



Swansea Bay City Region Joint Committee - 23 June 2022

Joint Committee Revised Budget 2022/2023

Purpose:	To inform Joint Committee of a revised budget in respect of the administration and support functions for the Swansea Bay City Deal portfolio.
Policy Framework:	Swansea Bay City Region Joint Committee Agreement
Consultation:	Programme (Portfolio) Board
Recommendation(s):	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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1. Introduction

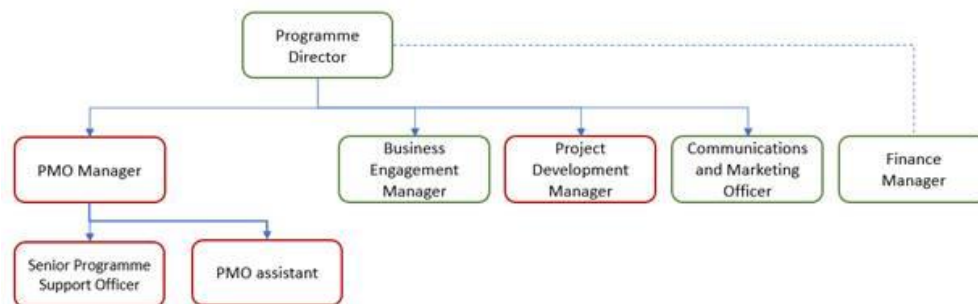
- 1.1 Joint Committee has previously agreed and set a five-year operational budget which has been revised on a continual basis as the City. The Joint Committee received and agreed the last budget proposed on 9th July 2020.
- 1.2 This report brings the Joint Committee budget up to date. Changes have only been made in respect of the redundancy provision and inflationary adjustments.

2. Programme Management Office

- 2.1 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 2023. The PMO is full operational and aligned with the budget based on the below agreed staffing establishment:



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



2.2 Joint Committee agreed the following in respect of the PMO staffing structure (as per 11th 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 on a 12 month basis.

The current PMO budget (including non-staffing expenditure) demonstrates £779,564.

The Finance Manager, who is currently in post, will be directly responsible to the Programme Section 151 Officer.

3. Income Arrangements

- 3.1 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.
- 3.2 The current set budget is affordable within allocated budget subject to partner contributions and the front loading of the top slice of Government grant over a further three-year period by constituent Authorities.
- 3.3 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.
- 3.4 The current income allocation is detailed below:

Current Income and Expenditure Summary

Description	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Total Expenditure	818,242	990,334	1,047,566	1,083,034	1,117,462	5,056,636
Funding Contributions						
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
Total Income	1,123,000	1,123,000	1,123,000	723,000	723,000	4,815,000
Provision of Service - Surplus / (Deficit)	304,758	132,666	75,434	(360,034)	(394,462)	(241,636)

The total deficit of £241,636 will be funded from brought forward reserves, as outlined in Appendix A.

Partner Contribution

Partner*	£
Local Authorities	200,000
Universities**	100,000
Local Health Boards**	100,000
Total	400,000

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

4. Budget Basis and Assumptions

4.1 Assumptions

- 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 - 11th 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.
- Redundancy costs have been estimated, the adjustments in years 3-5 are related to the PoMO being fully staffed and based on actual employee information. Surpluses on operational activities could potentially be utilised to support any increases to the current estimation.
- Inflationary rates have been updated to reflect the current economic climate and are included based on the below assumptions:

<u>Description</u>	<u>Inflationary Rates</u>			
	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>
Salary	2.75%	4.00%	2.50%	2.50%
Training	2.00%	4.00%	3.00%	2.50%
Premises	3.00%	4.00%	3.00%	2.50%
Transport	2.00%	4.00%	3.00%	2.50%
Supplies and Serv	2.00%	4.00%	3.00%	2.50%
Support Serv	2.00%	4.00%	3.00%	2.50%

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

4.2 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 (SBCD) 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.

4.3 Audit Support Function

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

4.4 Legal and Democratic Support

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

4.5 Democratic – Joint Committee

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

4.6 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.

4.7 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


- 5.1 The total operational budget for 2022/23 is £1.048m, funding will be provided through partner contributions and the 1.5% top slice of Government grant.
- 5.2 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.
- 5.3 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.
- 5.4 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.
- 5.5 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.
- 5.6 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

- 6.1 There are no legal implications associated with this report.

