



north wales economic ambition board
bwrdd uchelgais economaidd gogledd cymru

REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD

26/07/2019

Title: Revenue Budget 2019/20 – First Quarter Review (June 2019)

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1. Purpose of the Report

- 1.1 This report intends to provide the North Wales Economic Ambition Board (NWEAB) with details of the actual expenditure and income for the first quarter of the 2019/20 financial year as well as projected full year out-turn against its annual budget.
- 1.2 In order to operate effectively, the Joint Committee needs to be aware of its budget monitoring position against its approved annual budget.

2. Decision Sought

- 2.1 To note and accept the Joint Committee's First Quarter Review for 2019/20 (Appendix 1).
- 2.2 To obtain the Joint Committee's confirmation to use the Earmarked Reserve (set aside for this purpose) to fund any income deficit in 2019/20.

3. Reasons for the Decision

- 3.1 To note forecasted expenditure on project planning (externally sourced and staff) in 2019/20, while capitalisation of those project costs won't be possible until 2020/21, and the forecast overspend on recruitment costs.
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4. Background

- 4.1 The NWEAB in its meeting on 15 March 2019 approved its 2019/20 budget of £890,250. This included £703,880 for the Programme Management Office, £153,870 for the Accountable Body Support Services and £32,500 for the Joint Committee. The budgeted funding contributions came from Partner Contributions and Capitalisation of Project Costs. The budget was prepared based on the information known at the time, with the expectation that it would be updated as the projects move forward and more information was available.
- 4.2 The Out-turn Report that was presented to the NWEAB on 17 May 2019 confirmed that the final underspend for the 2018/19 financial year was (£336,213). This was transferred to an Earmarked Reserve, and was not included as part of the 2019/20 budget.
- 4.3 The budget will continue to be monitored and reviewed throughout the financial year, and a quarterly report will be presented to the Executive Group and the NWEAB.

5. Expenditure and income in 2019/20

- 5.1 Appendix 1 shows the actual expenditure and income for the first quarter of the 2019/20 financial year together with projected full year out-turn against its annual budget.
- 5.2 The virements (budget transfers included in second column) include:-
- £20,720 transferred from the Project, Planning, Development and Support budget to the Employee budget to fund the Programme Manager Digital post (refer to Update on the EAB Work Programme report, NWEAB meeting 12 April 2019 and subsequently the Programme Office Structure report, NWEAB meeting 28 June 2019).
 - £20,000 transferred from the Project, Planning, Development and Support budget to support the establishment of the Business Delivery Board (refer to Business Delivery Board report, NWEAB meeting 12 April 2019).
 - £50,320 transferred from the Project, Planning, Development and Support budget to the Employee budget to fund 3 Programme Manager posts (refer to Programme Office Structure report, NWEAB meeting 28 June 2019).
- 5.3 At the end of the first quarter, the actual net expenditure was £34,677 and the expected net out-turn position at the end of the financial year before the transfer from earmarked reserve is an overspend of £97,439.

Programme Management Office

- 5.4 There is a net projected underspend of (£35,714) in the Programme Management Office in 2019/20 due to recruitment of posts not likely until the second and third quarter of the financial year.
- 5.5 The expenditure of £55,028 for Programme Management/ Development includes the re-charge costs for the Lead Director – North Wales Growth Deal until September 2019.
- 5.6 The £45,550 for Advertising and Assessment of Candidates relates to the recruitment of the Programme Director’s post which includes advertising and external assessment centre costs. This estimate has been based on the assumption that the original costs will be duplicated on re-advertising.
- 5.7 The expenditure on the Project Planning, Development and Support heading includes six month expenditure on external input for developing the projects as well as contributions towards the Skills, Energy and Digital projects.
- 5.8 The Programme Office Structure Report that was presented to the NWEAB Meeting on 28 June 2019 was approved on the basis that it’s affordable within the core financial contributions. For 2019/20, this can be done by using the agreed annual contributions as well as reserves brought forward. Affordability for 2020/21 will depend on a successful deal and the capitalisation of project related staff costs.

Accountable Body Support Services

- 5.9 There is a net projected underspend of (£22,720) on the Accountable Body Support Services in 2019/20 which is due to an underspend in the Finance Services Support, although it is envisaged that the strategic work load will be heavier in the second and third quarters, when work is undertaken on the Financial Plan.

Joint Committee

- 5.10 The projected Joint Committee costs reflect the budgeted figures for 2019/20.

Funding Contributions

- 5.11 The Partners will be invoiced during the year in accordance with the budgeted contribution amounts.
- 5.12 It is unlikely that the NWEAB will be allowed to capitalise any Project Costs in 2019/20, with this likely to start in 2020/21. Therefore, an estimated transfer of £97,439 will be required from the earmarked reserve, in order to fund part of the 2019/20 expenditure.
- 5.13 The Executive Group have been working on an European Social Fund (ESF) Priority 5 funding application and they are now moving forward to the Business Planning Stage after receiving confirmation from the Welsh European Funding Office (WEFO). Approval of this funding would mean that posts within the Programme Management Office could obtain funding of up to 50% up until 2022/23. Based on our projected employee expenditure for 2019/20, £94,377 of ESF Grant funding could be claimed for this period. If successful, the ESF grant could also be back-dated to June 2018, but this has not been reflected in our figures for 2019/20.

6. Staffing Implications

- 6.1 The estimated out-turn position for the year reflects the implications of the reports presented to the NWEAB meeting on 28 June 2019 regarding staffing.

7. Consultations Undertaken

- 7.1 This report was presented to the Executive Group on 5 July 2019, who asked the accountable body to go ahead and invoice Partners for their 2019/20 budgeted contribution.

8. Appendices

Appendix 1 – Economic Ambition Board Budget 2019/20 – First Quarter Review (June 2019).

STATUTORY OFFICERS' RESPONSE:

i. Monitoring Officer – Accountable Body:

As a joint working arrangement currently based on a delegated financing model with constraints it is appropriate that the Joint Committee maintains an overview of its financial resources and commitments.

ii. Statutory Finance Officer – Accountable Body:

Author of this report.