



REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD

05/05/2023

Title: NWEAB's Revenue and Capital out-turn position for 2022/23.

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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 2022/23.

2. Decision Sought

The Board is asked to:-

2.1 Note and accept the NWEAB's revenue out-turn report for 2022/23 (Appendix 1), the NWEAB's reserves (Appendix 2) and the Capital End of Year Review as of 31 March 2023 (Appendix 3).

2.2 Approve for the £148,000 revenue underspend for 2022/23 to be transferred to the 2023/24 budget, with £18,000 of it added to the Business Delivery Board heading and £130,000 added to the Projects heading.

3. Reasons for the Decision

3.1 To inform the NWEAB of their financial position for both revenue and capital in 2022/23.

4. Background and Relevant Considerations

- 4.1 The NWEAB is considered a “larger relevant body” pursuant to the Accounts and Audit (Wales) Regulations 2014 (as amended). This means that an annual Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom will be produced for 2022/23 and presented to the Board in due course.

Revenue

5. Expenditure and income in 2022/23

- 5.1 Appendix 1 provides a detailed analysis of the actual expenditure and income per heading against its 2022/23 budget.
- 5.2 There was a forecasted underspend of £189,048 in the August review and a further underspend of £127,078 in the December review, and on both occasions, the Board approved for a reduced amount of the North Wales Growth Deal Grant to be used to fund the revenue expenditure to leave a neutral position for the year.
- 5.3 The final net out-turn position for 2022/23, shows a further underspend of £147,822, and this is mainly due to a reduction in expenditure on several of the budget headings. This means that a reduced amount of £286,052 of the Growth Deal Grant will be needed to leave a neutral position for the year (compared with the original budget of £750,000 and the estimated amount of £433,874 in the December review), and the Board will be asked to approve for the £147,822 underspend for 2022/23 to be added to the 2023/24 budget.

Portfolio Management Office

- 5.4 The final underspend on this heading is £92,433. The underspend has increased by £61,348 from the December review and is mainly due to a further underspend on a variety of the budget headings.

Accountable Body Support Services

- 5.5 The final underspend on this heading is £54,581 as result of the reduced net expenditure on the Accountable Body (host authority) support services.

Joint Committee

5.6 The final underspend on this heading is £39,091, which is due to an underspend on the External Legal Support, External Financial Fees and the Business Delivery Board headings. The Business Delivery Board are in the process of tendering a contract, but the work has slipped to the first part of 2023/24. Therefore, the Board is asked to approve for the £18,000 underspend to be added to their 2023/24 allocation, to give a total budget of £33,000.

Projects

5.7 The final underspend on this heading is £104,790 and this is due to the slippage on the capital programme. The Project Business Case Development heading shows an overspend of £73,156, but £42,700 of this is funded by the projects reserve that was created in 2021/22 and the transfer from reserve can be seen in the income section, which gives a net underspend of £147,490. The Board is asked to approve for £130,000 of this underspend to be added to their 2023/24 allocation to give a total budget of £585,000 for Projects.

Grant schemes

5.8 The overspend of £207,738 on this heading is funded from the Community Renewal Fund, Mobile phone coverage survey grant and the Local Energy Grant shown under the income section.

Transfers to reserves

5.9 The transfers to reserves section, shows the 2023/24 partner interest contributions (£216,370) as well as the interest on these and on the capital grant (£752,367) transferred to a specific Interest reserve to be ringfenced to fund the cost of borrowing in future years.

Funding Contributions

- 5.10 The main income streams for 2022/23 include partner contributions, ESF Grant, the revenue allocation of the North Wales Growth Deal (NWGD) grant and other specific grants received during the year.
- 5.11 Following the December review, it was anticipated that £433,874 of the revenue allocation of the North Wales Growth Deal grant would be required during 2022/23, but due to lower expenditure than what was originally anticipated, only £286,052 was needed to fund the revenue expenditure during the year. Although the North Wales Growth Deal grant is a capital grant, the Board have used the same flexibility as local authorities in the way that they manage their capital funding, with Cyngor Gwynedd having allocated £286,052 against their capital projects and released the equivalent value of revenue funding to the NWEAB to fund their revenue expenditure.

NWEAB Reserves

- 5.12 Appendix 2 shows the movement in reserves during the year, and the balances at 31 March 2023.
- 5.13 The total earmarked reserve balance at 31 March 2023 was £552,027. The Board in its meeting on 24 March 2023, approved for £274,100 of this reserve to be used as part of the 2023/24 budget.
- 5.14 The projects reserve balance at 31 March 2023 was £152,300, with £42,700 used in the year to fund a Supported Learning in Emissions Assessment training programme with an external consultant.
- 5.15 The interest reserve balance at 31 March 2023 was £1,667,882, and this has increased significantly due to the interest that was received on the Growth Deal Grant during the year. This reserve is ringfenced to fund the cost of borrowing in future years.

Capital

- 5.16 Appendix 3 shows the NWEAB'S Capital programme end of year review for 2022/23. This is similar to the Capital budget that was approved by the Board in March, with the only difference being that the £147,822 underspend in revenue expenditure has

meant that the 1.5% Growth Deal grant has reduced from £0.43m to £0.28m in 2022/23 and increased from £0.87m to £1.02m in 2023/24.

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 21 April 2023.

8. Appendices

Appendix 1 – North Wales Economic Ambition Board’s Revenue out-turn position 2022/23

Appendix 2 – North Wales Economic Ambition Board’s Reserves

Appendix 3 – North Wales Economic Ambition Board’s Capital Programme 2022/23 – End of Year Review (March 2023)

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.