

Committee PROSIECT GWYRDD JOINT COMMITTEE

Meeting Number: 02-2019

Date and Time TUESDAY, 26 NOVEMBER 2019, 10.30 AM

Venue NEWPORT CITY COUNCIL, CIVIC OFFICES, NEWPORT

Membership Councillor Michael Michael, Cardiff Council (Chair)
 Councillor Chris Weaver, Cardiff Council
 Councillor Nigel George, Caerphilly County Borough Council
 Councillor Colin Gordon, Caerphilly County Borough Council
 Councillor Phil Murphy, Monmouthshire County Council
 Councillor Jane Pratt, Monmouthshire County Council
 Councillor Roger Jeavons, Newport City Council
 Councillor Ray Truman, Newport City Council
 Councillor Peter G King, Vale of Glamorgan Council
 Councillor Eddie Williams, Vale of Glamorgan Council

AGENDA

No	Item
1	Apologies for Absence To receive apologies for absence.
2	Declarations of Interest To be made at the start of the agenda item in question, in accordance with the Members' Code of Conduct.
3	Minutes (<i>Pages 3 - 10</i>) To approve as a correct record, the Minutes of Joint Committee Held on 25 th June 2019.
4	Matters arising
5	Update Report (<i>Pages 11 - 14</i>)

No	Item
6	2019/20 Projected Outturn Month 7 Monitoring Position and 2020/21 Budget <i>(Pages 15 - 20)</i>
7	Date of next meeting To be confirmed.

Partnership of Councils



Supporting partner



<p align="center">PROSIECT GWYRDD JOINT COMMITTEE MEETING 25 June 2019, 10.00 am</p>
<p align="center">LOCATION: Monmouthshire Council Offices - Room M4 (County Hall, The Rhadyr, Usk, NP15 1GA)</p>
<p>Present:</p>
<p>Elected Members:</p> <p>Councillor Michael, Cardiff Council</p> <p>Councillor Weaver, Cardiff Council</p> <p>Councillor Gordon, Caerphilly County Borough Council</p> <p>Councillor Murphy, Monmouthshire County Council</p> <p>Councillor Truman, Newport City Council</p> <p>Councillor King, Vale of Glamorgan Council</p> <p>Councillor Williams, Vale of Glamorgan Council</p>
<p>Officers:</p> <p>Carl Touhig, Monmouthshire County Council</p> <p>Sian Humphries, Cardiff Council</p> <p>Andrew Williamson, Prosiect Gwyrdd</p> <p>Marc Falconer, Cardiff Council</p> <p>Gareth Harcombe, Cardiff Council</p> <p>Hayley Jones, Caerphilly County Borough Council</p> <p>Andrea Redmond, Cardiff Council</p> <p>Silvia Gonzalez Lopez, Newport County Council</p> <p>Colin Smith, Vale of Glamorgan</p> <p>Matt Wakelam, Cardiff Council</p>

