

SOUTH WEST WALES CORPORATE JOINT COMMITTEE

Report of the Chief Finance Officer

Report Title: Draft Annual Budgets for Financial Years 2021/22 and 2022/23

Purpose of Report	To inform the Joint Committee of the draft budgets for financial years 2021/22 and 2022/23 and funding options in respect of the administration and support functions for the South West Wales Corporate Joint Committee ("SWWCJC").
Recommendation	<p>It is recommended that:</p> <p>(a) Carmarthenshire County Council act as the Accountable Body for discharging the financial obligations in respect of the SWWCJC;</p> <p>(b) SWWCJC set a zero budget for the financial year 2021/2022, concluding in no Levy being raised against constituent authorities participating in the SWWCJC in respect to this year;</p> <p>(c) To ensure fairness and equity across the region the Regional funding of the SWWCJC is through a levy apportionment by population size;</p> <p>(d) the budget set out in appendix A is noted as the Draft Budget which will be finalised and presented to the SWWCJC on the 25th January 2022; and</p> <p>(e) members note that currently no firm conclusion has been presented in respect of the National Park Authorities financial contributions and therefore it is recommended the position of the National Park Authorities is informed further at the SWWCJC meeting on the 25th January 2022.</p>
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1. **Introduction:**

- 1.1 This report details the South West Wales Corporate Joint Committee (SWWCJC) annual budget for the financial year 2021/22 and financial year 2022/23 with funding options to be agreed.
- 1.2 The SWWCJC operational budgets including the strategic planning functions must be compiled and agreed by the SWWCJC no later than 31st January 2022.
- 1.3 Funding of the budget requirement including the proportions contributed by constituent authorities is reserved to that of the SWWCJC members. Funding apportionment options are included within this report for consideration and agreement by the SWWCJC

2. **Background:**

- 2.1 It is recommended to members that that Carmarthenshire County Council act as the Accountable Body responsible for discharging the financial obligations in relation to the SWWCJC.
- 2.2 Carmarthenshire County Council will be required to provide an annual costs budget for approval for the financial years 2021/22 and 2022/23.
- 2.3 Regulation 16 and 17 of the South West Wales Corporate Joint Committee Regulations 2021 details the process for agreeing and funding costs:-

Calculation of budget requirements

16. (1) For each financial year the South West Wales CJC must calculate the amounts described in paragraph (2) attributable to-

(a) its strategic planning functions [including an impropriate proportion of administration costs and other overhead], and

(b) is other functions.

(2) The amounts that the CJC must calculate are-

a) the amount which the CJC estimates it will spend in respect of the financial year in the exercise of its functions [including spending on administration and other overheads];

b) the amount which the CJC considers appropriate to raise for contingencies arising in respect of the financial year;

- c) **the amount which the CJC considers appropriate to be held as a reserve to meet expenditure it considers will be incurred in respect of future financial years;**
- d) **any amount which the CJC considers is necessary to meet liabilities outstanding in respect of any earlier financial year.**

(3) For each financial year, the South West Wales CJC must also calculate the aggregate of any amount it estimates it will receive from sources other than the constituent councils, the Brecon Beacons National Park Authority and the Pembrokeshire Coast National Park Authority attributable to-

(a) its strategic planning function, and

(b) it's at the functions

(4) Where the sum of the amounts calculated for a financial year and the paragraph (1)(a) exceeds the amount calculated for that year under paragraph (3)(a), the amount of excess is the South West Wales CJC's strategic planning budget requirement for the financial year.

(5) Where the sum of the amounts calculated for a financial year under paragraph (1)(b) exceeds the amount calculated for that year under paragraph (3)(b), the amount of excess is the South West Wales CJC's general budget requirement for the financial year.

(6) The South West Wales CJC must

(a) carry out the calculations under paragraph (1) and (3), and

(b) agree those calculations at a meeting,

no later than 31 January in each preceding financial year.

(7) In relation to the first financial year, paragraph (6) applies as if, 4 31 January in each preceding financial year they were substituted "31 January 2022".

(8) The South West Wales CJC may revise the calculations carried out under paragraphs (1) and (3) at any time before the end of the financial year to which they relate and the South West Wales CJC's general budget requirement, or strategic planning budget requirement, may consequently be revised.

(9) Any revised calculations must be agreed at a meeting of the South West Wales CJC.

Funding of budget requirement

17. (1) The South West Wales CJC's general budget requirement must be paid to the South West Wales CJC by the constituent councils, and the proportion of that amount payable by each constituent council is to be determined by the unanimous agreement of the council members.

(2) The South West Wales CJC's strategic planning budget requirement must be paid to the South West Wales CJC by the constituent councils, the Brecon Beacons National Park Authority, and the Pembrokeshire Coast National Park Authority, and the proportion of that amount payable by each constituent council and by the Authority is to be determined by the unanimous agreement of the members.

(3) where agreement cannot be reached as to the proportions payable under paragraph (1) or (2), the Welsh Ministers may by direction specify the proportion payable by each constituent council or each constituent council, the Brecon Beacons National Park Authority and the Pembrokeshire Coast National Park Authority.