Background Papers: None

Appendices: Appendix A (Joint Committee Revised Budget 2022/23 – Five Year Operational Budget)

		Joint Committee - Revised Budget					Five Year Operational Budget
		Year 3	Year 4	Year 5	Year 6	Year 7	
Programme Year		Year 1	Year 2	Year 3	Year 4	Year 5	
Operational Year		Year 1	Year 2	Year 3	Year 4	Year 5	
Description		2020/21	2021/22	2022/23	2023/24	2024/25	Total
Expenditure							
<u>Programme Management Office</u>							
Salary (Inc. On-costs)		354,596	536,759	558,645	580,576	603,385	2,633,962
Training of Staff		25,500	26,010	27,050	27,862	28,558	134,981
Rents (The Beacon)		15,336	15,796	16,428	16,921	17,344	81,825
Rates (The Beacon)		6,772	6,975	7,254	7,472	7,659	36,132
Public Transport - Staff		2,000	2,040	2,122	2,185	2,240	10,587
Staff Travelling Expenses		16,000	16,320	16,973	17,482	17,919	84,694
Admin, Office & Operational Consumables		2,500	2,550	2,652	2,732	2,800	13,233
Furniture		12,000	1,000	1,040	1,071	1,098	16,209
Fees		25,000	25,500	26,520	27,316	27,998	132,334
ICTs & Computer Hardware		10,000	2,500	2,600	2,678	2,745	20,523
Subsistence & Meetings Expenses		8,000	8,160	8,486	8,741	8,960	42,347
Conferences, Marketing & Advertising		75,000	76,500	79,560	81,947	83,995	397,002
Projects & Activities Expenditure		14,000	14,280	14,851	15,297	15,679	74,107
Translation/Interpret Services		10,000	10,200	10,608	10,926	11,199	52,934
Printing & Copying		4,500	4,590	4,774	4,917	5,040	23,820
Programme Management Office Total		581,204	749,180	779,564	808,122	836,619	3,754,689
<u>Accountable Body</u>							
Wales Audit Office Financial Audit		25,000	25,000	26,000	26,780	27,450	130,230
Section 151 Officer		54,244	55,329	57,542	59,268	60,750	287,134
Accountable Body Total		79,244	80,329	83,542	86,048	88,200	417,363
<u>Legal and Governance</u>							
Monitoring Officer		34,705	35,659	37,086	38,198	39,153	184,802
Legal Advisory Fees		25,000	25,000	26,000	26,780	27,450	130,230
Legal and Governance Total		59,705	60,659	63,086	64,978	66,603	315,031
<u>Joint Committee</u>							
Room Hire		1,800	1,854	1,928	1,986	2,036	9,604
Subsistence & Meeting Expenses		3,360	3,427	3,564	3,671	3,763	17,786
Democratic, Scrutiny and Legal Support Costs		25,200	25,893	26,929	27,737	28,430	134,188
Joint Committee Total		30,360	31,174	32,421	33,394	34,229	161,578
<u>Joint Scrutiny Committee</u>							
Subsistence & Meeting Expenses		6,740	6,875	7,150	7,364	7,548	35,677
Travel		1,200	1,224	1,273	1,311	1,344	6,352
Democratic, Scrutiny and Legal Support Costs		20,105	20,658	21,484	22,129	22,682	107,058
Joint Scrutiny Committee Total		28,045	28,757	29,907	30,804	31,574	149,087
<u>Internal Audit</u>							
Audit Support		20,000	20,550	21,372	22,013	22,563	106,499
Internal Audit Total		20,000	20,550	21,372	22,013	22,563	106,499
<u>Provision for Unwinding of PMO</u>							
Redundancies		19,684	19,684	37,674	37,674	37,674	152,390
Provision for Unwinding Total		19,684	19,684	37,674	37,674	37,674	152,390
Total Expenditure		818,242	990,334	1,047,566	1,083,034	1,117,462	5,056,636
<u>Funding Contributions</u>							
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Provision of Service - Surplus / (Deficit)		304,758	132,666	75,434	(360,034)	(394,462)	(241,636)
<u>Movement to Reserves</u>							
Description	£	£	£	£	£	£	
Balance Brought Forward from previous year	272,668	577,426	710,093	785,527	425,493		
Net Provision of Service - Surplus / (Deficit)	304,758	132,666	75,434	(360,034)	(394,462)		
Balance Carry Forward	577,426	710,093	785,527	425,493	31,032		