No	Item	Action
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No	Item
1	To Note the Membership of the Joint Committee 2019/2020 RESOLVED: To note the membership of the Prosiect Gwyrdd Joint Committee for 2019/20.
2	Apologies for Absence Apologies for absence were received from Councillors George, Jeavons and Pratt.
3	Declarations of Interest None received.
4	Minutes The minutes of the meeting held on 20 November 2018 were agreed as a correct record and signed by the Chairperson.
5	Heat Network Update <p>Members were advised that the delivery of a heat network arising from the Viridor plant has been a longstanding aspiration for Prosiect Gwyrdd. An extensive feasibility study examining the potential for a heat network in Cardiff was completed by a leading consulting engineering firm on behalf of Cardiff Council in 2017. This study was funded by the Heat Network Delivery Unit (HNDU) of the Department of Business, Energy and Industrial Strategy (BEIS) with additional Welsh Government support. Subsequently in 2018, Cardiff Council's Cabinet approved an Outline Business Case for the heat network. This clarified the Council's strategic interest in the scheme and authorised further work to establish a heat network, subject to concluding the necessary agreements, obtaining capital funding and presenting a Full Business Case back to Cabinet for approval.</p> <p>The proposed Cardiff Heat Network is envisaged to run through large parts of the Bay area before crossing the main Cardiff to London railway line. It will then skirt the southern edge of the city centre and finally end in the western parts of Newport Road. The proposed primary heat source for the network is envisaged to be the Trident Park Energy from Waste (EfW) plant.</p> <p>Andrew Williamson and Gareth Harcombe provided Members with a presentation on the Cardiff Heat Network which highlighted key points such as the requirements of the contract; Major Benefits; Network Illustration; Potential Additional Private Sector Loads; details of Phase 1 and Outline Business Case Approval; Details on the establishment of the Delivery Team and Welsh Government Funding; Viridor Agreement; Purchase of Heat; Heat Exchanger Installation and the Heat Exchangers.</p> <p>The Chairperson invited questions and comments from Members:</p> <p>Members asked if customers would need to install heat exchangers and were advised that the initial public sector customers would have these installed free of charge as a recognition of committing to the scheme. Other private customers would incur a connection and maintenance fee. Officers explained the benefits of the heat exchangers as being financial (slightly cheaper than</p>

No	Item	Action
	<p>gas); less service and maintenance than gas boilers and the carbon footprint benefits. It was noted that some customers would keep their gas boilers initially, but this would be phased out. It was also noted that the footprint of the heat exchanger is much smaller than a gas boiler.</p> <p>Members asked about the risk of getting customers to sign up, noting that the income would be needed to replay any loan or grant for the scheme. Officers advised that there would be legal clauses in the contracts to stop customers pulling out. It was reiterated that the carbon benefits of heat exchangers was 60% benefit and this was a great incentive to the customers.</p> <p>RESOLVED: to note the contents of the presentation.</p>	
6	<p>Update Report</p> <p>Members were provided with an update on the following aspects of the Prosiect Gwyrdd Contract;</p> <p>During 2018/19 a total of 167,998.42 tonnes of residual waste was sent to the Prosiect Gwyrdd Contract against a projected profile of 167,767 tonnes.</p> <p>From the waste delivered 27,741 tonnes of the Incinerator Bottom Ash was recycled, 1,491 tonnes of the Air Pollution Control Residue was recycled, 2,915 tonnes of ferrous metals was recycled and a further 508 tonnes of other metals were recycled. During the year 33 tonnes of contract waste was sent to landfill and 290 tonnes of Air Pollution Control Residue was landfilled.</p> <p>In 2018/19 Viridor achieved all of the five Key Targets:</p>	