(4) This regulation applies to a general budget requirement, or strategic planning budget requirement, revised under paragraph (8) of regulation 16 as it applies to a budget requirement initially determined under that regulation.

3. Annual Costs Budget:

3.1 Draft annual operational budgets and funding options are presented below in sections 4 and 5 of this report.

4. Draft Operational Budget 2021/22:

4.1 There is a requirement to agree a budget for the current financial year 2021/22 by 31st January 2022.

4.2 With the formal establishment of the SWWCJC being within January 2022 no budget has been pre-approved for the financial year. Preliminary costs incurred to date have not been recorded and expenditure forecasted to year-end in respect of the operation of the formal committees is of very minimal value as the committee establishes itself.

- 4.3 Any budget and funding requirement for the current financial year (2021/22) will be distorted from an equitable and fair principle-based approach, due to functions operating on a minimal scale if at all and preliminary work undertaken in the formalisation of the SWWCJC being challenging to quantify.
- 4.4 With the current year budget being of minimal value and difficult to fund equitably, Regional Section 151 Officers recommend any costs incurred in the preliminary work carried out to formalise the SWWCJC and costs incurred to the end of the financial year be absorbed as incurred by the regional local authorities. Therefore, it is proposed that the SWWCJC set a zero budget, concluding in no Levy being raised in respect to this year.

5. Draft Operational Budget 2022/23:

- 5.1 A detailed budget for the forthcoming financial year 2022/23 is included within Appendix A. The current draft budget is estimated at £716k. This budget will be finalised later this month and will be presented to the SWWCJC on 25th January 2022. Assumptions used within this budget and recommended options in respect of the various funding streams to be considered in funding the SWWCJC are detailed below:

Assumptions Used in Remodelled Calculations

Joint Committee

Democratic Services (including Joint Scrutiny Committee) – Provided by NPT.

Legal and Governance – Monitoring Officer recharge provided by NPT.

Accountable Body – Section 151 Officer recharge and estimated Audit Wales costs provided by CCC.

Governance and Audit (including Sub Committee) – internal audit recharge and Governance and audit committee support provided by Pembrokeshire.

Support Services - IT and HR services provided by NPT, Financial services including Finance manager provided by CCC.

Sub-Committee

Project manager £60k (for each Sub-Committee)

Dem services £15k (for each Sub-Committee)

Central Services

Business Manager £72k

On costs – Estimated based on one Business Manager position.

Income

Levied Based on population size.

- 5.2 The budget requirement is to be supported by the four constituent authorities on an agreed basis ensuring fairness and equity across the region. Several apportionment options to support the budget requirement for financial year 2022/23 are demonstrated below:

Equal split

Levi Apportionment (by equal split)	
<u>Local Authority</u>	
City and County of Swansea	178,954
Carmarthenshire County Council	178,954
Neath Port Talbot CBC	178,954
Pembrokeshire County Council	178,954
Total	715,816

Apportionment by population

Levi Apportionment (by 2020 mid-year population size)	
<u>Local Authority</u>	<u>Levi (£)</u>
City and County of Swansea	249,365
Carmarthenshire County Council	192,233
Neath Port Talbot CBC	146,027
Pembrokeshire County Council	128,191
Total	715,816

Apportionment by area size

Levi Apportionment (by Area size)	
<u>Local Authority</u>	
City and County of Swansea	57,001
Carmarthenshire County Council	355,508
Neath Port Talbot CBC	66,302
Pembrokeshire County Council	237,005
Total	715,816

- 5.3 It is recommended that to ensure fairness and equity across the region the Regional funding the SWWCJC through a levy apportionment by population size.

5.4 It is accordingly recommended that the budget set out in appendix A is noted as the Draft Budget, which will be finalised and presented to the Joint Committee on the 25th January 2022.

6. Transitional Grant:

6.1 Members will note a revenue grant has been awarded by Welsh Government and has been received by The City and County of Swansea Council to the value of £250k. This grant award is to support the formation and development of the SWWCJC and is administered by City and County of Swansea.

7. Financial contribution in respect of National Park Authorities:

7.1 There is ongoing dialogue with Welsh Government and the other regional Corporate Joint Committees representatives as to the role and funding contributions of the National Park Authorities. Currently no firm conclusion has been presented in respect of the financial contributions and therefore it is recommended the position of the NPA's is informed further at the Joint Committee Meeting on 25th January 2022.

8. Financial Impacts:

8.1 The current financial year costs are challenging to quantify and, in any case, would be minimal as the SWWCJC establishes itself. As such, it is recommended that costs in respect of the current financial year are absorbed by regional Local Authorities.

8.2 The total operational budget for 2022/23 is £715k. It is recommended to ensure fairness and equality across the region that funding will be provided by local authority contributions through the form of a levy, based on population size.

8.3 Surpluses that accrue in any year will be contained and ring-fenced within the SWWCJC reserve account and will be utilised for future expenditure.

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

9. Integrated Impact Assessment:

9.1 The SWWCJC is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

- Deliver better outcomes for those people who experience socio-economic disadvantage
- Consider opportunities for people to use the Welsh language
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

9.2 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

9.3 There is no requirement for an Integrated Impact Assessment for this report as the setting up of the CJC is underpinned by legislation and this report is to establish financial arrangements in accordance with legislation.

