



Swansea Bay City Region Joint Committee – 9 July 2020

## Joint Committee Revised Budget 2020/2021

<b>Purpose:</b>	To inform Joint Committee of a revised budget in respect of the administration and support functions for the Swansea Bay City Deal programme.
<b>Policy Framework:</b>	Swansea Bay City Deal (SBCD)
<b>Consultation:</b>	Programme Board
<b>Recommendation(s):</b>	It is recommended that Joint Committee:
1)	Considers and agrees the revised budget in respect of the administration required to support and deliver the Swansea Bay City Deal.
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<b>Finance Officer:</b>	Chris Moore, Section 151 Officer, SBCD
<b>Legal Officer:</b>	Tracey Meredith, Monitoring Officer, SBCD

### 1. Introduction

1.1 Joint Committee has previously agreed and set a five-year operational budget which has been revised on a continual basis as the City Deal has developed over the last two years. Joint Committee received and agreed the last budget proposed on 30<sup>th</sup> July 2019. Programme Board received a further updated budget on 14<sup>th</sup> January 2020, but due to the Covid-19 crisis and the cancellation of the Joint Committee meeting in March, this was unable to be presented.

1.2 This report brings the Joint Committee budget up to date, taking into account changes that have been agreed in respect of the PMO staffing establishment and proposals in respect of the benefit in kind that was submitted and agreed by Programme Board in January.

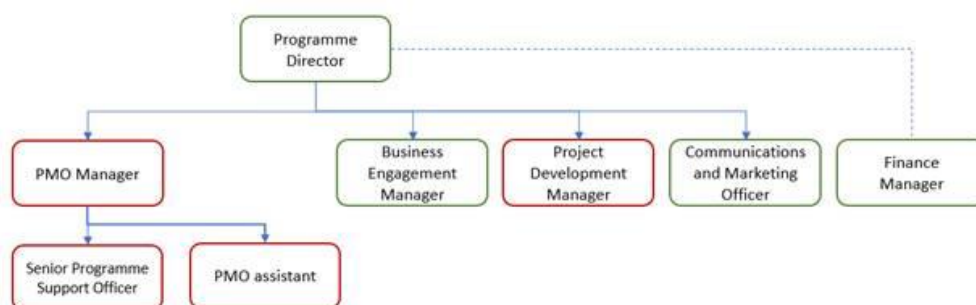
1.3 The current income profile to resource this function is also detailed.



## 2. Revised Programme Management Office

The agreed budget in relation to the Programme Management Office, Joint Committee, Joint Scrutiny Committee, Legal and Monitoring Officer, Accountable Body and Internal Audit as per Joint Committee is set at £1.123m for the year ending 31st March 2021. On the appointment of the Programme Director, a PMO is being established, with the budget based on the below staffing establishment:

### Programme Management Office Structure (Based on Option B2 of the PMO Structure report – Joint Committee 11<sup>th</sup> June 2020)



Joint Committee agreed the following in respect of the PMO staffing structure (as per 11<sup>th</sup> June 2020):

- 1) Option B2 as set out in Appendix A of the PMO Structure Report be approved as the Programme Management Office (PMO) Structure to enable recruitment to the PMO
- 2) The Programme Management Office structure be reviewed within 12 months.

This agreed structure will retain existing roles and recruit four new posts to oversee the PMO governance, assurance and strategic development functions. Namely, the PMO manager, Strategic Development Manager, Senior Programme Support Officer and PMO assistant.

The revised PMO budget (including non-staffing expenditure) demonstrates £581,204.

The Finance Manager, who is currently in post, will be directly responsible to the Programme Section 151 Officer. No provision has been included for additional financial support that was originally planned and agreed. This will be considered further when the structure is reviewed within the 12-month period (as agreed above).

## 3. Income Arrangements

There is an agreement to top slice 1.5% of the Government grant funding to support the administration of the City Deal (Agreed at Joint Committee 31st August 2019). This central funding is complemented with contributions of £50k from each of the key City Deal partners.

The current set budget is affordable within allocated budget subject to ongoing partner contributions and the front loading of the top slice of Government grant over a five-year period by constituent Authorities.

Consideration needs to be given to partner contributions from 2023/24 onwards. The Joint Committee will need to discuss the future role and funding for the PMO beyond five years of PMO operations at suitable future date.

The current income allocation is detailed below:

### Current Income and Expenditure Summary

Description	2017/18	2018/19	2019/20	Total
Balance B/F from previous year	0	(113,547)	(99,871)	-
Total Expenditure	238,821	471,308	271,507	981,636
<b>INCOME</b>				
Welsh Government Grant	(2,368)	(57,632)	(11,840)	(71,840)
Top Slice Government Grant	0	0	0	0
Partner Contributions	(350,000)	(400,000)	(400,000)	(1,150,000)
<b>Balance C/F</b>	<b>(113,547)</b>	<b>(99,871)</b>	<b>(240,204)</b>	<b>(240,204)</b>

\*Original budget assumes £723k income (1.5% top slice of grant), however this has not been allocated as yet, and will be utilised within the forthcoming five years.