No	Item	Action																		
	<table> <tr> <th>Key Target</th><th>Target Percentage</th><th>Actual Percentage</th></tr> <tr> <td>The Contractor's Guaranteed Unprocessed Landfill Target Percentage</td><td>0.0%</td><td>0.0%</td></tr> <tr> <td>The Contractor's Guaranteed Maximum Percentage of Contract Waste to Landfill</td><td>2.1%</td><td>0.2%</td></tr> <tr> <td>The Contractor's Guaranteed IBA Recycling Target Percentage</td><td>100.0%</td><td>100.0%</td></tr> <tr> <td>The Contractor's Guaranteed BMW Diversion Target Percentage</td><td>100.0%</td><td>100.0%</td></tr> <tr> <td>the Contractor's Guaranteed Unreprocessed IBA Target Percentage</td><td>0.0%</td><td>0.0%</td></tr> </table> <p>As a requirement of revenue support from WG the facility is required to be CHP ready and to achieve and maintain R1 Status. Trident Park submitted the final stage 3 report to Natural Resources Wales confirmed with an annual figure of 0.76 which is in excess of the 0.65 requirement.</p> <p>The Incinerator Bottom Ash is currently being recycled by Days Aggregates at their facility in Avonmouth.</p> <p>The Air Pollution Control Residue is currently either being recycled by Carbon8 Aggregates at their facility in Avonmouth or landfilled by Grondon (Waste) Ltd at their Gloucestershire facility.</p> <p><u>Community and Community Benefit Fund</u></p> <p>2018/19 the Prosiect Gwyrdd Community Benefits Fund Panel met three times where a total of £59,498.21 was awarded between twenty-eight community initiatives based with the Prosiect Gwyrdd Partnership Local Authority areas. A breakdown of the projects supported in 2018/19 is detailed in the table below.</p> <p>Breakdown of 2018/19 Prosiect Gwyrdd and Viridor Community Fund Awards</p>	Key Target	Target Percentage	Actual Percentage	The Contractor's Guaranteed Unprocessed Landfill Target Percentage	0.0%	0.0%	The Contractor's Guaranteed Maximum Percentage of Contract Waste to Landfill	2.1%	0.2%	The Contractor's Guaranteed IBA Recycling Target Percentage	100.0%	100.0%	The Contractor's Guaranteed BMW Diversion Target Percentage	100.0%	100.0%	the Contractor's Guaranteed Unreprocessed IBA Target Percentage	0.0%	0.0%	
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	<p>Members were asked to encourage local groups to apply for the fund. Details of the funding criteria and how to apply can be found at: https://viridor.co.uk/our-operations/energy/energy-recovery-facilities/cardiff-erf/community</p> <p>During 2018/19 the number of groups visiting Trident Park was 46, with a total of 593 visitors. It was noted that visitor numbers were slightly down on last year. Viridor have employed an Education Officer with the aim of increasing the number of educational visits to the site next year.</p> <p>The Chairperson invited questions and comments from Members;</p> <p>Members asked if many applications to the Community Fund were rejected, and if so for what reasons. Officers explained that some applications are rejected, usually due to the applicant wanting to use the funding for Capital/Build which is outside of the terms of reference of the fund. Examples of what the fund can be used for are now shown on the website; feedback is also provided when applications are rejected as well as advice on how to apply successfully in future.</p> <p>RESOLVED: To note the content of the report.</p>																								
7	<p>Unaudited Annual Financial Return for Year Ended 31 March 2019</p> <p>Members were advised that this report presents the draft, unaudited Financial Annual Return for the year ended 31st March 2019 prior to the statutory deadline of 30th June. The Joint Committee will be asked to approve the unaudited Annual Return and following their approval, the document will be available for public inspection and then submitted to the Wales Audit Office (WAO) to undertake the external audit of this return.</p> <p>Regulation 14 states that smaller local government bodies (those with annual income and expenditure below £2.5 million) can prepare their accounts in the form of an Annual Return replacing the obligation to produce a full Statement of Accounts.</p> <p>Table 1 below provides a comparison of the 2018/19 outturn with the budget. This highlights a gross expenditure outturn of £147,735, a decrease of</p>																								

