Cabinet Prifddinas Ranbarth Caerdydd | Cardiff Capital Region Cabinet

18 MARCH 2024

2023/24 MONTH 09 JOINT COMMITTEE REVENUE BUDGET MONITORING POSITION

REPORT OF ACCOUNTABLE BODY SECTION 151 OFFICER, CARDIFF CAPITAL REGION

AGENDA ITEM: 9

Reason for this Report

1. To provide the Cardiff Capital Region Joint Committee (Regional Cabinet) with details of actual expenditure, income, and the projected full year outturn position as at the 31 December (Month 09), against its approved 2023/24 Joint Committee Revenue Budget.

Background

2. At its meeting of the 30 January 2023, Regional Cabinet approved its 2023/24 Joint Committee Revenue Budget. The budget supports the City Deal Office (CDO) and the Accountable Body (AB) support arrangements for the work of the Regional Cabinet.

3. The budget is funded from Local Authority Revenue Contributions and the Wider Investment Fund 'Top-Slice'.

4. Subject to audit, a General Reserve of £270,306 has been carried forward from previous years' underspends and is also available to fund expenditure incurred in 2023/24. For example, Regional Cabinet have approved that a drawdown from this fund will be used to fund the CJC operational budget (£255,123) approved for 2023/24.

5. In addition, and again, subject to audit, Specific Earmarked Reserves were created at 2022/23 Year End for the following purposes:

    - £334,481 to fund CJC transition costs in 2023/24;
    - £45,778 towards the building up of a reserve to be used to fund expenditure which will be required in preparation for and during the next Gateway Review in 2025/26.

Issues

6. At Month 09, actual expenditure incurred and committed amounts to £1,559,983 representing just over 53% of the annual budget. The projected outturn position indicates that the budget will be underspent by £412,165 at year end. Table 1 summarises the position at Month 09 and a narrative summary is outlined below.

Table 1: Month 09 Joint Committee Revenue Budget Monitoring Position

	Budget 23/24 £	Month 9 Actual YTD £	Projected Year End £	Variance £
Staffing Costs	2,091,515	1,047,631	1,589,651	(501,864)
Total Employee Costs	**2,091,515**	**1,047,631**	**1,589,651**	**(501,864)**
Office Lease	44,606	31,212	44,606	0
Office Other	0	0	0	0
Total Premises Costs	**44,606**	**31,212**	**44,606**	**0**
Travelling & Subsistence Costs	6,500	17,679	23,572	17,072
Total Transport Costs	**6,500**	**17,679**	**23,572**	**17,072**
ICT Equipment	18,000	10,276	12,000	(6,000)
Office Equipment & furniture	2,600	2,029	2,600	0
Software Licenses & Mobiles	44,429	11,323	15,000	(29,429)
Meeting Room Hire & Refreshments	0	3,632	4,843	4,843
Events, Marketing & Branding	158,000	42,825	90,000	(68,000)
Media Management	0	0	0	0
Web Design / Social Media Management	0	0	0	0
Training & Development	43,600	13,390	20,000	(23,600)
Welsh Translation	10,000	5,729	7,500	(2,500)
General Expenses	10,273	1,399	3,000	(7,273)
Contingency Budget	30,000	0	15,000	(15,000)
Total Supplies & Services	**316,902**	**90,602**	**169,943**	**(146,959)**
5 Yr Gateway Review Support	30,000	21,307	73,361	43,361
Programme Development & Support	0	0	0	0
WAO Performance Audit Fee	15,000	18,061	21,515	6,515
Western Gateway Membership	10,000	20,000	20,000	10,000
Procurement Support	50,000	37,500	50,000	0
Joint Scrutiny	25,000	18,750	25,000	0
CJC Transition Expenditure (Specific Earmarked Reserve)	234,481	204,969	365,516	131,035
Drawdown from Specific Earmarked Reserve	(234,481)	(204,969)	(234,481)	0
SEW CJC Operational Budget (General Reserve)	255,123	255,123	255,123	0
Drawdown from General Reserve	(255,123)	(255,123)	(255,123)	0
Total External Support	**130,000**	**115,618**	**320,911**	**190,911**
HR People Services	30,993	24,554	32,739	1,746
Finance & Accountancy Support	115,000	86,250	115,000	0
Exchequer, Internal Audit & Insurance	4,867	3,650	4,867	0
Legal & Governance Support	122,985	92,239	122,985	0
ICT, Information & Governance	31,714	21,407	28,542	(3,172)
External Audit Fee	24,500	0	29,043	4,543
Contingency	3,583	29,142	29,142	25,559
Total Support Services (AB)	**333,642**	**257,242**	**362,318**	**28,676**
Total	**2,923,165**	**1,559,983**	**2,511,000**	**(412,165)**
Local Authority Partner Contributions	(1,278,963)	(682,534)	(1,098,630)	180,333
Wider Investment Fund Top Slice Contribution	(1,644,202)	(877,449)	(1,412,370)	231,832
Total Funding	**(2,923,165)**	**(1,559,983)**	**(2,511,000)**	**412,165**

