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BWRDD TYFU CANOLBARTH CYMRU / GROWING MID WALES BOARD

Monday, 16th October, 2023

The use of Welsh by participants is welcomed. If you wish to use Welsh please inform us by noon, two working days before the meeting

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SUPPLEMENTARY PACK

1.1. **Adroddiad Diweddaru Ariannol Swyddog Adran 151 / Section 151 Officer Financial Update Report**

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1.2. **Atodiad 1: Adroddiad Alldro ar gyfer 2022/23 / Appendix 1: Outturn Report for 2022/23**

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ADRODDIAD I FWRDD TYFU CANOLBARTH CYMRU

16 Hydref 2023

TEITL:	Adroddiad y Swyddog Adran 151 ynghylch diweddariad ariannol, gan gynnwys y sefyllfa o ran alldro ar gyfer 2022/23.
AWDUR:	Duncan Hall – Swyddog Arweiniol Corfforaethol: Cyllid a Chaffael – Cyngor Sir Ceredigion (Corff Atebol Bargen Twf Canolbarth Cymru).
DIBEN:	Rhoi diweddariad ynghylch materion ariannol sy'n ymwneud â Tyfu Canolbarth Cymru, gan gynnwys y sefyllfa o ran alldro ar gyfer 2022/23.

1. **<u>Alldro ar gyfer 2022/23:</u>**

1.1 Cafodd Cyllideb Tyfu Canolbarth Cymru ar gyfer 2022/23 ei chymeradwyo ar 21 Mehefin 2022. Cyfanswm y Gyllideb oedd £200,000, a chytunwyd y byddai'n cael ei hariannu'n gyfartal gan Gyngor Sir Ceredigion a Chyngor Sir Powys ac y byddai'r ddwy sir yn cyfrannu £100,000 yr un.

1.2 Mae manylion y gwariant ar gyfer 2022/23 i'w gweld yn Atodiad 1. Y gwariant ar sail y Gyllideb oedd £61,179, a oedd yn golygu tanwariant o £138,821. Y rheswm pennaf am hynny oedd y ffaith bod cyllid Swyddfa Cyllid Ewropeaidd Cymru yn dal ar gael, a gwnaethpwyd y defnydd gorau posibl ohono. Felly, roedd y cyfraniadau terfynol a oedd yn ofynnol gan Gyngor Sir Ceredigion a Chyngor Sir Powys, sef £30,590 yr un, yn is o lawer na'r symiau a gyllidebwyd.

1.3 Mae'r Datganiad Blynyddol wedi'i gwblhau a'i anfon i Archwilio Cymru er mwyn iddo gael ei archwilio. Pan fydd yr archwiliad wedi'i gyflawni, gofynnir i Fwrdd Tyfu Canolbarth Cymru gymeradwyo'r Datganiad.

2. Cyllideb 2023/24 a dyfarnu cyllid Blwyddyn 1

2.1 Cafodd Cyllideb Tyfu Canolbarth Cymru ar gyfer 2023/24 ei chymeradwyo ar 17 Chwefror 2023. Cyfanswm y Gyllideb oedd £592,000, gyda chyfraniad o £100,000 yr un gan Gyngor Sir Powys a Chyngor Sir Ceredigion.

2.2 Wrth ystyried Cyllideb 2023/24, tybiwyd y byddai cyllid grant Swyddfa Cyllid Ewropeaidd Cymru yn dod i ben ddiwedd mis Gorffennaf 2023 ac y byddai cyllid refeniw gwerth £367,000 yn cael ei neilltuo ar gyfer costau canolog o'r cyllid y rhagwelid y byddai'r Fargen Twf yn ei gael ar gyfer Blwyddyn 1. Ni fyddai gwariant craidd yn gallu mynd y tu hwnt i'r £200,000 cyntaf nes y byddai cyllid y Fargen Twf ar gyfer Blwyddyn 1 wedi'i gadarnhau yn ffurfiol.

