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## **NORTH WALES CORPORATE JOINT COMMITTEE**

**19 September 2025**

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**TITLE:** 2025/26 Revenue Position – End of July 2025 Review.

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### **1. PURPOSE OF THE REPORT**

- 1.1. This report intends to provide the North Wales Corporate Joint Committee (CJC) with details of the CJC, the Economic Well-being Sub-committee (Growth Deal) and the Regional Skills Partnership's (RSP) projected full year out-turn against their annual budget.
- 1.2. In order to operate effectively, the Joint Committee needs to be aware of the projected expenditure position against the approved annual budget.

### **2. DECISIONS SOUGHT**

- 2.1. To note and accept the revenue end of July 2025 review for the CJC (Appendix 1).
- 2.2. To note and accept the revenue end of July 2025 review for the Economic Well-being Sub-committee (Growth Deal), including the reserves position and the approval of the virement in the budget relating to grant income and expenditure (Appendix 2 and 3).
- 2.3. To note and accept the revenue end of July 2025 review for the RSP (Appendix 4).

### **3. REASONS FOR THE DECISION**

- 3.1. To note a forecasted underspend of £411,001 against the CJC's revenue budget for 2025/26.
- 3.2. To note a forecasted underspend of £280,562 against the Economic Well-being Sub-committee's revenue budget for 2025/26.
- 3.3. To note a neutral out-turn position for the RSP for 2025/26.

### **4. BACKGROUND AND RELEVANT CONSIDERATIONS**

- 4.1. The CJC in its meeting on 17 January approved its 2025/26 budget whilst the North Wales Economic Ambition Board approved the Economic Well-being Sub-committee's 2025/26 revenue and capital budget in its meeting on 14 February 2025. Funding of £290k for the RSP was awarded by Welsh Government for 2025/26 in April 2025.

- 4.2. The budgets will continue to be monitored and reviewed throughout the 2025/26 financial year, and the third quarter review will be presented to the CJC in January 2026.
- 4.3. The Growth Deal capital programme is currently under review following the projects reserve list, with the Portfolio Business Case to be approved in December, therefore an updated capital profile will be presented with the third quarter review.

## 5. FINANCIAL IMPLICATIONS

### Corporate Joint Committee

- 5.1. Appendix 1 provides a detailed breakdown of the CJC's expenditure projections per heading against its annual budget.
- 5.2. It is estimated that the net out-turn position at the end of the 2025/26 financial year will be an underspend of £411,001. This is mainly due to underspends in employee expenditure, insurance, systems and support services, in addition to grant awarded by Welsh Government for the Regional Transport Plan and interest income.

### Employees

- 5.3. An underspend of £284,929 is projected against the employees heading for 2025/26.
- 5.4. The employee expenditure include the Chief Executive (full time since June 2025, previously on secondment from the Growth Deal for 2 days a week), four posts in Policy, Procurement, Operations and Administration (with recruitment from September 2025) and the costs of staff on secondment to the CJC.
- 5.5. The recruitment of a full-time Chief Executive and additional posts has led to expenditure being incurred on advertising, recruitment and training.

### Travel

- 5.6. The estimated cost of the essential travel allowance and staff subsistence costs until March 2026 is £2,460, which gives an underspend of £540 on the travelling heading for 2025/26.

### Supplies and Services

- 5.7. There is an estimated net overspend of £60,323 against the supplies and services heading.
- 5.8. The external consultants heading is showing an estimated overspend of £132,655, but the £200k expenditure on the Transport sub-heading is funded from the Regional Transport Grant, and the therefore income is shown as a surplus under the grant income. £200k funding from Welsh Government could be secured for the Strategic Planning costs, depending on the CJC approving a draft delivery agreement post-consultation (£100k) and a formal submission within this financial year (£100k).
- 5.9. The overspend of £13,432 in the Premises relates to the costs of additional office space.
- 5.10. The main underspends in supplies and services relate to insurance and systems. The actual insurance cost for 2025/26 is less than budgeted and the majority of the cost has been

apportioned between the CJC and the Economic Well-being Sub-committee based on employee budget costs, therefore leading to an underspend for the CJC. The systems budget was included to cover the initial set-up costs as well as an annual fee for a Committee Management System; however, this is not expected to be implemented in 2025/26.

#### Support Services

- 5.11. There is an estimated underspend on this heading of £39,594 due to the recruitment of Cyngor Gwynedd staff supporting the CJC taking place during the financial year. This recruitment will take place after the Service Level Agreement has been finalised.

#### Set-Up Costs

- 5.12. The expenditure on legal and external consultants relates to the support on the implementation of the CJC, and support has continued beyond the initial contracted period, therefore leading to an estimated overspend of £103,739 compared to the budget.

#### Income

- 5.13. The CJC was successful in its bid to Welsh Government for funding towards the Regional Transport Plan, with £200k awarded in 2025/26.
- 5.14. It is estimated that £50k of interest income will be received for 2025/26.
- 5.15. The levy on the constituent authorities for 2025/26 was approved by the CJC in its meeting on 17 January 2025.

#### Reserves

- 5.16. The earmarked reserve balance at 31 March 2025 was £1,112,671, and £567,740 of this reserve has been allocated to the 2025/26 budget to give a balance of £544,931. Any underspend at the end of the financial year will be transferred to the earmarked reserve, therefore the estimated balance at 31 March 2026 is £955,932.

#### Investment Zone

- 5.17. The estimated expenditure on the Investment Zone is £125,700. £25,000 has been awarded by Welsh Government for consultancy support, with £100,700 being funded from the CJC's earmarked reserve which will be repaid once the grant income has been approved by Government.

