfall shown above, the CJC will need to find the following annual contribution (column d) in addition to that already made to the 2025/26 budget (column f), for the five-year duration of the SDP project, to fully fund the SDP. This does not prevent all other sources of funding from being investigated but does provide a 'worst case scenario' from the perspective of strategic financial planning by the CJC.

Apportionment of SDP budget shortfall by LPA							
a	b	c	d	e	f	g	h
LPA	Population	%	Population % applied to annual budget shortfall	Annual shortfall x5	2025/26 Strategic Planning Budget Contribution*	2025/26 Contribution plus annualised shortfall	Total Annual Contribution x 5
Anglesey	70,000	10.02%	22,430.95	112,154.75	37,540	59,970.95	299,854.75
Conwy	113,000	16.18%	36,209.96	181,049.82	59,630	95,839.96	479,199.82
Denbighshire	95,300	13.65%	30,538.14	152,690.69	52,660	83,198.14	415,990.69
Flintshire	155,600	22.28%	49,860.80	249,304.00	84,450	134,310.80	671,554.00
Gwynedd	103,000	14.75%	33,005.54	165,027.71	53,860	86,865.54	434,327.71
Snowdonia National Park	25,400	3.64%	8,139.23	40,696.15	13,130	21,269.23	106,346.15
Wrexham	136,100	19.49%	43,612.18	218,060.89	73,770	117,382.18	586,910.89
	698,400		223,796.80	1,118,984.00	375,040	598,836.80	2,994,184.00
					56,460	282,300	3,276,484.00
					* NB: there was a contribution from reserves of £56,460 in year Assumes contribution from reserves will be repeated for 5 years		

This would result in the total annual contributions shown in column g above which if sustained over the five years of the SDP timeframe, would provide sufficient funding to cover the estimated total costs (plus 5% uplift) (column h). This is also caveated by the fact that the contributions from LPAs to the 2025/26 revenue budget did not meet the whole expenditure budget, and the difference was made up by a contribution from reserves. It is not clear, but it has been assumed that this contribution could continue for the five years of the LDP project timeframe. If this is not the case, then there would be an additional £282,300 would need to be found for the SDP i.e. 5 x £56,460.

Implications for the CJC:

The above cost calculations and apportionment represent an average 60% increase on the provision made in the 2025/26 CJC Strategic Planning revenue budget. Whilst this increase is significant it is the case that only the initial costs of producing the SDP were taken into account in setting the 2025/26 CJC budget. It is particularly relevant to note that even with the required increase in contribution set out above to meet the budget shortfall, the apportioned total contributions shown in column g and h above, would still be less than those set out in the work done by NWPOG back in 2021 (see table 7 above).

The above assessment therefore has been prepared to brief senior officers and Members, with a view to influencing the budget setting process going forward from 2026/27, and until adoption of the SDP in 2031, as well as facilitating further discussions about funding with Welsh Government.

Possible ways to reduce the budget shortfall:

Welsh Government have indicated that funding is potentially available this year as a one-off grant of up to £200k. This would potentially cover around 20% of the overall shortfall thereby reducing the level of additional requirement for LPAs in subsequent years. The ability to carry forward unused budget from 2025/26 will also help lower the future additional costs for LPAs. An assessment should also be made of the level and availability of any further reserves or balances that may have accrued from unspent budget in previous years to assist with this.

Simultaneously, a review of the NWPOG work is underway to establish if there is any scope to reduce the costs downwards.