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	<p>£105,507 compared to the original 18/19 gross expenditure budget of £253,242. After including the Partner Contribution rebate of £50,000 (£10,000 per partner) the net underspend for 2018/19 is £55,507.</p> <p><u>Table 1: 2018/19 Summary Monitoring Position</u></p> <table><tr><th></th><th>2018/19 Budget £</th><th>2018/19 Outturn £</th><th>2018/19 Variance £</th></tr><tr><td>Project Team</td><td>193,542</td><td>155,661</td><td>-37,881</td></tr><tr><td>Supplies & Services</td><td>22,510</td><td>12,152</td><td>-10,358</td></tr><tr><td>Committee & Support Services</td><td>10,350</td><td>6,090</td><td>-4,260</td></tr><tr><td>External Advisors</td><td>46,010</td><td>0</td><td>-46,010</td></tr><tr><td>Contingency</td><td>20,000</td><td>0</td><td>-20,000</td></tr><tr><td>Organics Contribution</td><td>-39,170</td><td>-26,168</td><td>13,002</td></tr><tr><td>Gross Expenditure</td><td>253,242</td><td>147,735</td><td>-105,507</td></tr><tr><td>Partner Contributions</td><td>-185,000</td><td>-135,000</td><td>50,000</td></tr><tr><td>Net Expenditure</td><td>68,242</td><td>12,735</td><td>-55,507</td></tr><tr><td>Appropriations (from) / to Joint Committee Reserve A/c</td><td>-68,242</td><td>-12,735</td><td>55,507</td></tr><tr><td>Projected Balance of the Joint Committee Reserve A/c as at 31.03.2019</td><td></td><td>331,347</td><td></td></tr></table> <p>The variance is largely due to underspends previously reported to the Joint Committee in the Month 7 monitoring report in particular underspends due to the lack of spend against the contingency and external advisors budgets, as well as savings associated with staff turnover and recruitment delay. Consequentially the projected budgeted drawdown from the Joint Committee Reserve Account of £68,242 was reduced to £12,735. The balance of the reserve account as at 31st March 2019 now stands at £331,347 and the options for the utilisation of an element of this reserve will be presented firstly to Contract Management Board and then the Joint Committee as part of the 2020/21 budget report as has been the case in previous years.</p> <p>RESOLVED:</p> <p>I. To note the outturn position for the financial year ended 31st March 2019.</p>			2018/19 Budget £	2018/19 Outturn £	2018/19 Variance £	Project Team	193,542	155,661	-37,881	Supplies & Services	22,510	12,152	-10,358	Committee & Support Services	10,350	6,090	-4,260	External Advisors	46,010	0	-46,010	Contingency	20,000	0	-20,000	Organics Contribution	-39,170	-26,168	13,002	Gross Expenditure	253,242	147,735	-105,507	Partner Contributions	-185,000	-135,000	50,000	Net Expenditure	68,242	12,735	-55,507	Appropriations (from) / to Joint Committee Reserve A/c	-68,242	-12,735	55,507	Projected Balance of the Joint Committee Reserve A/c as at 31.03.2019		331,347		
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No	Item	Action
	<p>II. To approve the Annual Return, and consequently authorise the Chairman to sign the Annual Return on behalf of the Joint Committee, and its subsequent submission to WAO to commence the 2018/19 audit.</p>	
8	<p>Date of next meeting The date of the next meeting was to be confirmed. Andrea Redmond would set up a meeting in late November/early December at Newport City Council Offices.</p>	

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**THE BOROUGH, CITY AND COUNTY COUNCILS OF CAERPHILLY, CARDIFF,
MONMOUTHSHIRE, NEWPORT AND THE VALE OF GLAMORGAN**