2.3 Yn dilyn amryw gyfarfodydd â Llywodraeth Cymru, cafwyd llythyr ar 01/08/23 a oedd yn cadarnhau cyllid Blwyddyn 1, sef £4,000,000. Yna, daeth y taliad grant i law Cyngor Sir Ceredigion ddiwedd mis Medi 2023 gan nodi bod y dyfarniad grant yn enw Cyngor Sir Ceredigion fel y corff atebol arweiniol ar gyfer Bargen Twf Canolbarth Cymru. Bydd y llog buddsoddi a geir yng nghyswllt y swm hwn a thaliadau grant dilynol yn cael ei roi i'r naill ochr, ar sail net (h.y. ar ôl darparu ar gyfer costau canolog yn ystod 2023/24), a bydd yn cael ei ddyrannu i gyfrifon Tyfu Canolbarth Cymru.

2.4 Dim ond rhan Llywodraeth Cymru o gyllid y Fargen Twf yw'r taliad o £4 miliwn, oherwydd ni fydd blwyddyn gyntaf proffil Llywodraeth y DU yn dechrau tan 2024/25. Tybir y bydd proffil diweddaraf y Fargen Twf fel a ganlyn (ond dylid nodi nad yw wedi'i gadarnhau):

Blwyddyn Ariannol		**Llywodraeth y DU £'000**	**Llywodraeth Cymru £'000**	**Cyfanswm £'000**
1	23/24	-	4,000	**4,000**
2	24/25	7,857	4,000	**11,857**
3	25/26	7,857	4,000	**11,857**
4	26/27	7,857	4,000	**11,857**
5	27/28	7,857	4,000	**11,857**
6	28/29	7,857	4,000	**11,857**
7	29/30	7,857	4,000	**11,857**
8	30/31	7,858	4,000	**11,858**
9	31/32	-	4,000	**4,000**
10	32/33	-	4,000	**4,000**
11	33/34	-	3,000	**3,000**

12	34/35	-	3,000	**3,000**
13	35/36	-	3,000	**3,000**
14	36/37	-	3,000	**3,000**
15	37/38	-	3,000	**3,000**
CYFANSWM		**55,000**	**55,000**	**110,000**

2.5 Mae'r system fanwl i ymdrin â'r trefniadau i neilltuo 4% ar gyfer costau canolog wrthi'n cael ei datblygu o hyd. Nid oes yn rhaid i'r arian a neilltuir fod yn ganran sefydlog bob blwyddyn; gall amrywio o'r naill flwyddyn i'r llall – ar yr amod nad yw'n fwy na 4% yn gyffredinol yn ystod oes y Fargen Twf.

3. Cyllido Costau Datblygu Prosiect

3.1 Yn dilyn amryw drafodaethau rhwng Prosiectau a Swyddogion, mae angen egluro pa Gostau Datblygu Prosiect, os oes rhai o gwbl, a fyddai'n cael eu hystyried yn gymwys ar gyfer defnyddio cyllid y Fargen Twf.

3.2 Felly, cynigir y dull gweithredu canlynol:

3.2.1 Cyllid cyfalaf yn unig yw'r cyllid Bargen Twf sydd ar gael i Brosiectau, felly rhaid bod yr holl gostau cymwys yn bodloni diffiniadau cyfrifyddu safonol o wariant cyfalaf yn unol â Safon Gyfrifyddu Ryngwladol 16. Er enghraifft:

