



REPORT TO THE GROWING MID WALES BOARD

23rd July 2020

TITLE:	GMW Budget & Resourcing
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1. Purpose of the Report

- 1.1. To update the Board on the regional revenue budget. To confirm the outturn of the 2019/20 budget and the forecast budget for 2020/21.
- 1.2. To outline the intended expenditure headings and resourcing proposals for 2020/21 to support the regional work programme.

2. Decision(s) Sought

- 2.1. To note the financial position for 2019/20 and 2020/21.
- 2.2. To agree on the proposed cost headings for allocating the budget for 2020/21.
- 2.3. To note the additional and continued revenue funding implications of the Growth Deal on Local Authority budgets for the next 10-15 years (life cycle of the deal).

3. 2019/20 Budget

- 3.1. A report was provided to the last Board meeting confirming the income received from the Welsh Government to support the development of the Mid Wales Growth Deal for 2019/20 and 2020/21 – also the resulting expenditure and financial claim.
- 3.2. Details on the financial claim for 2019/20 was provided, with a resulting claim of £41,197.49 was submitted on demonstrating eligible expenditure to the value of £82,394.98.
- 3.3. The claim has now been paid by Welsh Government, and the grant amount reimbursed to Ceredigion CC – who in turn will reimburse Powys CC for the grant amounts claimed.
- 3.4. The grant amount claimed (£41,197.49) was less than the grant amount available (£45,000). However, it has been confirmed that the unclaimed sum of £3,802.51 can be claimed in 2020/21.

4. 2020/21 Budget – Current position

- 4.1. The last report to the Board confirmed the Welsh Government income for 2020/21, and outlined the required match funding from both Local Authorities.
- 4.2. Eligible costs for the regional budget include Staff Costs (additional capacity created to work regionally), website, commissions etc.
- 4.3. Both Local Authorities have since made available £50k each to match the Welsh Government funding.
- 4.4. A total of £3,802.51 unclaimed grant from 2019/20 is also expected to be eligible for claiming in 2020/21.

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- 4.5. This amounts to a total budget available for 2020/21 of £198,802.51.
- 4.6. There are a number of existing commitments on the 2020/21 budget (GMW Website, Staff Costs, Training). These are confirmed in the table below.
- 4.7. The budget position for 2020/21 therefore currently stands as follows:

INCOME		
	Item	Value
	Ceredigion County Council	£50,000
	Powys County Council	£50,000
	Welsh Government	£95,000
	Welsh Government (carry over from 2019/20)	£3,802.51
	INCOME TOTAL	£198,802.51
COMMITMENTS		
	Item	Value
	GMW Website Build*	£15,000
	Better Business Case Training	£4,875
	Existing lead officer Salary Costs (@40% April-July 2020)	£8,500**
	COMMITMENTS TOTAL	£28,375**
BALANCE		
	Remaining balance to be allocated	£170,427.51**

*The GMW Website has an additional annual maintenance cost of £1,500.

**Estimated

- 4.8. This leaves a currently uncommitted budget (estimated) of circa **£170,427.51**

5. Allocating Remaining Funding

- 5.1. The Welsh Government revenue funding has been provided on the clear objective of developing the regional work programme and establishing a Regional PMO (Programme Management Office).
- 5.2. As outlined in Item 3, we have an immediate capacity shortage to progress the region towards achieving Heads of Terms by the Autumn, and requires immediate measures (and funding) to respond. It is thus intended to utilise the Welsh Government funding (and identified Local Authority match) in the budget above to respond to the needs of the regional work programme (achieve Heads of Terms by the Autumn, followed by a Full Deal Agreement) alongside developing and establishing the Regional PMO.
- 5.3. The funding above is only in place for this year. Funding required to run the Regional PMO will need to be in place for the duration of the Growth Deal. This will need to be funded separately, as picked up in Section 6 later in this report.

- 5.4. The following cost headings are therefore being developed to enable us to meet our key milestones:
- Staff Cost: Lead Strategic Officer (temporary for development phase).
 - Staff Cost: Portfolio Development Support (technical/administrative).
 - Commission: Regional Hydrogen Study (funding sought from the RDP).
 - Commission: Applied Research Study (matched to potential WG funding).
 - Commission: Commissioned technical support to advise on Portfolio Development.
 - Commission: Communications & Engagement Support.
- 5.5. The exact costings of the above are being calculated, but we expect them to easily allocate the funding available. However, it is proposed that any remaining funding is considered towards establishing the necessary capacity to progress potential emerging candidate projects in the region.
- 5.6. As advised previously, arrangements are underway to appoint a Lead Strategic Officer on a temporary secondment to lead the regional work programme for the development phase – with consideration as to the support requirements for the role to achieve the work programme.
- 5.7. As has been noted previously, the responsibility for developing projects does not lie with the regional office/PMO. The regional office/PMO sets out the process by which projects can come in, be considered and evaluated against set criteria – the ESG and Board then ultimately decides on its inclusion in the Portfolio or not.
- 5.8. A number of projects are being proposed as potential candidates for Growth Deal funding, but they require capacity and support to evolve into the expected format that will be compatible with the Growth Deal. The Vision for Growing Mid Wales has now set some of the key expectations and parameters clearly for all interested parties (and invite new ones).

