

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

PROSIECT GWYRDD JOINT COMMITTEE

REF: 01-19

DATE: 25/06/2019

PROSIECT GWYRDD 2018/19 OUTTURN AND ANNUAL FINANCIAL RETURN

REPORT OF: TREASURER TO THE PROSIECT GWYRDD JOINT COMMITTEE

AGENDA ITEM: 07

PURPOSE OF REPORT

1. To present to the Joint Committee 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.

BACKGROUND

2. Local Authorities and other relevant bodies (including Joint Committees) are required to prepare and publish their annual accounts in-line with the requirements of the Accounts & Audit (Wales) Regulations 2014 (as amended). 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.
3. The Joint Committee will now be asked to approve the unaudited Annual Return for submission to the external auditor in accordance with the Accounts and Audit (Wales) Regulations for small Local Government Bodies into which category Prosiect Gwyrdd now resides.
4. Following the audit of the Annual Return, if there are no amendments then the certified Annual Return can be published without further reference to the Joint Committee. If material amendments are required then a further meeting of the Joint committee will be required to approve the audited annual return. The deadline for publication of the certified Annual Return remains at the 30th September.

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5. The draft, unaudited Prosiect Gwyrdd Annual Return for 2018/19 is attached to this report as Appendix A. Prior to the commencement of the external audit the Annual Return will be made available for public inspection as required by the Public Audit (Wales) Act 2004 and by the Accounts and Audit (Wales) Regulations 2014.

ISSUES

6. 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 £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.

Table 1: 2018/19 Summary Monitoring Position

	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	

7. 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.

8. The project team reported an underspend of £37,881, with the variance reflecting the staff turnover and recruitment delays highlighted above with the current Project Administrator acting up to cover the Project Officer role on a full time basis. A number of Agency staff have been recruited on a temporary basis to partly cover the Project Administrator post during this financial year.
9. The other significant variances identified in Table 1 are the :-
 - a. External advisors and Contingency provisions with the underspends reflecting that there has been no requirement to use these budgets in the 2018/19 financial year.
 - b. Supplies and Services which reflects a reduction in the accommodation charge for the Lamby Way offices.
 - c.
10. The format of the Annual Return for 2018/19 is largely unchanged and is attached as Appendix A., it includes the following sections :
 - a. Section 1 (page 2 of the return) holds the financial information including a comparison with the equivalent 2017/18 figures.
 - b. Section 2 (page 3) of the Annual Return is the Annual Governance statement which continues in the form of a questionnaire.
 - c. Section 3 (page 4) includes the certification of the annual return both by the Joint Committee, subject to its approval, and the Responsible Finance Officer.
 - d. This is followed by the Auditor General for Wales' Audit Certificate and report on page 5.
 - e. The last Section is the Annual Internal Audit report (pages 6 to 8) which comments on the adequacy of procedures and controls relevant to Prosiect Gwyrdd.

FINANCIAL IMPLICATIONS

11. This report provides the Joint Committee with confirmation of the 2018/19 outturn position that reflects a gross expenditure underspend of £105,507 before the rebates of Partner Contributions of £50,000. The balance of the Reserve Account at the end of 2018/19 is £331,347 which will be available to assist in funding non-recurring Prosiect Gwyrdd expenditure and / or offsetting Partner Contributions in future financial years.
12. This report is presented to the Joint Committee who are due to approve the unaudited Prosiect Gwyrdd Annual Return at the meeting on 25th June before the deadline of 30th June 2019.

13. Options for the utilisation of the balance of the Joint Committee Reserve Account carried forward into 2019/20 are to be considered as part of the budget setting process for 2020/21.

LEGAL IMPLICATIONS

14. All Local authority accounts are required to be made up to 31st March. The regulations currently in force are the Accounts and Audit (Wales) regulations 2014 (the Regulations). The Regulations set out the process for dealing with accounts and as set out in this report that will be the process for a 'smaller relevant body' i.e. approval of an Accounting Statement (including amendments thereof) which is referred to in this report as an Annual Return. The Regulations also sets out further provision in relation to publication.
15. The Joint Working Agreement 2 (JWA2) in respect of the PG contract makes provision in respect of monitoring of costs, approving annual budgets, council contributions, project expenditure and subsequent reimbursements to councils.
16. Currently the JWA2 deals with the process of approving accounts according to legislation which was in place at the time of drafting the JWA2. It is understood that any update in the process of what is approved by Joint Committee is due to the updates in the Regulations referred to above and in the body of the report. The JWA2 states that any reference to legislation within the agreement includes any amended legislation. Accordingly any process under the JWA2 would be read in conjunction with any amended legislation.

RECOMMENDATIONS

17. That the Joint Committee notes the outturn position for the financial year ended 31st March 2019.
14. Subject to the approval by the Joint Committee of the Annual Return, the Joint Committee consequently authorises 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.

Christopher Lee
Treasurer to Prosiect Gwyrdd Joint Committee

25th June 2019

The following Appendix is attached:

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Appendix A - The Prosiect Gwyrdd Joint Committee's Draft Annual Return for financial year 2018/19.

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