PROSIECT GWYRDD JOINT COMMITTEE

REF: 02-19

DATE: 26.11.19

PROSIECT GWYRDD UPDATE REPORT FOR JOINT COMMITTEE

REPORT OF: SENIOR RESPONSIBLE OFFICER

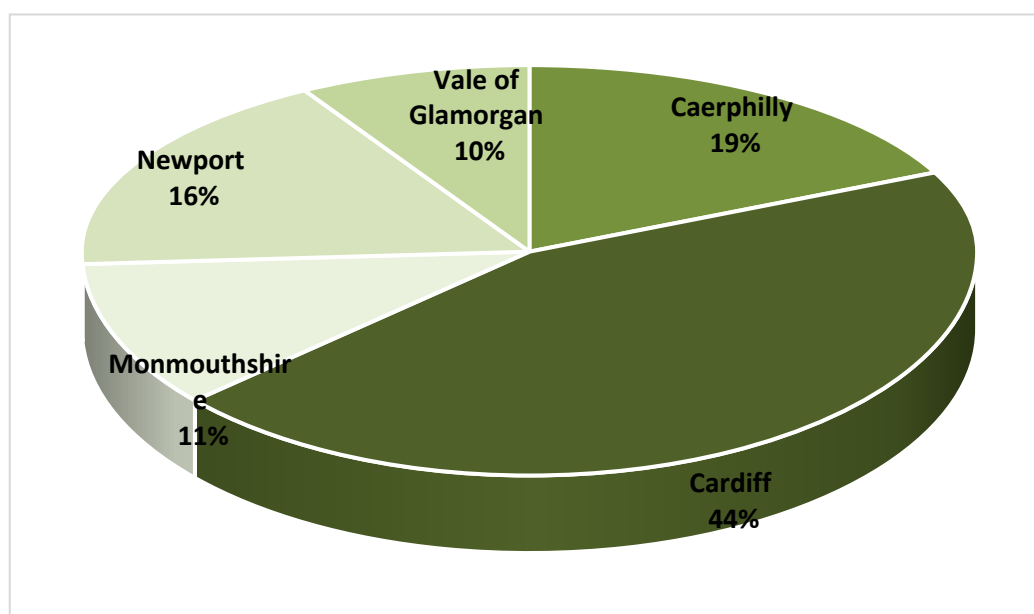
AGENDA ITEM: 5

Background

1. At previous Joint Committee meetings Update Reports on the Prosiect Gwyrdd Contract have been provided, this report provides a further update in relation to this contract.

Contract Update

2. During April to September 2019 a total of 78,794 tonnes of residual waste was sent to the Prosiect Gwyrdd Contract, with all of the residual waste being treated at Trident Park.
3. Proportion of Contract Waste Delivered April – September 2019 by Partner Authority:



4. From the waste delivered 14,063 tonnes of the Incinerator Bottom Ash was recycled, 637 tonnes of the Air Pollution Control Residue was recycled, 2,951 tonnes of metals was recycled.
5. In April to September 2019 Viridor achieved all of the five Key Targets:

Key Target	Target Percentage	Actual Percentage
The Contractor's Guaranteed Unprocessed Landfill Target Percentage	0.0%	0.0%
The Contractor's Guaranteed Maximum Percentage of Contract Waste to Landfill	2.1%	0.2%
The Contractor's Guaranteed IBA Recycling Target Percentage	100.0%	100.0%
The Contractor's Guaranteed BMW Diversion Target Percentage	100.0%	100.0%
the Contractor's Guaranteed Un-reprocessed IBA Target Percentage	0.0%	0.0%

6. As a requirement of revenue support from WG the facility is required to be CHP ready and to achieve and maintain R1 Status. Trident Park submitted the final stage 3 report to Natural Resources Wales confirmed with an annual figure of 0.76 which is in excess of the 0.65 requirement.
7. The Incinerator Bottom Ash is currently being recycled by Days Aggregates at their facility in Avonmouth. Viridor have introduced transportation of a proportion of the incinerator bottom ash by rail, cutting more than 160,000 road miles a year and achieving a 50% reduction in annual transport emissions.
8. The Air Pollution Control Residue is currently either being recycled by O.C.O. Technology Ltd previous called Carbon8 Aggregates at their facility in Avonmouth or landfilled by Grondon (Waste) Ltd at their Gloucestershire facility.

Community and Community Benefit Fund

9. During 2019/20 to date the Prosiect Gwyrdd Community Benefits Fund Panel has met three times, where a total of £32,720 was awarded between twenty-two community initiatives based with the Prosiect Gwyrdd Partnership Local Authority areas, the panel will be meeting once more this financial year. A breakdown of the projects supported this year to date, is detailed in the table below.