### Partner Contribution

Partner*	£
Local Authorities	200,000
Universities**	100,000
Local Health Boards**	100,000
<b>Total</b>	<b>400,000</b>

\*Partner contributions set at £50k per organisation for a five-year period to 2022/23.

### Budget Basis and Assumptions

- The budget proposed is currently for a five-year period from 2020/21.
- Partner contributions have been included as per the commitment outlined in the JCA up to and including financial year 2022/23.
- Budget underspends will be transferred to a ring-fenced reserve for utilisation in future years.
- Salary costs have been based on the agreed PMO staffing structure (Joint Committee - 11<sup>th</sup> June 2020) represented at the top of grade, with an inflation rate of 2.75% going forward. The staffing budget is still subject to change as the new roles are subject to Carmarthenshire's Job Evaluation process.
- The 2020/21 staffing budget has reflected the commencement of the four new agreed posts as at 1<sup>st</sup> August 2020.

- Redundancy costs have been difficult to budget for at this point in time. An estimate has been provided for over the five-year period, with a review of this needed upon full recruitment of the PMO. Surpluses on operational activities could potentially be utilised to support any increases to the current estimation.
- Inflationary rates have been included based on the below assumptions:

<u>Description</u>	<u>Inflationary Rates</u>
Salary	<b>2.75%</b>
Training	<b>2.00%</b>
Premises	<b>3.00%</b>
Transport	<b>2.00%</b>
Supplies and Services	<b>2.00%</b>
Support Services	<b>2.00%</b>

- Costs in respect of the Administration functions have been provided by the Local Authority responsible for providing each function.

#### **4. Benefit in Kind**


##### **Detail of Benefit in Kind**

Within the submission of the previous interim annual budget (Joint Committee – 30<sup>th</sup> July 2019), estimated indirect costs in respect of the administration functions employed by the City Deal were removed under the agreement by the four Local Authority partners. It was accepted that these estimated costs would be absorbed by Authorities on the basis of the function they were responsible for providing.

Details of these functions per Local Authority are demonstrated below, which demonstrate a significant imbalance between Authorities.

On review of the budget by Officers, the Chair of the Joint Committee and Joint Scrutiny Committee (28<sup>th</sup> October 2019), it was highlighted that there is significant inequity in the disbursement between Authorities in respect of these estimated costs for the provision of key support functions. Subsequently a report was presented to Programme Board to consider the inclusion of these costs within the overall budget, with this being a fairer and more appropriate way of accounting for these costs. This was agreed by Programme Board, and this revised budget now includes the appropriate figures.

## Breakdown of Benefit in Kind Costs

		Benefit in Kind Costs				
		5 Year Operational Budget				
Programme Year	Year 3	Year 4	Year 5	Year 6	Year 7	
Operational Year	Year 1	Year 2	Year 3	Year 4	Year 5	
Description	2020/21	2020/22	2022/23	2023/24	2024/25	
<b>Carmarthenshire County Council</b>						
<b><u>Accountable Body</u></b>						
Section 151 Officer	54,244	55,329	56,436	57,564	58,716	
<b>Carmarthenshire County Council Total</b>	<b>54,244</b>	<b>55,329</b>	<b>56,436</b>	<b>57,564</b>	<b>58,716</b>	
<b>City and County of Swansea</b>						
<b><u>Legal and Governance</u></b>						
Monitoring Officer	34,705	35,659	36,640	37,648	38,683	
<b>Legal and Governance Total</b>	<b>34,705</b>	<b>35,659</b>	<b>36,640</b>	<b>37,648</b>	<b>38,683</b>	
<b><u>Joint Committee</u></b>						
Room Hire	1,800	1,854	1,910	1,967	2,026	
Subsistence & Meeting Expenses	3,360	3,427	3,496	3,566	3,637	
Democratic, Scrutiny and Legal Support Costs	25,200	25,893	26,605	27,337	28,088	
<b>Joint Committee Total</b>	<b>30,360</b>	<b>31,174</b>	<b>32,010</b>	<b>32,869</b>	<b>33,751</b>	
<b>City and County of Swansea Total</b>	<b>65,065</b>	<b>66,834</b>	<b>68,650</b>	<b>70,517</b>	<b>72,434</b>	
<b>Neath Port Talbot County Borough Council</b>						
<b><u>Joint Scrutiny Committee</u></b>						
Subsistence & Meeting Expenses	6,740	6,875	7,012	7,153	7,296	
Travel	1,200	1,224	1,248	1,273	1,299	
Democratic, Scrutiny and Legal Support Costs	20,105	20,658	21,226	21,810	22,409	
<b>Joint Scrutiny Committee Total</b>	<b>28,045</b>	<b>28,757</b>	<b>29,487</b>	<b>30,236</b>	<b>31,004</b>	
<b>Pembrokeshire County Council</b>						
<b><u>Internal Audit</u></b>						
Audit Support	20,000	20,550	21,115	21,696	22,292	
<b>Internal Audit Total</b>	<b>20,000</b>	<b>20,550</b>	<b>21,115</b>	<b>21,696</b>	<b>22,292</b>	
<b>Total Expenditure</b>	<b>167,354</b>	<b>171,469</b>	<b>175,688</b>	<b>180,013</b>	<b>184,446</b>	