- Ni fyddai costau astudiaethau dichonoldeb yn gymwys.
- Ni fyddai costau'n ymwneud â pharhau i archwilio ystod o opsiynau neu atebion posibl yn gymwys.
- Ni fyddai costau sbeciannol a/neu ofer yn ymwneud ag opsiwn neu ateb nad eir mwyach ar ei drywydd yn gymwys.
- Byddai costau y gellir eu priodoli'n uniongyrchol i'r broses o ddod ag ased cyfalaf i fodolaeth neu i'r broses o wella ased cyfalaf sy'n bodoli eisoes yn gymwys, cyhyd â bod amcan clir a phendant yn sail i hynny. Gallai costau o'r fath gynnwys ffïoedd pensaer, ffïoedd peirianyddol a ffïoedd proffesiynol eraill, gan gynnwys ffïoedd Rheoli Prosiect uniongyrchol.
- Dylai'r costau fod yn gostau cynyddrannol i'r endid, a fyddai wedi'u hosgoi pe na bai'r ased cyfalaf wedi'i adeiladu, ei wella neu'i brynu.
- Fel rheol, ni fyddai TAW sy'n ymwneud â chostau cymwys yn gost gymwys yn ei rhinwedd ei hun, oni all cyfrifydd

cymwys ddangos ac ardystio nad oes modd adennill y TAW oddi wrth Cyllid a Thollau Ei Fawrhydi.

3.2.2 Ni fydd cyllid y Fargen Twf yn cael ei ddyfarnu'n ffurfiol i unrhyw Brosiect nes y bydd y Prosiect hwnnw wedi llwyddo i gyrraedd cam yr Achos Busnes Llawn a'i fod wedi cael ei gymeradwyo'n dilyn hynny gan Fwrdd Tyfu Canolbarth Cymru. Bydd y broses o ddyfarnu cyllid y Fargen Twf i bob Prosiect yn cael ei ffurfioli hefyd drwy ddogfennau priodol, e.e. Llythyr Dyfarnu Cyllid Grant, Cytundeb Cyflawni, ac ati.

3.2.3 Mae'n bosibl y bydd modd hawlio'n ôl-weithredol Gostau Datblygu Prosiect yr aethpwyd iddynt yn ystod cam yr Achos Busnes Amlinellol a'r Achos Busnes Llawn, fel costau cyffredinol y Prosiect pan fydd cyllid y Fargen Twf wedi'i ddyfarnu yn ffurfiol, cyhyd â bod y costau hynny'n bodloni diffiniadau cyfrifyddu safonol o wariant cyfalaf. Fodd bynnag, nid oes unrhyw gyllid ychwanegol ar gael, a bydd yr amlen gyllid gyffredinol yn parhau yr un fath. Ni fydd unrhyw Brosiect yn gallu hawlio Costau Datblygu Prosiect o unrhyw fath ar gyfer unrhyw gyfnod cyn cam yr Achos Busnes Amlinellol.

4. Argymhellion

4.1 Nodi'r sefyllfa o ran alldro ar gyfer 2022/23 yng nghyswllt cyllideb Tyfu Canolbarth Cymru, fel y nodir yn adran 1 yr adroddiad.

4.2 Nodi'r diweddariad ynghylch cyllid Bargen Twf Canolbarth Cymru ar gyfer Blwyddyn 1 a'r proffil cyllid presennol ar gyfer 15 mlynedd, fel y nodir yn adran 2 yr adroddiad.

4.3 Cytuno ar yr egwyddorion ar gyfer caniatáu i gyllid y Fargen Twf gael ei ddefnyddio ar gyfer Costau Datblygu Prosiect, fel y nodir yn adran 3 yr adroddiad.

REPORT TO GROWING MID WALES BOARD

16th October 2023

TITLE:	Report of the Section 151 Officer regarding a financial update including the Outturn position for 2022/23.
AUTHOR:	Duncan Hall – Corporate Lead Officer: Finance & Procurement – Ceredigion County Council (MWGD Accountable Body)
PURPOSE:	To provide an update on financial matters relating to Growing Mid Wales (GMW) including the Outturn position for 2022/23.

1. <u>2022/23 Outturn:</u>

1.1 The GMW Budget for 2022/23 was approved on 21st June 2022. The Budget totalled £200k and was agreed to be funded equally between Ceredigion and Powys County Councils at £100,000 each.

1.2 The expenditure for 2022/23 is detailed on Appendix 1. The expenditure against the Budget was £61,179 which resulted in an underspend of £138,821. This was largely due to the continuing availability of WEFO funding, which was maximised as far as possible. Therefore the final contributions required from Ceredigion and Powys County Councils was far lower than budgeted at £30,590 each.

