



REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD

2/2/2024

Title: 2023/24 Revenue and Capital Budget – End of December 2023 Review.

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1. Purpose of the Report

- 1.1 The purpose of this report is to provide the North Wales Economic Ambition Board (NWEAB) with details of the actual revenue expenditure and income up to the end of December 2023, as well as projected full year out-turn against its annual budget. It also shows the revised proposed capital programme as at the end of December 2023.
- 1.2 In order to operate effectively, the Joint Committee needs to be aware of its projected expenditure position against its approved annual budget.

2. Decision Sought

The Board is asked to:-

- 2.1 Note and accept the NWEAB's revenue end of December 2023 review (Appendix 1).
 - 2.2 Note and accept the NWEAB's reserves update (Appendix 2).
 - 2.3 Agree the NWEAB's revised capital expenditure profile (Appendix 3).
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3. Reasons for the Decision

- 3.1 To note a forecast underspend of £340,768 against the revenue budget in 2023/24. The final underspend at the end of the financial year will be used to reduce the amount claimed from the growth deal grant.
- 3.2 To note a further slippage on the capital programme, with an estimated expenditure of £3.36m in 2023/24 compared to an approved budget of £11.25m for the year.

4. Background and Relevant Considerations

- 4.1 The NWEAB in its meeting on 24 March 2023 approved its 2023/24 revenue and capital budget.
- 4.2 The net out-turn position at the end of the 2023/24 financial year was forecasted to be an underspend of £266,683 at the end of August 2023 review, but this has now increased to £340,768.
- 4.3 The out-turn report for 2023/24 will be presented to the NWEAB on 17 May 2024.

Revenue

5. Expenditure and income in 2023/24

- 5.1 Appendix 1 provides a detailed analysis of the actual expenditure and income up to the end of December 2023, together with projected full year out-turn against its annual budget.
- 5.2 The one-off virement of £148,000 was approved by the Board in May 2023 as part of the out-turn report for 2022/23.

Portfolio Management Office

- 5.3 There's a £32,662 overspend on the Portfolio Management Office, and the main overspend is shown on the employee expenditure heading, but this will be funded from the UK Shared Prosperity Fund and the North Wales Corporate Joint Committee income that is received for staff secondment, and both are shown in the income section.

Accountable Body Support Services

5.4 With further information available, we are now forecasting an underspend of £35,220 on the Accountable Body Support Services heading, and this will be used to fund the external financial support expenditure shown under projects.

Joint Committee

5.5 There's an underspend of £39,245 on the Joint Committee heading and this due to an underspend on the external legal support, financial fees and Business Delivery Board headings.

Projects

5.6 The Projects heading shows a net underspend of £108,629, and this is mainly due to an underspend on the project business case development.

Grant schemes

5.7 The expenditure under this heading includes external consultant fees as well as an internal support team to deliver the Local Area Energy Plans, and this expenditure is funded by a specific grant from Welsh Government.

Funding Contributions

5.8 The main income streams for 2023/24 include partner contributions, ESF Funding, the revenue allocation of the North Wales Growth Deal (NWGD) grant, The North Wales Corporate Joint Committee (staff secondment), Welsh Government Energy grant, UK Shared Prosperity Fund and the earmarked reserve.

5.9 As a surplus is estimated for this year, it is suggested that a reduced amount of the growth deal is used (with the exact figure to be finalised at year end) which would then leave a neutral position for the Board for the year.

NWEAB Reserves

5.10 Appendix 2 shows the opening reserve balances for the year, and the estimated balances at 31 March 2024.

- 5.11 The total general earmarked reserve balance at 31 March 2023 was £552,027, and £274,100 of this reserve has been allocated in the 2023/24 budget to give an estimated balance of £277,927 at 31 March 2024.
- 5.12 The projects reserve balance at 31 March 2023 was £152,300 and there is likely to be no movement this year.
- 5.13 The interest reserve is ringfenced to fund the cost of borrowing in future years, and its balance at 31 March 2023 was £1,667,882. The partner interest contributions of £251,040 for 2023/24 will be added to the reserve as well as interest accrued on the balance during the year. Due to the capital grant balance of around £50m as well as the high interest rate, this will be around £2.5m for this year to give an estimated balance of £4,418,922 at 31 March 2024.

Capital

- 5.14 Appendix 3 shows the revised proposed capital programme as at the end of December 2023. There is a further reduction of £3.77m in the anticipated expenditure for 2023/24 compared to the budget that was approved in March 2023 and this was on four projects (Connecting the last few percent, Holyhead Gateway, Former North Wales Hospital and the Centre of Environmental Biotechnology).
- 5.15 It is highly unlikely that we will receive our annual contribution of £20.44m from Welsh Government and UK Government in 2023/24, but we are currently in discussion with UK Government and are working on a capital re-profile, and if successful it could mean receiving the UK Government's grant allocation in line with expenditure rather than as a flat rate over 10 years.

6. Staffing Implications

- 6.1 As a result of numerous vacant posts as well as their success with the regional Shared Prosperity Fund application, the PMO have reviewed their staffing structure. The estimated out-turn position for 2023/24 reflects the recruitments that have taken place over recent months as well as the expected recruitments before the end of the year.

7. Consultations Undertaken

- 7.1 The appendices of this report were presented to the Portfolio Board on 19 January 2024.

8. Appendices

Appendix 1 – 2023/24 North Wales Economic Ambition Board’s Revenue Budget – End of December 2023 Review

Appendix 2 – NWEAB’s Reserves

Appendix 3 – 2023/24 North Wales Economic Ambition Board’s Capital Budget – End of December 2023 Review

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.