



Swansea Bay City Region Joint Committee - 13 February 2025

## Swansea Bay City Deal Financial Monitoring Report 2024/25 - Provisional Outturn Position Quarter 3 (October to December 2024)

<b>Purpose:</b>	To provide Joint Committee with an update on the latest financial position of the Swansea Bay City Region.
<b>Policy Framework:</b>	Swansea Bay City Deal
<b>Consultation:</b>	Accountable Body
<b>Recommendation(s):</b>	It is recommended that the Joint Committee:
	1) Review and approve the financial monitoring update report.
<b>Report Author:</b>	Chris Moore
<b>Finance Officer:</b>	Chris Moore, Section 151 Officer, SBCD
<b>Legal Officer:</b>	Debbie Smith, Chief Legal Officer, SBCD

### 1. Introduction

1.1 This report details the forecasted year end outturn position of the Joint Committee and the Portfolio Investment Fund. The Financial Monitoring Report presents the City Deal Accounts in a detailed format, in line with Carmarthenshire County Council's financial management system.

### 2. Joint Committee - Estimated Forecast Outturn Position

#### 2.1. Supplementary Information

The outturn position includes 'Top Slice' of Government Grants in terms of income. On drawdown of government grants, 1.5% of this will be utilised to support the PoMO and the direct administration functions of the Portfolio. Any contribution from Government grants utilised within the financial year will be transferred to a ring-fenced reserve at year end, for utilisation in future years.

In June 2022 Joint Committee has previously agreed and set a five-year operational budget which has been revised on a continual basis. Since this period the



operational budget has been reviewed and a detailed breakdown of the Joint Committee - Provisional Quarter 3 Outturn Position Financial Year 2024/25 is included in Appendix A.

## **2.2. Joint Committee and Accountable Body**

The Joint Committee and Accountable Body expenditure forecast is estimated at £3,117k. This is in respect of democratic support, support of the portfolio monitoring officer and legal fees in respect of the funding agreements. Internal audit has been forecasted. The Accountable Body expenditure is attributable to service provision by the Portfolio Section 151 Officer to the Swansea Bay City Deal and the annual external audit review by Audit Wales.

The accrued interest in residual cash balances is invested in line with Carmarthenshire County Council's approved Treasury Management Strategy. Any interest accrued on such cash balances is dispersed back to projects on an appropriate apportionment methodology (JC – 11 June 2020). The accounting management of this has been amended to clearly demonstrate the interest accrued and paid out. The accrued interest for 2024-25 is estimated at £3,000k.

Programme Board on the 5th November discussed the mechanism and distribution of the accrued interest. Interest is allocated to the local authority partners based on the allocation of the City Deal Grant which was agreed previously by Joint Committee.

## **2.3. Joint Scrutiny Committee**

The Joint Scrutiny Committee expenditure consists of democratic services and related costs, provided by Neath Port Talbot County Borough Council. This has been forecasted at £22k.

## **2.4. Portfolio Management Office (PoMO)**

For the period ending 31<sup>st</sup> March 2025 the expenditure is estimated at £498k. The PoMO staffing cost is estimated at £431k which includes the 2024-25 pay adjustment. There is an underspend of £172k against budget, this is due to all posts being budgeted at the top of grade and savings due to two staffing vacancies, the PMO manager and the Project Development manager.

Rents and service charges in respect of office space total £23k, with marketing and advertising estimated at £30k including the annual event.

## **2.5. Income**

Total income for the year demonstrates £3,250k. This consists of anticipated drawdown of 'Top Slice' of £249k from the dispersed grant awards and estimated interest derived from cash balances £3,000k. This is a reduction from the £29k projected in Quarter 2.

## 2.6. Financial Monitoring - Statement of Balances

The prior year (2023/24) balance carried forward in reserve demonstrates £182.9k. Currently the estimated year end position of the City Deal accounts demonstrates a deficit of £451k, this is due to a timing effect attached to the grant dispersed to projects/programmes within the year. This results in an anticipated deficit reserve balance of £268.1k at year end.