The proposed revised budget has incorporated these costs from the financial year 2020/21 forward, funded by the Programme's central budget. This re-introduction of costs to the City Deal budget removes the requirement of each Local Authority to financially support their area of service provision.

### 4.1 Financial Support Service

This allocation is in relation to the proportion of time charges in respect of the service provision of the Accountable Body function - specifically the Director of Corporate Services and Section 151 Officer (SBCE) and support officers. Costs (provided by Carmarthenshire County Council) are based on the requirement to attend Joint Committee and Programme Board meetings, and Joint Scrutiny Committee when required.

### 4.2 Audit Support Function

This charge is in respect of the Internal Audit function provided to the City Deal by Pembrokeshire County Council.

### 4.3 Legal and Democratic Support

This cost (provided by the City and County of Swansea) is broken down into two main areas:

#### Democratic – Joint Committee

This cost is based on 12 meetings per annum and the costs of hosting and preparing for these.

## Monitoring Officer

This allocation is in relation to the proportion of time charges in respect of the service provision of the Monitoring Officer function - specifically the Head of Legal Services and SBCD Monitoring Officer, and support officers. Costs are based on the requirement to attend Joint Committee and Programme Board meetings, and Joint Scrutiny Committee when required.

### **4.4 Joint Scrutiny Committee**

This cost (provided by Neath Port Talbot County Borough Council) is based on 6 meetings per annum and the costs of hosting and preparing for these.

## **5. Financial Implications**

The total operational budget for 2020/21 is £818k, raising to £1,062m in financial year 2021/22. Funding will be provided through partner contributions and the 1.5% top slice of Government grant.

Funding through the top slice of City Deal grant award is reliant upon the full package of the City Deal funding being achieved over the full fifteen-year period. The five-year operational budget is resourced utilising 1.5% of the City Deal grant award of the total grant award of £241m.

The Joint Committee budget is supported subject to the front loading of Government grant by Authorities over five years, due to the award of grant funding over a period of fifteen years.

Inherent financial implications exist with the translation of the top slice element of the City Deal Government grant from a capital grant award to supporting the revenue expenditure of the operational activities of the Joint Committee.

Surpluses that accrue in any year will be contained within the SBCD reserve account and will be utilised for future expenditure. The current five-year operational period of the Joint Committee, based on current estimates, is anticipated to operate within the current agreed funding profile for the full five-year period. This is based on the current staffing structure and will inevitably change as further projects obtain approval. Care needs to be taken to manage the budget within the over resource envelope and the budget should therefore not be fully committed until there is more surety over the income flows and the expenditure. The current forecasted rolling balance will help protect against over and underspends within the early years until the costs and income stabilise.

The first operational year budget (2020/21) has been adjusted to reflect the agreed staffing expenditure profiled to realistic recruitment expectations.

The budget will be reviewed later in the financial year and revised as appropriate for the next financial year and future years.


## 6. Legal Implications

There are no legal implications associated with this report.