10. Breakdown of 2019/20 Prosiect Gwyrdd and Viridor Community Fund Awards

Organisation	Region	Contribution
April 2019		
ACE(1439.97)	Cardiff	£959.98
Aircadets (798.92)	All regions	£798.92

Cardiff Rivers Group (2535)	Cardiff	£1,385.00
Croesyceiliog Canoe Club (3000)	Newport	£1,800.00
Llanilltyd Fawr Flower Club (1699.40)	Vale	£1,649.00
Monmouthshire Upcycle (2269.77)	Monmouth	£1,769.77
Newport Male Choir (2982.99)	Newport	£1,482.99
Pentwyn Dynamos (2650)	Cardiff	£1,054.98
June 2019		
28 th Newport Scout Group (2984.48)	Newport	£2,000.00
Hedgehog Helpline (3050)	Vale	£2,700.00
LLamau (3000)	Newport	£2,500.00
Newport Korfball Club (1147.94)	Newport	£1,147.94
Welsh Hearts (3000)	Cardiff	£2,700.00
September 2019		
Grangetown Community Action	Cardiff	£670.50
Draig Youth CIC	Newport	£1,136.00
Hope St Mellons	Cardiff	£1,100.00
Panavia Tornado Preservation Group	Vale	£1,500.00
St Tyefalog Community Garden	Caerphilly	£750.00
Student Volunteering Cardiff	Cardiff	£1,200.00
Twister Trampoline Club	Cardiff	£1,000.00
Valeplus	Vale	£1,915.00
Ystrad Mynach Air Cadets	Caerphilly	£1,500.00

11. Details of the funding criteria and how to apply can be found at: <https://viridor.co.uk/our-operations/energy/energy-recovery-facilities/cardiff-erf/community>

Financial Implications

12. There are no direct financial implications arising from this update report. The financial arrangements between the Partnership and Viridor will operate in accordance with the Contract and in particular the Payment Mechanism.

Legal Implications

13. There are no direct legal implications associated with this report

Recommendations

To note the content of this report.

Matt Wakelam

Senior Responsible Officer, Prosiect Gwyrdd

26 November 2019

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**THE BOROUGH, CITY AND COUNTY COUNCILS OF CAERPHILLY, CARDIFF,
MONMOUTHSHIRE, NEWPORT AND THE VALE OF GLAMORGAN**

PROSIECT GWYRDD JOINT COMMITTEE

**REF: 02-19
DATE: 26/11/2019**

**2019/20 MONTH 7-MONITORING POSITION AND PROJECTED OUTTURN:
2020/21 BUDGET**

**REPORT OF: TREASURER TO THE PROSIECT GWYRDD JOINT COMMITTEE
AGENDA ITEM: 6**

PURPOSE OF REPORT

1. To provide Joint Committee with an update of the financial monitoring position and projected outturn for the Prosiect Gwyrdd Budget based on the Month 7 position for the 2019/20 financial year.
2. For Joint Committee to consider the proposed 2020-21 Revenue Budget, including the projected balance of the Reserve Account, and to recommend these budgets to the partnering Councils for consideration as part of their budget planning frameworks for 2020-21.
3. To provide the partner Councils with early indicative estimates for the period from 2021-22 onwards.

BACKGROUND

4. The Joint Committee's budget approval process is set-out in the Joint Working Agreement 2 (JWA2). In addition, the JWA2 also provides that the budget is reviewed on a regular basis during the financial year and where appropriate, action taken to ensure sufficient resources are available to the project in order to deliver the agreed outcomes.
5. The Prosiect Gwyrdd Joint Committee approved the original 2019/20 Budget at its meeting on the 20th November 2018, which recommended the 2019/20 Revenue budget to the partner councils for consideration as part of their respective annual budget setting processes.

2019/20 MONITORING

6. Table 1 below provides an update on the Joint Committee's Month 7 financial position for the 2019/20 financial year. In summary the current position shows a projected gross expenditure outturn of £196,627 which represents a decrease of £47,034 over the original 2019/20 gross expenditure budget of £243,660.