## 3. Portfolio Investment Fund – Forecast Outturn Position

### 3.1. Provisional Portfolio Investment Outturn Position

The overall estimated investment position is demonstrated at £1.321bn (Quarter 2 2024/25 - £1.350bn) over the fifteen-year life of the portfolio. The revised budget (Quarter 3 2023/24) comprised of a total investment of £1.281bn, currently the City Deal is presenting an over investment against the revised budget of £40m. The original business case comprised a total of £1.240bn over the fifteen-year life of the portfolio.

Details of significant variances are outlined below:

Digital Infrastructure is demonstrating £31m over investment against budget mainly due to additional private sector funding.

Pembroke Dock Marine is demonstrating an over investment of almost £3m, the majority of this due to additional MEECE private sector investment.

Pentre Awel is currently demonstrating an over investment of £10m against budget due additional Public Sector investment for zones 2 to 4.

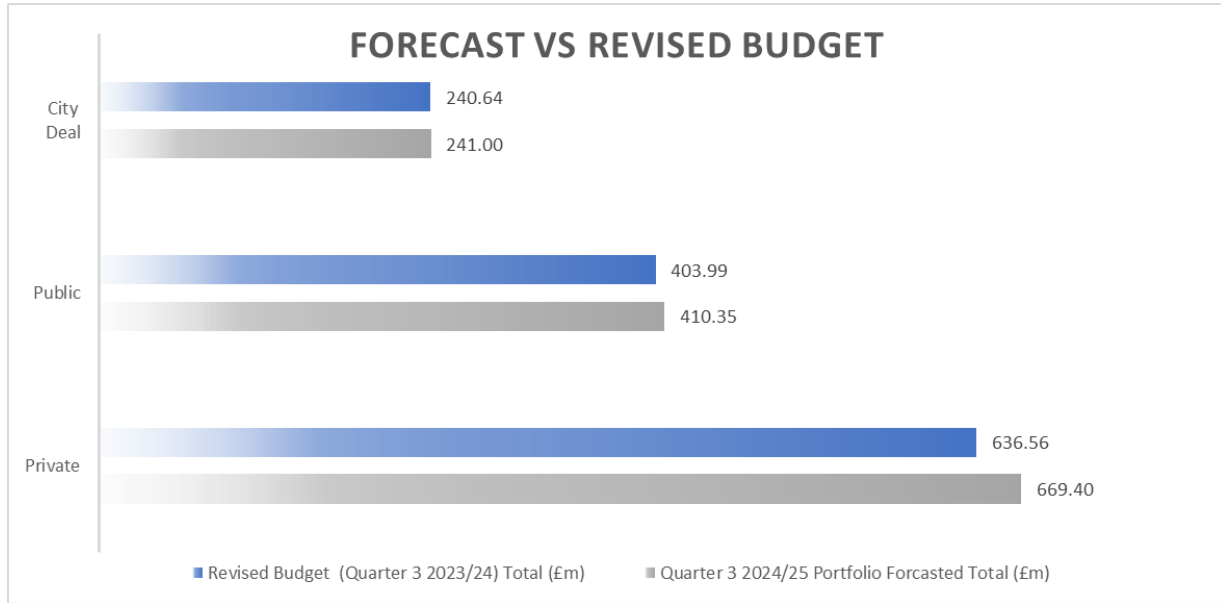
Swansea Waterfront is currently demonstrating an under investment of £7.5m against budget, mainly due to the private sector investment in the Digital Square and Arena's hotel development.