6. Additional Funding Implications

- 6.1. This report has set out the revenue budget we currently have, and the resourcing considerations to meet the regional work programme as laid out in front of us.
- 6.2. It should be clear that enabling the capital funding made available through the Growth Deal will require sufficient and ongoing resource commitment from both Local Authorities to maintain capacity for the long-term.
- 6.3. The Growth Deal is a 10 to 15 year capital programme, that will require revenue from both Local Authorities to fund staff as part of a regional office (PMO), as well as an operational budget to support Governance and Assurance (support the work of the Joint Committee, ESG and undertake gateway reviews etc).
- 6.4. Although the quantum of required revenue to support the process is not yet fully known, it is important to be clear on this expectation from the outset.
- 6.5. Specifically on the establishment of the regional office (PMO), a separate bid for European Funding under ESF P5 is being developed at pace – however this will only support half of the costs for a period of 3 years.

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- 6.6. The ESF P5 bid will look to establish the core team required to support a PMO in Mid Wales for the Growth Deal – alongside an agile team that will work towards delivering the broader economic vision.
- 6.7. The business plan is still in development with WEFO, however we are working towards being able to establish the regional office in September/October 2020.
- 6.8. A separate approvals process will be followed to ensure the ESF P5 bid to establish the PMO will gain the support of both Local Authorities – however, it should be clear that the bid will require an additional ask of match funding from both Local Authorities.
- 6.9. The ESF P5 bid will be match funded through a combination of staff time and additional cash match, and represents a significant saving for both Local Authorities to establish and support the PMO for the first few years.
- 6.10. It should be clear that once the ESF P5 funding comes to an end, there will be an expectation on both Local Authorities to support the PMO with adequate funding annually to maintain the required staffing and operational budget to deliver the Growth Deal for its lifetime.
- 6.11. The different phases and their associated tasks and resourcing requirements are highlighted below:

	DEVELOPMENT PHASE	DELIVERY PHASE
Period	Now-Full Deal Agreement	Post Full Deal Agreement
Timescale (planned)	Now-March 2020 (indicative)	Autumn 2020 onwards (PMO establishment)
Key Tasks	<ul style="list-style-type: none"> • Achieve Heads of Terms and Full Deal Agreement, with a focus on: <ul style="list-style-type: none"> ◦ Governance & Assurance ◦ Portfolio Development ◦ Communications & Engagement • Establish capacity for Delivery: (Develop PMO, secure funding and establish team for delivery). • Identify key legal and financial considerations to prepare for delivery phase. 	<ul style="list-style-type: none"> • Implement legal and financial arrangements to underpin the delivery phase. • Full establishment of the PMO. • Operational management and delivery of the Growth Deal portfolio & programmes.
Capacity Requirements	<ul style="list-style-type: none"> • Temporary team to co-ordinate the above tasks, consisting of: <ul style="list-style-type: none"> ◦ Strategic Lead Officer ◦ Technical & Administrative Support (Seconded & External Commissions) 	<ul style="list-style-type: none"> • Formally established PMO reporting to GMW Management Group. • PMO to deliver the Growth Deal, with additional capacity to deliver broader regional objectives. • Regional office aligning all regional functions with the PMO (RET, TraCC, RLSP).
Funding	<ul style="list-style-type: none"> • One-off WG revenue funding (2019/20 and 2020/21) • LA spot contributions to match fund WG funding (£50k each for 2020/21) • ESF P5 (establishing the PMO) 	<ul style="list-style-type: none"> • ESF P5 (part) • Additional Local Authority annual contributions (to match fund the ESF P5 & provide an operational regional budget).

6.12. NOTE: The allocated financial contributions from both Local Authorities will need to increase once ESF P5 ceases in mid 2023, in order to maintain the required level of resourcing for the PMO.

7. Legal Implications

7.1. There are no Legal Implications arising from this report.

8. Human Resources Implications

- 8.1. The process behind recruiting the Strategic Lead Officer on a temporary basis is currently being established according to Local Authority processes, with arrangements explored for enabling the support capacity required.
- 8.2. There will be HR implications emanating from the establishment of the PMO and ESF P5 bid – but these will be addressed separately when the Business Plan is considered by both Local Authorities.

9. Financial Implications

- 9.1. The report outlines the current revenue budget position for the Board, and associated commitments and proposed allocations.
- 9.2. The report also highlights the potential of financial implications for future years to support the Growth Deal. Whilst the quantum of required support is not yet known, and subject to further detail and agreement – it is important for Members to recognise the need for adequate resourcing from the outset of the Growth Deal process.

10. Appendices

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