TABLE 1: 2019/20 Summary Monitoring Position

	2019/20 Budget £	2019/20 Projected Outturn £	2019/20 Variance £
Project Team	182,178	165,729	(16,450)
Supplies & Services	23,470	20,150	(3,320)
Committee & Support Services	8,760	9,500	740
Organics Contribution	(40,868)	(32,252)	8,616
Expenditure funded by Partner Contributions	173,540	163,127	(10,414)
External Advisors	50,120	23,500	(26,620)
Contingency	20,000	10,000	(10,000)
Expenditure funded by Reserve Account	70,020	33,500	(36,620)
Gross Expenditure	243,660	196,627	(47,034)
Partner Contributions	(185,000)	(135,000)	50,000
Net Expenditure	58,660	61,627	2,966
Appropriations (from) / to Joint Committee Reserve A/c	(58,660)	(61,627)	(2,966)
Projected Balance of the Joint Committee Reserve A/c as at 31.03.2020		269,721	

7. The Project Team is currently reporting an underspend of £16,450. This variance assumes that the Project Administrator post will remain vacant until the end of January 2020 with Agency staff being used to cover the vacancy.
8. The underspend of £26,620 with external advisors includes the assumptions that further advisor expenditure in the rest of the financial year will be pro-rata to the original budget provision. This assumption will be refreshed and reviewed to inform future monitoring reports. The actual spend to date on advisors is nil and there are no current commitments to engage in this financial year.

9. The other significant expenditure variance identified in Table 1 is with the contingency provision which, in a similar manner to projected Advisor's expenditure, has also had a pro-rata reduction to reflect that there has been no requirement to use this budget in the financial year to date. Again this projection will continue to be reviewed to inform future monitoring reports.
10. Based on the projected Reserve Account position at Month 7 a £10,000 rebate per partner is proposed for 2019/20. This position will be kept under review in future monitoring reports for the remainder of this financial year and appropriate adjustments made to this projected rebate if required. The projected balance for the Reserve account as at 31st March 2020 is £269,721 and this resource will be available to continue the principle of funding non-recurring Prosiect Gwyrdd expenditure in future financial years.

2020-21 BUDGET

11. A reasonable balance in the Reserve Account will be necessary to ensure that the Joint Committee has the financial flexibility to respond to unforeseen events without the need to ask Partner Councils to increase their in-year partner contributions. Against this background it is proposed that Partner contributions will continue to primarily fund the recurring regular expenditure of the Joint Committee, with the Reserve Account funding any ad-hoc non-recurring expenditure, specifically External Advisors and the contingency provision. Any in-year additional resource requirements such as an upturn in external advisor activity would be funded from further drawdowns from the Joint Committee Reserve Account. The projected balance for this account for the end of 2020-21 financial year assuming a full drawdown of the budgeted funding is £204,211.
12. Table 2 below provides a summary of the proposed Budget for 2020-21 as well as a comparison with the current 2019-20 budget. A pay award of 2% from 1st April 2020 has been assumed for uplifting employee costs with an indexation assumption of 2% being applied to the other non-employee budget headings.

TABLE 2: Summary Budget Position 2020-21

	2019-20 Original Budget £	2020-21 Proposed Budget £
Expenditure		
Contract Management Team	182,179	185,332
Supplies & Services	23,470	18,050
Support Services	8,760	9,700
Cardiff & Vale Organics Contribution	(40,868)	(40,103)
Expenditure – funded by Partner contributions	173,540	172,979
External Advisors	50,120	57,530
Contingency	20,000	20,000
Expenditure – funded by Reserve Account	70,120	77,530
Gross Expenditure	243,660	250,509
Partner Contributions	(185,000)	(185,000)
Appropriations from Joint Committee Reserve A/c	(58,660)	(65,509)
Projected Balance of the Joint Committee Reserve A/c as at 31.03.2021		204,211

13. A full year spend for the Contract Management team is assumed in the above budget along with a full year assumptions for External Advisors and contingency expenditure. The other budgets heads remain broadly unchanged with the proposed partner contributions unchanged at £185,000, which is £37,000 per partner.
14. The projected drawdown from the Reserve account is £65,509 to leave a projected balance on the account of £204,211 as at 31st March 2021.