#### Portfolio Forecast (Estimated)

Prior Quarter (Quarter 2 2024/25) Portfolio Forecasted Total (£m)	Investment Component	Revised Budget (Quarter 3 2023/24) Total (£m)	Quarter 3 2024/25 Portfolio Forecasted Total (£m)	Variance (£m)	Variance
241.00	City Deal	240.64	241.00	0.36	0.15%
398.16	Public	403.99	410.35	6.36	1.57%
711.24	Private	636.56	669.40	32.83	5.16%
<b>1,350.40</b>	<b>Grand Total</b>	<b>1,281.19</b>	<b>1,320.74</b>	<b>39.56</b>	<b>3.09%</b>

**Programme Breakdown (Estimated)**

Programme	City Deal Investment (£m)	Public Sector Investment (£m)	Private Sector Investment (£m)	Programme Total (£m)	Revised Budget (Q3 23-24) Total (£m)	Sum of Variance (£m)	Sum of Variance (%)
Digital Infrastructure	25.00	20.01	56.11	101.12	70.04	31.08	44.38%
Homes as Power Stations	15.00	114.60	375.90	505.50	505.50	-	0.00%
LS&WB Campuses	15.00	58.01	62.21	135.21	135.12	0.09	0.07%
Pembroke Dock Marine	28.00	19.15	20.09	67.24	64.47	2.77	4.29%
Pentre Awel	40.00	68.50	110.10	218.60	206.48	12.12	5.87%
Skills & Talent	10.00	16.00	4.00	30.00	30.00	0.00	0.00%
Supporting Innovation and Low Carbon Growth	53.00	5.55	6.08	64.63	63.62	1.01	1.59%
Swansea Waterfront	50.00	89.87	33.41	173.27	180.79	-7.51	-4.16%
Yr Egin	5.00	18.67	1.50	25.17	25.17	0.00	0.00%
<b>Grand Total</b>	<b>241.00</b>	<b>410.35</b>	<b>669.40</b>	<b>1,320.74</b>	<b>1,281.19</b>	<b>39.56</b>	<b>3.09%</b>



**3.2. Provisional Annual Investment Forecast 2024/25**

The Quarter 3 forecast estimated investment for the financial year ending 31<sup>st</sup> March 2025 is demonstrated at £165.9m, demonstrating an annual under investment of £89.6m. This compares well with the Quarter 2 year end projection of £100.3m.

**Portfolio Summary 2024/25**

Prior Quarter Forecast Total (£)	Description	Revised Budget (Q3 2023/24) (£)	Quarter 3 2024/25 Provisional Outturn Position				Variance (£)
			Actuals (to Date) (£)	Commitments (£)	Forecast Commitments (£)	Total Annual Forecast (£)	
	<b>City Deal Investment</b>						
14,529,509	Capital	64,440,294	1,224,961	599,757	10,850,150	12,674,869	- 51,765,425
3,993,377	Revenue	5,604,818	1,384,427	-	2,513,133	3,897,561	- 1,707,257
<b>18,522,886</b>	<b>City Deal Total</b>	<b>70,045,111</b>	<b>2,609,388</b>	<b>599,757</b>	<b>13,363,284</b>	<b>16,572,429</b>	<b>- 53,472,682</b>
	<b>Public Sector Investment</b>						
62,150,962	Capital	64,580,778	62,874,574	1,276	6,000,000	68,875,851	4,295,072
1,796,816	Revenue	5,375,000	33,307	-	1,763,509	1,796,816	- 3,578,184
<b>63,947,778</b>	<b>Public Sector Total</b>	<b>69,955,778</b>	<b>62,907,881</b>	<b>1,276</b>	<b>7,763,509</b>	<b>70,672,667</b>	<b>716,888</b>
	<b>Private Sector Investment</b>						
14,771,532	Capital	113,588,019	5,638,746	-	69,801,350	75,440,096	- 38,147,923
3,095,080	Revenue	2,013,320	367,163	-	2,918,866	3,286,029	1,272,709
<b>17,866,612</b>	<b>Private Sector Total</b>	<b>115,601,339</b>	<b>6,005,909</b>	<b>-</b>	<b>72,720,216</b>	<b>78,726,125</b>	<b>- 36,875,214</b>
	<b>Project Total</b>						
91,452,003	Capital	242,609,091	69,738,281	601,033	86,651,500	156,990,815	- 85,618,276
8,885,272	Revenue	12,993,137	1,784,898	-	7,195,508	8,980,405	- 4,012,732
<b>100,337,275</b>	<b>Project Total</b>	<b>255,602,228</b>	<b>71,523,179</b>	<b>601,033</b>	<b>93,847,008</b>	<b>165,971,221</b>	<b>- 89,631,007</b>