1.3 The Annual Return has been completed and sent to Audit Wales for them to audit. When the audit is complete the GMW Board will be asked to approve the return.

2. <u>2023/24 Budget and award of Year 1 funding</u>

2.1 The GMW Budget for 2023/24 was approved on 17th February 2023, with the Budget totalling £592k and a contribution of £100k from each of both Powys and Ceredigion County Councils.

2.2 The 23/24 Budget was predicated on WEFO grant funding ceasing at the end of July 2023, followed then by assumed revenue funding of £367k being topsliced from the anticipated Year 1 Growth Deal Funding. Core expenditure beyond the first £200k could only be incurred once the Year 1 Growth deal funding had been formally confirmed.

2.3 Following various meetings with WG, a letter was received on 01/08/23 confirming the Year 1 funding of £4,000,000. The grant payment was subsequently received by Ceredigion County Council in late September 2023, noting that the grant award is in the name of Ceredigion County Council as the lead accountable body for the Mid Wales Growth Deal. The investment interest earned relating to this and subsequent grant payments will, on a net basis (e.g. after allowing for topslice costs during 23/24), be set aside and allocated to the Growing Mid Wales accounts.

2.4 The £4.0m payment only represents the WG part of the Growth Deal funding, as the first year of UK Government profile is only scheduled to start in 2024/25. The latest assumed Growth Deal profile (noting this is not set in stone) is:

Financial Year		UK Govt £'000	Welsh Govt £'000	Total £'000
1	23/24	-	4,000	**4,000**
2	24/25	7,857	4,000	**11,857**
3	25/26	7,857	4,000	**11,857**
4	26/27	7,857	4,000	**11,857**
5	27/28	7,857	4,000	**11,857**
6	28/29	7,857	4,000	**11,857**
7	29/30	7,857	4,000	**11,857**
8	30/31	7,858	4,000	**11,858**
9	31/32	-	4,000	**4,000**
10	32/33	-	4,000	**4,000**
11	33/34	-	3,000	**3,000**
12	34/35	-	3,000	**3,000**
13	35/36	-	3,000	**3,000**
14	36/37	-	3,000	**3,000**
15	37/38	-	3,000	**3,000**
TOTAL		**55,000**	**55,000**	**110,000**

2.5 The detailed mechanism to deal with the 4% topslice arrangements is still being developed. The topslice does not have to be a fixed %age each year

and can vary from one year to the next - subject to it not exceeding 4% in totality over the life of the Growth Deal.

3. Funding of Project Development Costs

3.1 Following various discussions between Projects and Officers, there is a need to clarify what, if any, Project Development costs would be deemed eligible for the use of Growth Deal funding.

3.2 The following approach is therefore proposed:

3.2.1 The Growth Deal funding available for Projects is only Capital funding, therefore all eligible costs must meet standard accounting definitions of capital expenditure in accordance with IAS16. For example:

- Feasibility study costs would not be eligible.
- Costs relating to continuing to explore a range of potential options or solutions would not be eligible.
- Speculative and/or abortive costs relating to an option or a solution no longer being pursued would not be eligible.
- Costs that can be directly attributed to either bringing a capital asset into being or enhancing an existing capital asset would be eligible, provided that there is a clear and definitive objective underpinning this. This could include Architects fees, Engineering fees, Other Professional fees including direct Project Management costs.
- Costs should be the incremental costs to the entity that would have been avoided had the capital asset not been constructed, enhanced or purchased.
- VAT relating to eligible costs would not normally be an eligible cost in itself, unless it can be evidenced and certified by a qualified accountant that the VAT is irrecoverable from HMRC.

3.2.2 No Project shall be formally awarded Growth Deal funding until it has successfully reached the Full Business Case (FBC) stage and has subsequently received approval from the Growing Mid Wales Board. The award of Growth Deal funding to each Project will also be

formalised through appropriate documentation e.g. Grant Funding Award letter, Delivery Agreement etc..