POST 2020/21 INDICATIVE BUDGET PROJECTIONS

15. Table 3 below provides a summary of indicative Joint Committee budgets and partner contributions for the financial years 2021-22 to 2023-24 which have also been indexed by inflation assumptions of 2% for both pay awards and other non-pay expenditure per annum. The projections are based on the continuation of a funding position adopted elsewhere in this report with the Reserve Account funding non-recurring expenditure. Any significant in-year drawdown from the Reserve may need to be subsequently replenished by the Partners but there would be sufficient early warning of this requirement to avoid in-year increases in Partner contributions.
16. An upper threshold of £275,000 and a lower threshold of £150,000 have been previously proposed for managing the Joint Committee Reserve Account but the account balance has been consistently above this threshold in recent years.

TABLE 3: Summary 2021-22 to 2023-24 Indicative Resource Requirements

Financial Year	Indicative Gross Expenditure Budget	Contributions per Partner	Reserve A/c funding	Projected Reserve A/c balance
	£	£	£	
2021-22	256,000	37,000	67,000	138,000
2022-23	261,000	38,600	68,000	70,000
2023-24	266,000	39,400	69,000	0

FINANCIAL IMPLICATIONS

17. This report provides Joint Committee with an update on the 2019/20 projected out-turn position at Month 7 with a gross expenditure underspend of £47,034 being projected. The projected balance of the Reserve Account at the end of 2019/20 is £269,721 which will be available to assist in funding non-recurring Prosiect Gwyrdd expenditure in future financial years.
18. The budget requirement of £250,509 for 2020-21 will be funded from partner contributions of £185,000 with the remaining funding of £65,509 being funded from a drawdown from the Reserve account. The closing projected Reserve Account balance of £204,211 assumes full drawdown in line with budget requirements for 2020/21 which will be monitored and updated accordingly with its implications for future years funding.
19. Indicative budgets have also been prepared for financial years 2021-22 to 2023-24 to inform Partner Councils in considering Prosiect Gwyrdd Joint Committee funding requirements in setting their Medium Term Financial Forecasts. These assume a continuation of the funding policy with the Reserve Account funding ad-hoc, non-recurring expenditure. The Reserve Account drawdown is dependent on sufficient resources being available to fund relevant expenditure. If Reserve Account resources are not sufficient then any shortfall will need to be made up either by partners contributing to the Reserve account and / or by increasing partner contributions. The expectation is that the balance of the Reserve Account can be managed to avoid any in year increases in Partner contributions.

LEGAL IMPLICATIONS

20. The Joint Working Agreement 2 (JWA2) in respect of the PG contract makes provision in respect of monitoring of costs, approving annual budgets (for recommendation to each Partner Council for approval) and council contributions. As part of the annual budget the JWA2 also allows Joint Committee to confirm the contingency to be included in the annual budget. The annual budget is the amount reasonably required to administer the contract.
21. It should be noted that the figures set out in this report are the best estimates at this time and as with any complex contract there is always a risk that the costs may exceed estimates as the contract progresses.

RECOMMENDATIONS

- a. That the Joint Committee notes the 2019/20 projected outturn forecast including the projected year-end balance for the Joint Committee Reserve Account.
- b. That the Joint Committee recommends the 2020-21 budget, including the proposed drawdown and closing balance of the Reserve Account, to the Partnering Councils for approval as part of their respective budget planning frameworks for 2020-21.
- c. The Joint Committee asks the Partnering Councils to note the indicative budgets, and associated partner contributions, outlined for the financial years 2021-22 to 2023-24.

Christopher Lee
Section 151 Officer – Cardiff Council
Treasurer to the Prosiect Gwyrdd Joint Committee

26th November 2019