Annual Programme Investment Breakdown 2024/25 (Estimated)							
Prior Quarter Forecast Total	Description	Revised Budget (Q3 2023/24)	Quarter 3 2024/25 Provisional Outturn Position				Variance
			Actuals (to Date)	Commitments	Forecast Commitments	Total Annual Forecast	
(£)		(£)	(£)	(£)	(£)	(£)	(£)
12,675,366	Digital Infrastructure	18,051,492	517,262	-	10,658,104	11,175,366	- 6,876,126
14,257,909	Homes as Power Stations	95,774,781	14,162,093	-	66,636,767	80,798,860	- 14,975,921
5,333,832	LS&WB Campuses	5,594,082	362,460	442,386	4,789,236	5,594,082	-
9,126,477	Pembroke Dock Marine	5,683,227	600,396	157,371	4,988,262	5,746,029	- 62,803
42,045,186	Pentre Awel	59,160,051	45,315,909	1,276	-	45,317,186	- 13,842,866
5,310,933	Skills & Talent	9,575,000	557,854	-	4,753,079	5,310,933	- 4,264,067
2,527,994	Supporting Innovation and Low Carbon Growth	43,240,363	540,839	-	1,901,561	2,442,400	- 40,797,963
9,059,578	Swansea Waterfront	14,303,233	9,466,366	-	-	9,466,366	- 4,836,867
-	Yr Egin	4,220,000	-	-	120,000	120,000	- 4,100,000
<b>100,337,275</b>	<b>Total</b>	<b>255,602,228</b>	<b>71,523,179</b>	<b>601,033</b>	<b>93,847,008</b>	<b>165,971,221</b>	<b>- 89,631,007</b>

The slippage in projected Digital Infrastructure spend for 24/25 is due to delays in procurement activity as follows:

- Dark Fibre East contract was awarded at the beginning of the year however, due to negotiation of contract terms / signatory there was a delay in project commencement. This project / spend is now in delivery.
- Dark Fibre Carmarthenshire procurement was launched in July 2024 and the response period for bids extended to longer than originally profiled due to coinciding with the summer holidays. This tender has now closed, and a provider to be appointed.
- Rural tender has been delayed until the end of October 2024 due to delayed release of data sets to inform the intervention area and establishment of the subsidy scheme. The tender went live at the end of October 2024.

#### Homes As Power Stations

The project overachieved its public sector contribution in 2023/24 due to the successful application to the UKRI, Innovate UK and AHRC (Arts & Humanities Council), offsetting the £9m underspend in 2024/25. The £6m underspend in the City Deal grant element has been allocated to schemes which be claimed in the following financial year once construction / retrofitting has been completed.

#### Pentre Awel

As a consequence of the extended construction programme for Zone 1 (Canolfan) and ongoing scoping/planning of assisted living and wellness hotel, there has been an adjustment as to when CCC proposes to bring forward these future phases of development. Due to this re-sequencing, private sector contributions are now reflected in later years.

#### Skills & Talent

The Skills and Talent project is demonstrating slippage in delivery within the year, with 4 university projects that have been running for over a year not claiming, this accounts for over £1m of the City Deal grant funding along with £1m of the public sector contributions. The project has currently awarded funding to 24 successful school, further and higher education pilot projects. Skills and Talent have 8 potential applications, one of which is for £2.75m grant funding, it is projected that this application will also bring in some public sector funding.

#### Supporting Innovation and Low Carbon Growth

The projects within the SILCG programme are at various stages of delivery. There is a variance in profiled spend due to several reasons, including:

## SWITCH

There has been an increase in construction costs and the need to review cost plans, however the project is now progressing to RIBA 4 stage and PAC / Planning is due to be submitted in Q3/Q4 2024/25.

## AMPF

Land negotiations continue in parallel with developing the scope of the facility and delivery model options. Project will progress to procurement stage during Q4 2024/25.