3.2.3 Project Development Costs incurred during the OBC and FBC period may be retrospectively claimed towards overall project costs once an award of Growth Deal funding is formally made, provided they meet standard accounting definitions of capital expenditure. However no additional funding is available and the overall funding envelope remains the same. No Project shall be able to claim Project Development Costs of any sort for any period prior to the Outline Business Case (OBC) stage.

4. Recommendations

4.1 To note the 2022/23 Outturn position for the GMW Budget, as outlined in section 1 of the report.

4.2 To note the update regarding the Year 1 Mid Wales Growth Deal Funding and the current 15 year funding profile, as outlined in section 2 of the report.

4.3 To agree the principles for allowing Growth Deal funding to be used for Project Development costs, as outlined in section 3 of the report.

Atodiad 1

Cyd-bwyllgor Tyfu Canolbarth Cymru: Alldro Refeniw - 2022/23

Pennawd	Cyllideb 22/23	Alldro 22/23	(Tanwariant)/ Gorwariant 22/23
GWARIANT			
Swyddogaethau Gweinyddol Awdurdodau Lleol			
Cyllid	**5,000**	-	(5,000)
Cyfreithiol	**5,000**	-	(5,000)
Archwilio	**2,000**	1,700	(300)
Is-gyfanswm	**12,000**	**1,700**	**(10,300)**
Swyddogaethau Eraill			
Ymgysylltu a Digwyddiadau	**500**	-	(500)
Cyfathrebu, Marchnata a Chysylltiadau Cyhoeddus	**12,625**	-	(12,625)
Cyfieithu	**5,000**	239	(4,761)
Adolygiadau Sicrwydd	**47,875**	5,940	(41,935)
Costau Swyddogion Arweiniol / Cynghori	**50,000**	14,836	(35,164)
Cymorth y Grŵp Cynghori Economaidd	**5,000**	1,464	(3,536)
Is-gyfanswm	**121,000**	**22,479**	**(98,521)**
Cymorth Allanol			
Datblygu'r Portffolio	**37,000**	37,000	-
Datblygu'r Rhaglenni	**30,000**	-	(30,000)
Is-gyfanswm	**67,000**	**37,000**	**(30,000)**
GWARIANT - CYFANSWM	**200,000**	**61,179**	**(138,821)**
INCWM			
Cyfraniadau o ran Cyllid			
Cyngor Sir Ceredigion	**100,000**	30,590	(69,410)
Cyngor Sir Powys	**100,000**	30,590	(69,410)
INCWM - CYFANSWM	**200,000**	**61,179**	**(138,821)**
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GMW Joint Committee Revenue Outturn - 2022/23

Heading	22/23 Budget	22/23 Outturn	22/23 (Under)/ Overspend
EXPENDITURE			
Local Authority Administrative Functions			
Finance	**5,000**	-	(5,000)
Legal	**5,000**	-	(5,000)
Audit	**2,000**	1,700	(300)
Sub-total	**12,000**	**1,700**	**(10,300)**
Other Functions			
Engagement and Events	**500**	-	(500)
Communications, Marketing and PR	**12,625**	-	(12,625)
Translation	**5,000**	239	(4,761)
Assurance Reviews	**47,875**	5,940	(41,935)
Lead Officer / Advisor Costs	**50,000**	14,836	(35,164)
EAG support	**5,000**	1,464	(3,536)
Sub-total	**121,000**	**22,479**	**(98,521)**
External Support			
Portfolio Development	**37,000**	37,000	-
Programme Development	**30,000**	-	(30,000)
Sub-total	**67,000**	**37,000**	**(30,000)**
EXPENDITURE - TOTAL	**200,000**	**61,179**	**(138,821)**
INCOME			
Funding Contributions			
Ceredigion County Council	**100,000**	30,590	(69,410)
Powys County Council	**100,000**	30,590	(69,410)
INCOME - TOTAL	**200,000**	**61,179**	**(138,821)**
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