10. Workforce Impacts:

10.1 Currently any employment within the SWWCJC will be undertaken by constituent authorities and the financial arrangements relating to such are considered in this report.

11. Legal Impacts:

11.1 Part 5 of the Local Government and Elections (Wales) Act 2021 provides for the establishment, through regulations, of CJC's and compliance will be had with this and other legislative obligations in the establishment of CJC's. In particular the South West Wales Corporate Joint Committee Regulations came into force on 1st April 2021 and set out an initial framework for example, that the CJC should be established and the timeframes for the discharging of specific functions. However, a series of further Regulations are being drafted and consulted on by Welsh Government. The Welsh Government has concluded its consultation on the Corporate Joint Committees (General) (No.2) (Wales) Regulations 2021. The Welsh Government is also currently consulting on draft statutory guidance. A third stage of Regulations will put in place further legislation for the operation of the CJC's and its functions, which Welsh Government are currently being consulted on. A fourth stage will put in place any remaining provisions that a CJC might need.

11.2 The legislative requirements in respect of setting a budget for the SWWCJC are set out in paragraph 2.3 of this report

12. Risk Management Impacts:

12.1 Failure to set a balanced budget would render the SWWCJC in breach of its obligations exposing itself to legal challenge. In addition, suitable arrangements must

be put in place to ensure that the constituent authorities and national park authorities are able to fulfil their legal obligations in establishing the SWWCJC.

13. Consultation:

- 13.1 There is no requirement for formal consultation however constituent authorities have been consulted.

14. Reasons for Proposed Decision:

- 14.1 To ensure the financial budget is set for the SWWCJC in line with relevant legislative requirement's applicable to CJC's.

15. Implementation of Decision:

- 15.1 This decision is proposed for the immediate implementation.

16. Appendices: SWWCJC Draft Budget 2022/23

- 16.1 Appendix A – Draft Budget for 2022/2023

17. List of Background Papers

- 17.1 None

Appendix A

Description	Budget (£)	Notes
Expenditure		
Joint Committee		
Democratic Services		
Democratic, Scrutiny and Legal Support Costs	67,000	Provided by NPT
Democratic Services Total	67,000	
Legal and Governance		
Monitoring Officer and Service Support	17,000	Provided by NPT
Legal and Governance Total	17,000	
Accountable Body		
Wales Audit Office Financial Audit	20,000	Based on audit costs of SBCD (independent audit of financial statements)
Section 151 Officer Recharge	28,218	Provided by CCC
Accountable Body Total	48,218	
Governance & Internal Audit		
Internal Audit	20,000	Provided by Pembs
Sub-Committee Support Costs & Expenses	15,000	Provided by Pembs
Governance & Internal Audit Total	35,000	
Support Services		
ICT & Data Protection Services	20,000	Provided by NPT
Financial Services	54,374	Included a Senior Accountant (CCC Grade J)
Standards Services	-	Included within Democratic Service costs.
HR Services	10,000	Provided by NPT
Support Services Total	84,374	
Joint Committee Total	251,591	
Joint Scrutiny Committee		
Room Hire	-	Included within Democratic Service costs.
Subsistence & Meeting Expenses	-	Included within Democratic Service costs.
Travel	-	Included within Democratic Service costs.
Democratic, Scrutiny and Legal Support Costs	-	Included within Democratic Service costs.
Joint Scrutiny Committee Total	-	
SWWCJC - Sub Committees		
Economic Development SC	-	
Planning SC	-	
Transport SC	342,000	
Energy SC	20,000	
Governance & Audit SC	-	Included in Governance and Audit
SWWCJC - Sub Committees Total	362,000	
SWWCJC - Regional Management Office		
Salary (Inc. On-costs)	59,915	Business Manager (CCC Grade K)
Training of Staff	1,000	Estimated budget
Public Transport - Staff	250	Estimated budget
Staff Travelling Expenses	810	Estimated budget
Admin, Office & Operational Consumables	1,000	Estimated budget
Consultancy and Specialist Adviser Fees	25,000	Estimated budget
ICTs & Computer Hardware	1,250	Estimated budget
Subsistence & Meetings Expenses	500	Estimated budget
Translation/Interpret Services	10,000	Estimated budget
Printing & Copying	2,500	Estimated budget
Regional Management Office Total	102,225	
Total SWWCJC Expenditure	715,816	
Funding Contributions		
Partner & Other Contribution		
Brecon Beacons NPA	-	
Pembrokeshire Coast NPA	-	
Co-Opt Partners	-	
Welsh Government Revenue Grant	-	
ERF Grant	-	
	-	
Local Authority Levi		
City and County of Swansea Council (Levi)	249,365	Based on Population Size
Carmarthenshire County Council (Levi)	192,233	Based on Population Size
Neath Port Talbot CBC (Levi)	146,027	Based on Population Size
Pembrokeshire County Council (Levi)	128,191	Based on Population Size
	715,816	
Total SWWCJC Income	715,816	
Provision of Service - Surplus / (Deficit)	0	