Employee Related Budgets: (£501,864)

7. The Employee Related budget of £2,091,515, is based on an establishment of 33.8 FTEs with various anticipated start dates, along with a contingency for additional staffing resources should they be required. The projections are net of recharge income received for employee time undertaken on Wider Investment Fund (WIF) Projects, support provided to the CJC and the Shared Prosperity Fund. An assessment of the resources currently expected to be required during 2023/24 is reflected by this underspend which has reduced by £24,064 since the position reported at Month 06, as a result of recruitment taking place.

8. There is the potential for there to be an increase in the underspend on employee costs in 2023/24 if the capitalisation of salary costs undertaken in 2022/23 is deemed appropriate by Audit Wales as part of its ongoing review of the 2022/23 Statement of Accounts and can therefore be repeated. This will be confirmed in future Budget Monitoring Reports.

Transport Related Expenditure: £17,072

9. The annual budget for travel and subsistence costs has been reduced in recent years as a result of the impact of the pandemic on increasingly agile working practices. As CCRCD activity continues to expand and with the partial return to pre-pandemic working practices, there has been an increase in travelling costs. Analysis is being undertaken to ascertain if any of the costs incurred to date in 2023/24 can be recharged to projects funded outside of the Joint Committee Revenue Budget.

Supplies & Services: (£146,959)

10. There is an overspend of £4,843 as a result of the assumptions (at the time the budget was set) that meeting room hire and refreshments costs would be significantly reduced as a result of the move to the Sparc building. This has proved not to be the case, although as with transport related expenditure, it will be investigated if some or all of these charges can be allocated to externally funded projects.

11. A number of budget lines had previously been committed in order to provide contingencies for costs, should they arise. These can now be released as it is not expected for them to be required. This has resulted in underspends eported against ICT Equipment (£6,000), Software Licences & Mobiles (£29,429), Events, Marketing & Branding (£68,000), Training & Development (£23,600), Welsh Translation (£2,500) and General Expenses (£7,273).

12. Further to this, the contingency budget of £30,000 which had been increased to £65,000 to allow for further unforeseen costs to be covered in year now appears to be largely unrequired.

External Support: £190,911

13. The main element of this overspend is £131,035 against the CJC Transition Expenditure budget of £234,481. This is a reduction of £79,785 from the overspend reported at Month 06 but, as previously outlined, the transition is

complex and dynamic and requirements (and costs) are being identified as the transition gains momentum. The projected overspend will be covered by the underspends reported against the employees budget above.

14. Additionally, an overspend of £43,361 is anticipated against the 5 Year Gateway Review Support budget. The projected costs reflect the increase in the number of projects, which have been approved and in delivery since the completion of the first Gateway Review and now fall within the scope of the next review. Discussions are ongoing to understand the work (and costs) that will be required over the next two financial years and how these are to be funded.

15. There is also an overspend of £6,515 against the approved budget of £15,000 for the fee charged by Audit Wales for its performance audit work and £10,000 against the budget approved for Western Gateway Memberships as the 2022/23 membership was not paid until 2023/24.

Support Services (Accountable Body Support): £28,676

16. Most of the charges in this section of the budget are governed by Service Level Agreements (SLAs) between the City Deal Office and Cardiff Council as the Accountable Body and are mainly expected to be charged in line with the budgets.

17. However, as set out previously, there is an anticipated saving against the Legal & Governance Support SLA which will be used towards the funding of an Interim Deputy Monitoring Officer for the Cardiff Capital Region City Deal Joint Committee.