## Swansea Waterfront

The underspend against budget is due to the short delay in digital village completion (71 / 72 Kingsway), however this will be reprofiled as the majority of spend is expected to be used by the end of March 2025.

## Yr Egin

The annual forecast has been slipped into 2025/26 with the projecting intending to go through a change control process.

A comparison between the Investment Forecasts of Quarter 2 and Quarter 3 2024/25 shows that the annual investment forecast has increased by £65.5m.

Programme	Q2 2024/25				Q3 2024/25				Variance Q3 2024/25 / Q2 2024/25			
	City Deal (£)	Public Sector (£)	Private Sector (£)	Total (£)	City Deal (£)	Public Sector (£)	Private Sector (£)	Total (£)	City Deal (£)	Public Sector (£)	Private Sector (£)	Total (£)
Digital Infrastructure	3,975,366	3,700,000	5,000,000	12,675,366	2,475,366	3,700,000	5,000,000	11,175,366	-1,500,000	-	-	-1,500,000
Homes as Power Stations	572,965	8,046,198	5,638,746	14,257,909	477,149	11,046,198	69,275,513	80,798,860	-95,816	3,000,000	63,636,767	66,540,951
LS&WB Campuses	5,190,000	-	143,832	5,333,832	5,190,000	-	404,082	5,594,082	-	-	260,249	260,249
Pembroke Dock Marine	5,110,211	96,816	3,919,450	9,126,477	4,887,266	96,816	761,947	5,746,029	-222,945	-	3,157,503	3,380,448
Pentre Awel	-	42,045,186	-	42,045,186	-	45,317,186	-	45,317,186	-	3,271,999	-	3,271,999
Skills & Talent	2,310,933	1,000,000	2,000,000	5,310,933	2,310,933	1,000,000	2,000,000	5,310,933	0	-	-	0
Supporting Innovation and Low Carbon Growth	1,363,411	-	1,164,583	2,527,994	1,231,716	46,101	1,164,583	2,442,400	-131,695	46,101	-	85,594
Swansea Waterfront	-	9,059,578	-	9,059,578	-	9,466,366	-	9,466,366	-	406,788	-	406,788
Yr Egin	-	-	-	-	-	-	120,000	120,000	-	-	120,000	120,000
<b>Total</b>	<b>18,522,886</b>	<b>63,947,778</b>	<b>17,866,612</b>	<b>100,337,275</b>	<b>16,572,429</b>	<b>70,672,667</b>	<b>78,726,125</b>	<b>165,971,221</b>	<b>-1,950,456</b>	<b>6,724,888</b>	<b>60,859,513</b>	<b>65,633,945</b>

## Digital Infrastructure

Due to delays in the procurement and commencement of the Dark Fibre it is anticipated that a small element of the City Deal grant expenditure will be slipped into the following financial year.

## Homes as Power Stations

The private sector contribution from the RSL has been quantified in Q3 resulting in the £63.6m being confirmed this quarter.

## Pembroke Dock Marine

PDM reduced its anticipated in year private sector investment by £3.2m, the majority of this due to having identified that the previously used figure related to 2023/24.

## Pentre Awel

As a consequence of the extended construction programme for Zone 1 (Canolfan) there is an anticipated additional public sector requirement of £3.3m in this financial year.

### 3.3. Capital and Revenue Apportionment

There is currently an estimated revenue requirement of £60.05m (4.55%) to deliver the city deal projects. This will be supported through the use of the Local Authorities flexible capital receipts directive, and alternative public and private sector commitment. The revenue requirement demonstrates a small change compared with the prior period (Quarter 2 2024/25 - £61.48m), this is as a result of some small fluctuation across several projects.