#### **Economic Well-being Sub-committee**

- 5.18. Appendix 2 provides a detailed analysis of the Economic Well-being Sub-committee's actual expenditure and income per heading up to the end of July 2025, together with a projected full year out-turn against its annual budget.
- 5.19. It is estimated that the net out-turn position at the end of the 2025/26 financial year will be an underspend of £280,562. This is mainly due to underspends in employee expenditure, additional government roles and accountable body support services. Ambition North Wales was also successful in its Shared Prosperity Fund application which has further contributed to the underspend in employee expenditure.

#### Portfolio Management Office

- 5.20. There's a £229,801 underspend on the Portfolio Management Office (PMO) and the main underspend is shown on the employee expenditure and additional government roles heading.
- 5.21. Funding received from the Local Area Energy Planning grant and the UK Shared Prosperity Fund for 2025/26 has been used to fund the costs of two officers and a proportion of the costs for other staff. The secondment of three officers and the previous Portfolio Director to the CJC for one/ two days a week has also led to an underspend in employee expenditure.
- 5.22. Part of this underspend has been used to fund the costs of a temporary External Advisor to support the Energy Programme beyond the Local Area Energy Planning grant. Also included within External Advisor costs is the CJC's Implementation Programme Manager costs associated with supporting the Growth Deal.
- 5.23. The recruitment of additional roles that are included within the budget such as projects staff and government roles has taken place during the financial year, therefore also contributing to the underspend. However, additional recruitment, including the recruitment of Portfolio Director, is expected to lead to an overspend in advertising and assessment of candidates costs.
- 5.24. The insurance heading is showing an overspend of £11,800 due to what was explained in 5.10.

#### Accountable Body Support Services

- 5.25. The estimated underspend on this heading is £26,190 with the explanation the same as that noted in 5.11.

#### Joint Committee

- 5.26. The Joint Committee heading shows a net underspend of £2,553 due to the forecasted underspend in audit fees offsetting the increase in external legal support costs.

#### Projects

- 5.27. The expected net overspend on this heading is £6,689. There is an overspend in external legal support costs on numerous projects in the capital programme, however there is an expected underspend on assurance costs.

#### Grant Schemes

- 5.28. The expenditure under this heading includes grant funded Local Area Energy and Shared Prosperity Fund projects where funding has been received until March 2026.
- 5.29. Income awarded of £621,320 from these grants has been included in the Virements column, with the budgeted expenditure shown against the relevant line in the grant schemes heading.

#### Funding Contributions

- 5.30. The main income streams for 2025/26 include partner contributions, the North Wales Growth Deal grant (revenue allocation and the funding of project staff costs), Welsh Government energy grant, UK Shared Prosperity Fund, the earmarked reserve and the resources reserve.

- 5.31. The forecasted use of the Growth Deal grant for projects staff is £205,382 compared to the budget of £116,675. This is due to the grant funding 50% of the costs of staff that were previously 100% funded by the Welsh Government energy grant in previous years, as well as an increase in the number of staff expected to be recruited for energy and digital projects.

#### Reserves

- 5.32. Appendix 3 shows the estimated reserves balances at 31 March 2026.
- 5.33. The total earmarked reserve balance at 31 March 2025 was £210,977, and £60,990 of this reserve has been allocated to the 2025/26 budget to give an estimated balance of £149,987 at 31 March 2026.
- 5.34. The projects reserve balance at 31 March 2025 was £29,167. In 2024/25, costs of £123,133 relating to the Clean Local Energy Project were met from the projects reserve as the Full Business Case was yet to be approved by 31<sup>st</sup> March 2025. The Full Business Case has subsequently been approved therefore £123,133 of the Growth Deal grant will be transferred to the projects reserve.
- 5.35. The interest reserve is ringfenced to fund the cost of borrowing in future years. Its estimated balance at 31 March 2026 is £4,841,863 and this includes the partner interest contributions of £108,380 that will be received during the year.
- 5.36. The resources reserve is used to fund the additional government requirements and project development costs, as well as to retain the Portfolio Management Office's capacity. £412,085 of this reserve has been allocated to the 2025/26 budget to give an estimated balance of £2,388,146 at 31 March 2026. The interest received on the Growth Deal grant in 2025/26 will also be transferred to the resources reserve at the end of the financial year.

#### Regional Skills Partnership

- 5.37. Appendix 4 provides an analysis of the RSP's actual expenditure and income per heading up to the end of July 2025, with a projected full year out-turn against its annual budget.
- 5.38. The projected out-turn is a neutral position, with the expenditure of £302,000 funded by Welsh Government grant of £290,000 plus a reserve of £12,000 for work that commenced in 2024/25 but not completed until May 2025.

### **6. CONSULTATIONS UNDERTAKEN**

- 6.1. The Economic Well-being Sub-Committee appendices of this report were presented to the Portfolio Board on 12 September 2025.

### **7. LEGAL IMPLICATIONS**

- 7.1. Senior Officers of the CJC, the Economic Well-being Sub-committee and the RSP as well as the Monitoring Officer have contributed to this review.

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**APPENDICES:**

<b>Appendix 1</b>	2025/26 CJC's Revenue Budget – End of July 2025 Review
<b>Appendix 2</b>	2025/26 Economic Well-being Sub-committee's Revenue Budget – End of July 2025 Review
<b>Appendix 3</b>	Economic Well-being Sub-committee's reserves position
<b>Appendix 4</b>	2025/26 RSP's Revenue Budget – End of July 2025 Review

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**STATUTORY OFFICERS RESPONSE:**

**i. Monitoring Officer:**

No observations to add in relation to propriety.

**ii. Statutory Finance Officer:**

Report author.