



north wales economic ambition board
bwrdd uchelgais economaidd gogledd cymru

REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD

20/03/2020

Title: 2020/21 Budget

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1. Purpose of the Report

- 1.1 The purpose of this report is to propose the 2020/21 Budget for the North Wales Economic Ambition Board (NWEAB). Two scenarios have been included:-
- Scenario 1 – 2020/21 Budget without ESF Grant Funding (Appendix 1a)
 - Scenario 2 – 2020/21 Budget with ESF Grant Funding (Appendix 1b).

2. Decision Sought

- 2.1 **To approve the 2020/21 Budget without the ESF Grant Funding (Appendix 1a).**
- 2.2 **To approve the 2020/21 Budget with ESF Grant Funding (Appendix 1b) if / when formal grant approval is received.**
- 2.3 **To ask the Board to allow the Programme Director, in consultation with Gwynedd Council's Section 151 Officer and Monitoring Officer and the Chairman, to commit up to an additional £100,000 from the earmarked reserve within the year, on the Planning, Development and Project Support heading (Scenario 1 and 2) if required in order to maintain and realise the work programme timetable for the final Growth Deal.**
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3. Reasons for the Decision

- 3.1 To set out the proposed budget per expenditure heading and the corresponding funding streams for the year.
- 3.2 In order to operate effectively within the funding available, the NWEAB requires an annual budget to be approved.
- 3.3 To authorise the Programme Director to incur expenditure in accordance with the approved budget.

4. Background and Relevant Considerations

- 4.1 The major changes from the 2019/20 to the 2020/21 expenditure budget is an increase in staffing costs and a reduction in the external budget for project planning, development and support.
- 4.2 In the 2020/21 budget, no assumption has been made that the Growth Bid Grant Income will be received during the year, and if any income was to be received during the last quarter, it would be dealt with at the time.
- 4.3 In addition to the Base Budget, one-off virements to be funded from the earmarked reserve are required in the year, to mainly fund expenditure in the following headings:-
 - “Communications and Public Relations” – for the website, branding and communications strategy.
 - “Project Planning, Development and Support” – to develop the Full Business Cases required to reach a Final Deal with both UK and Welsh Government.
- 4.4 The ESF grant application based on staff costs is currently in the final stages of the approval process with a decision expected before the end of March 2020. This funding is crucial to ensure that the Programme Office’s work programme is achieved within the current timetable.
- 4.5 If the ESF grant application is unsuccessful, the Programme Director will present a separate report to the Board in the coming months, with a revised proposal of viable options and possible funding sources for timely completion of the Programme Office’s work programme. This may involve additional contributions from the partners.

- 4.6 In light of the strong view expressed by the Executive Group on 6 March 2020 to deliver the Growth Deal in a timely manner, the Programme Director and Operations Manager have requested the right to add a further additional budget to the Project Planning, Development and Support heading if required during the year. This would be funded from the earmarked reserve, thus reducing its balance to fund other one off costs in the future.

Programme Management Office - £864,110 (Scenario 1) and £1,468,420 (Scenario 2)

- 4.7 The budget for the Programme Management Office is based on five full time posts (Scenario 1), and twenty full time posts (Scenario 2). Further details on the staffing structure can be seen in the ESF report that was presented to the NWEAB on 24 January 2020.

<https://democracy.gwynedd.llyw.cymru//documents/s25697/Item%207%20-%20ESF%20Funding.pdf>

- 4.8 The Employee Expenditure Budget has been set based on the assumption that an inflationary increase of 2% will be applied to Local Government salaries in 2020/21, however this is subject to ongoing discussions.
- 4.9 It also includes budget for Travel and Subsistence; Training; Engagement and Meetings; Communications and Public Relations; Supplies and Services; Premises. The annual match funding contribution from all six Local Authorities towards the Regional Engagement Team is also included as well as the Transport costs that are eligible for the Public Transport (Wales) Bill Grant.

Accountable Body Support Services - £139,920 (Scenario 1) and £155,770 (Scenario 2)

- 4.10 The Accountable Body provides the support services required to facilitate the work of the Joint Committee, and the budget for 2020/21 includes Finance Services Support, Legal, Corporate Support and Information Technology.
- 4.11 The scope of the services offered, charging mechanisms and estimated costs will be included in the individual Service Level Agreements that will be agreed with each department.

- 4.12 On the whole, the Accountable Body Support Services budget are similar to 2019/20, but Scenario 2 includes the increase costs related to the ESF Grant and subsequent increase in staff numbers.