18. Additionally, there is an overspend of £4,543 anticipated against the budget for the Audit Wales fee for the Financial Accounts audit and small variances against the HR People Services and ICT Costs.

19. Finally, an overspend of £25,589 is projected to be incurred against the contingency budget set aside for technical advice. This relates to the costs borne as a result of using external advisors to review the 2022/23 Statement of Accounts prior to their submission to Audit. This directly relates to a recommendation made by Audit Wales as part of the previous year's audit of the CCR's accounts.

20. The SLAs are subject to ongoing review as to the actual level of activity in the coming months and could result in changes to the recharges made.

Month 09 Summary

21. The forecast expenditure for 2023/24 is projected to underspend the total funding sources approved by Regional Cabinet by £412,165.

22. As in previous years, it is intended that any underspend which crystallises in 2023/24 will be used to supplement existing General and Specific Earmarked Reserves and utilised to fund future Corporate Joint Committee commitments. Future reports will set out updates in this regard, along with options for the relevant governance board to consider and approve as deemed appropriate.

23. Further outturn positions will be reported to the relevant governance board at future meetings.

24. Invoices have been raised to each of the 10 Partner Authorities for their contributions to this Budget.

Reasons for Recommendations

25. To provide Regional Cabinet with an update of the monitoring position against its approved 2023/24 Joint Committee Revenue Budget, as at 31 December 2024 (Month 09).

Financial Implications

26. As stated in the main body of the report, there is an underspend projected for year-end against the approved Joint Committee Revenue Budget. Future reports to the relevant governance board will provide updates on the proposed expenditure and provide the opportunity to approve any plans for the reallocation of any budget not being used for its original purpose.

27. As a result of the projected underspends, as set out above, it is proposed that consideration be given to the treatment of any general underspend at year end in respect of earmarked reserves required to support future expenditure. One area which warrants further consideration relates to potential costs associated with the next Gateway Review, as outlined above.

Legal Implications

28. This is a revenue budget monitoring report for noting and, based on the information contained in this report, does not raise any direct legal issues.

Well-being of Future Generations Act 2015 (Wales)

29. In considering this matter regard should be had, amongst other matters, to:

    a) the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards;

    b) public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are: a. age; b. gender reassignment; c. sex; d. race – including ethnic or national origin, colour or nationality; e. disability; f. pregnancy and maternity; g. marriage and civil partnership; h. sexual orientation; I. religion or belief – including lack of religion or belief, and;

    c) the Well-being of Future Generations (Wales) Act 2015. The Well-being of Future Generations (Wales) Act 2015 ('the Act') is about improving the social, economic, environmental and cultural well-being of Wales. The Act places a

'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language and is globally responsible. In discharging their respective duties under the Act, each public body listed in the Act (which includes the Councils comprising the CCRCD) must set and published wellbeing objectives. These objectives will show how each public body will work to achieve the vision for Wales set out in the national wellbeing goals. When exercising its functions, the Regional Cabinet should consider how the proposed decision will contribute towards meeting the wellbeing objectives set by each Council and in so doing achieve the national wellbeing goals. The wellbeing duty also requires the Councils to act in accordance with a 'sustainable development principle'. This principle requires the Councils to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

Put simply, this means that Regional Cabinet must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, Regional Cabinet must:

- look to the long term;
- focus on prevention by understanding the root causes of problems;
- deliver an integrated approach to achieving the 7 national well-being goals;
- work in collaboration with others to find shared sustainable solutions;
- involve people from all sections of the community in the decisions which affect them.

30. Regional Cabinet must be satisfied that the proposed decision accords with the principles above. To assist Regional Cabinet to consider the duties under the Act in respect of the decision sought, an assessment has been undertaken, which is attached as an appendix to this report.

RECOMMENDATION

31. It is recommended that Cardiff Capital Region Regional Cabinet:

(1) notes the actual expenditure, income, and projected full year out-turn position as at the 31 December 2024 (Month 09), against its approved 2023/24 Revenue Budget.

Christopher Lee
Section 151 Officer
CCR Regional Cabinet
4 December 2023

Appendix
Appendix 1: Well-being of Future Generations Assessment