**Background Papers:** None

**Appendices:** Appendix A (Joint Committee Revised Budget 2020/21 – Five Year Operational Budget)

Appendix A

		Joint Committee - Revised Budget					Total
		Five Year Operational Budget					
Programme Year	Year 3	Year 4	Year 5	Year 6	Year 7		
Operational Year	Year 1	Year 2	Year 3	Year 4	Year 5		
Description	2020/21	2020/22	2022/23	2023/24	2024/25		
<b>Expenditure</b>							
<b><u>Programme Management Office</u></b>							
Salary (Inc. On-costs)	354,596	536,759	552,056	566,952	582,258	2,592,620	
Training of Staff	25,500	26,010	26,530	27,061	27,602	132,703	
Rents (The Beacon)	15,336	15,796	16,270	16,758	17,261	81,421	
Rates (The Beacon)	6,772	6,975	7,184	7,400	7,622	35,953	
Public Transport - Staff	2,000	2,040	2,081	2,122	2,165	10,408	
Staff Travelling Expenses	16,000	16,320	16,646	16,979	17,319	83,265	
Admin, Office & Operational Consumables	2,500	2,550	2,601	2,653	2,706	13,010	
Furniture	12,000	1,000	1,000	1,000	1,000	16,000	
Fees	25,000	25,500	26,010	26,530	27,061	130,101	
ICTs & Computer Hardware	10,000	2,500	2,500	2,500	2,500	20,000	
Subsistence & Meetings Expenses	8,000	8,160	8,323	8,490	8,659	41,632	
Conferences, Marketing & Advertising	75,000	76,500	78,030	79,591	81,182	390,303	
Projects & Activities Expenditure	14,000	14,280	14,566	14,857	15,154	72,857	
Translation/Interpret Services	10,000	10,200	10,404	10,612	10,824	52,040	
Printing & Copying	4,500	4,590	4,682	4,775	4,871	23,418	
<b>Programme Management Office Total</b>	<b>581,204</b>	<b>749,180</b>	<b>768,883</b>	<b>788,280</b>	<b>808,185</b>	<b>3,695,732</b>	
<b><u>Accountable Body</u></b>							
Wales Audit Office Financial Audit	25,000	25,000	25,000	25,000	25,000	125,000	
Section 151 Officer	54,244	55,329	56,436	57,564	58,716	282,288	
<b>Accountable Body Total</b>	<b>79,244</b>	<b>80,329</b>	<b>81,436</b>	<b>82,564</b>	<b>83,716</b>	<b>407,288</b>	
<b><u>Legal and Governance</u></b>							
Monitoring Officer	34,705	35,659	36,640	37,648	38,683	183,335	
Legal Advisory Fees	25,000	25,000	25,000	25,000	25,000	125,000	
<b>Legal and Governance Total</b>	<b>59,705</b>	<b>60,659</b>	<b>61,640</b>	<b>62,648</b>	<b>63,683</b>	<b>308,335</b>	
<b><u>Joint Committee</u></b>							
Room Hire	1,800	1,854	1,910	1,967	2,026	9,556	
Subsistence & Meeting Expenses	3,360	3,427	3,496	3,566	3,637	17,486	
Democratic, Scrutiny and Legal Support Costs	25,200	25,893	26,605	27,337	28,088	133,123	
<b>Joint Committee Total</b>	<b>30,360</b>	<b>31,174</b>	<b>32,010</b>	<b>32,869</b>	<b>33,751</b>	<b>160,165</b>	
<b><u>Joint Scrutiny Committee</u></b>							
Subsistence & Meeting Expenses	6,740	6,875	7,012	7,153	7,296	35,075	
Travel	1,200	1,224	1,248	1,273	1,299	6,245	
Democratic, Scrutiny and Legal Support Costs	20,105	20,658	21,226	21,810	22,409	106,208	
<b>Joint Scrutiny Committee Total</b>	<b>28,045</b>	<b>28,757</b>	<b>29,487</b>	<b>30,236</b>	<b>31,004</b>	<b>147,528</b>	
<b><u>Internal Audit</u></b>							
Audit Support	20,000	20,550	21,115	21,696	22,292	105,653	
<b>Internal Audit Total</b>	<b>20,000</b>	<b>20,550</b>	<b>21,115</b>	<b>21,696</b>	<b>22,292</b>	<b>105,653</b>	
<b><u>Provision for Unwinding of PMO</u></b>							
Redundancies	19,684	19,684	19,684	19,684	19,684	98,420	
<b>Provision for Unwinding Total</b>	<b>19,684</b>	<b>19,684</b>	<b>19,684</b>	<b>19,684</b>	<b>19,684</b>	<b>98,420</b>	
<b>Total Expenditure</b>	<b>818,242</b>	<b>990,334</b>	<b>1,014,255</b>	<b>1,037,977</b>	<b>1,062,315</b>	<b>4,923,122</b>	
<b><u>Funding Contributions</u></b>							
SBCD Grant Revenue Contribution	723,000	723,000	723,000	723,000	723,000	3,615,000	
Partner Contributions	400,000	400,000	400,000	-	-	1,200,000	
<b>Total Income</b>	<b>1,123,000</b>	<b>1,123,000</b>	<b>1,123,000</b>	<b>723,000</b>	<b>723,000</b>	<b>4,815,000</b>	
<b>Provision of Service - Surplus / (Deficit)</b>	<b>304,758</b>	<b>132,666</b>	<b>108,745</b>	<b>(314,977)</b>	<b>(339,315)</b>	<b>(108,122)</b>	

Movement to Reserves					
Description	£	£	£	£	£
Balance Brought Forward from previous year	272,668	577,426	710,093	818,838	503,861
Net Provision of Service - Surplus / (Deficit)	304,758	132,666	108,745	(314,977)	(339,315)
<b>Balance Carry Forward</b>	<b>577,426</b>	<b>710,093</b>	<b>818,838</b>	<b>503,861</b>	<b>164,546</b>