Joint Committee

4.13 External Legal Support - £18,000

This includes a budget for external legal support that will be mainly required when drafting the Governance Agreement 2 and with the individual programme/project business cases.

4.14 Treasury Advisory - £10,000

Input from External Treasury Advisory will be required with regard to the identification and apportionment of notional costs to cover negative cash flow etc.

4.15 External Audit Fee – £1,500

The Joint Committee's Accounts will be subject to an annual audit by Gwynedd Council's External Auditors, and an estimated budget based on fees incurred by similar small joint Committees who produce an annual return has been used.

4.16 Business Delivery Board - £20,000

In a report that was presented to the NWEAB on 17 May 2019, an annual contribution of up to £20,000 was approved to support the Business Delivery Board.

Funding Contributions

4.17 Partner Contributions (GA1) – (£400,000)

In accordance with Governance Agreement 1 and the proposed Governance Agreement 2, the 2020/21 Budget includes a contribution of £50,000 from the six Councils and £25,000 from the four Advisors, to give a total contribution of £400,000. The partner contributions have remained the same from 2019/20, with no inflationary increases applied reflecting what has been previously agreed as basis for the individual partners to set their budgets for 2020/21. However, the partner contributions will need to increase in future budgets to reflect the salary inflation.

4.18 Partner Contributions (Other) – (£240,000)

The budget has been set up with the assumptions that these historical contributions of equal contribution from each of the six Councils will remain in 2020/21. The Regional Engagement Team budget of £42,290 is funded from these contributions.

4.19 Public Transport (Wales) Bill Grant – (£109,890)

A public transport grant of £155,000 has been approved by Welsh Government and an estimated grant of £109,890 will remain to be claimed during 2020/21.

4.20 European Social Fund (ESF) Priority 5 funding – (£651,330)

If the ESF Grant application is approved, grant funding of £2.9m could be claimed for the period until June 2023, with the 2020/21 staff costs attracting £651,330 of this grant funding. If successful, costs could also be claimed retrospectively from July 2018 onwards.

Earmarked Reserve – (£303,640) (Scenario 1) and (£272,470) (Scenario 2)

4.21 The Third Quarter Review Report that was presented to the Board on 24 January 2020 projects a balance of £117,424 to be transferred to the earmarked reserve at the end of 2019/20, to give an estimated balance of £453,637 available for future years.

4.22 Scenario 1 budget uses £303,640 (£109,480 to balance the base budget and £194,160 to fund one-off expenditure) hence leaving a balance of £150,000 in the earmarked reserve to fund one-off costs in the future.

4.23 Scenario 2 budget uses £272,470 to fund one-off expenditure hence leaving a balance of £358,000 in the earmarked reserve to fund one-off costs in future years (includes the back-dated ESF grant).

5. Governance Context

5.1 As stated in Governance Agreement 1 and the suggested Governance Agreement 2, the Annual Budget is required to be prepared by the Accountable Body and agreed by the Joint Committee.

5.2 The proposed budget for 2020/21 has been prepared based on the roles, activities and responsibilities identified to date, with the expectation that the level of resources

allocated is continually reviewed and updated as the projects move forward and more information is available.

- 5.3 Regular budget monitoring reports will be presented to the Programme Management Office staff and the Executive Group. A further detailed review will also be undertaken at the end of August 2020 and November 2020 and presented to the Economic Ambition Board, with any issues highlighted and appropriate action taken.

6. Consultations Undertaken

- 6.1 Appendices 1a and 1b, as well as summary of the contents of this report was presented to the Executive Group on 6 March 2020.

7. Appendices

Appendix 1a – 2020/21 Economic Ambition Board Budget without ESF Grant funding.
Appendix 1b – 2020/21 Economic Ambition Board Budget with ESF Grant funding.

STATUTORY OFFICERS' RESPONSE:

i. Monitoring Officer – Accountable Body:

The decision sought allows the Board to provide for the apportionment of its budget in two scenarios related to the result of the ESF bid. This accords with the prior decision of the Board in relation to the staffing structure which conditional on the grant approval. I note also the request to utilise an element of the reserve funds in order to maintain momentum. The reasoning for this is set out in the report which will allow the Board to come to a decision. I agree with the form of the delegation which will give assurance in relation to the use of the resource.

ii. Statutory Finance Officer – Accountable Body:

Author of this report.