**Capital/Revenue Summary (Estimated)**

Prior Quarter (Quarter 2 2024/25) Portfolio Forecasted Total (£m)	Investment Component	Capital Forecast (£m)	Revenue Forecast (£m)	Total Forecast (£m)	Revenue Proportion
241.00	City Deal	223.52	17.48	241.00	7.25%
398.16	Public	381.22	29.13	410.35	7.10%
711.24	Private	655.95	13.45	669.40	2.01%
<b>1,350.40</b>	<b>Grand Total</b>	<b>1,260.69</b>	<b>60.05</b>	<b>1,320.74</b>	<b>4.55%</b>

### 4. Financial Implications

- 4.1 The forecasted Joint Committee Quarter 3 out-turn position (as at 31<sup>st</sup> December 2024) indicates a deficit of £451k, which will be supported by the Swansea Bay City Deal ring-fenced reserve at the year end. Expenditure is forecasted at £3,699.6k, which is offset by the ‘Top Slice’ of dispersed Government grants of £249k and estimated interest derived from cash balances £3,000k.
- 4.2 The business cases of all nine SBCD Portfolio programmes and projects have now been formally approved and a revised budget was compiled in Quarter 3 2023-24 for the portfolio demonstrating £1.281billion. The estimated portfolio forecasted investment position (as at 31<sup>st</sup> December 2024) demonstrates over investment against the revised budget of £40m. Currently the portfolio is presenting a total investment over the fifteen-year life span of the Swansea Bay City Region Deal of £1.321billion. This is subject to fluctuation over the life span of the project and will continue to be monitored quarterly through financial templates and through the Portfolio risk register.

### 5. Legal Implications


- 5.1 There are no legal implications associated with this report.

**Background Papers:** None

**Appendices:**

Appendix A – Provisional Quarter 3 Outturn Position Financial Year 2024/25

## Appendix A

		<b>Joint Committee - Provisional Quarter 3 Outturn Position Financial Year 2024/25</b>		
<i>as at 31st December 2024</i>				
Description	Actuals 2023/24	Budget 2024/25	Forecast Outturn 2024/25	Variance
	£	£	£	£
<b>Expenditure</b>				
<b><u>Programme Management Office</u></b>				
Salary (Inc. On-costs)	471,718	603,385	431,170	- 172,215
Training of Staff	-	28,558	3,000	- 25,558
Rents (The Beacon)	14,889	17,344	15,336	- 2,008
Rates (The Beacon)	7,624	7,659	7,852	193
Public Transport - Staff	-	2,240	-	- 2,240
Staff Travelling Expenses	1,802	17,919	2,000	- 15,919
Admin, Office & Operational Consumables	174	2,800	500	- 2,300
Furniture	-	1,098	1,000	- 98
Fees	15,130	27,998	1,000	- 26,998
ICTs & Computer Hardware	1,084	2,745	4,000	1,255
Subsistence & Meetings Expenses	445	8,960	500	- 8,460
Conferences, Marketing & Advertising	19,614	83,995	30,000	- 53,995
Projects & Activities Expenditure	-	15,679	-	- 15,679
Translation/Interpret Services	995	11,199	2,000	- 9,199
Printing & Copying	17	5,040	50	- 4,990
<b>Programme Management Office Total</b>	<b>533,492</b>	<b>836,619</b>	<b>498,408</b>	<b>- 338,211</b>
<b><u>Accountable Body</u></b>				
Audit Wales- Financial Audit	40,758	27,450	27,278	- 172
Finance support including Section 151 Officer	59,268	60,750	61,046	296
Interest paid Out to Projects	2,769,692	-	3,000,000	3,000,000
<b>Accountable Body Total</b>	<b>2,869,718</b>	<b>88,200</b>	<b>3,088,324</b>	<b>3,000,124</b>
<b><u>Legal and Governance</u></b>				
Monitoring Officer	38,472	39,153	39,626	473
Legal Advisory Fees	-	27,450	-	- 27,450
<b>Legal and Governance Total</b>	<b>38,472</b>	<b>66,603</b>	<b>39,626</b>	<b>- 26,977</b>
<b><u>Joint Committee</u></b>				
Room Hire	-	2,036	-	- 2,036
Subsistence & Meeting Expenses	-	3,763	-	- 3,763
Travel	-	-	-	-
Democratic, Scrutiny and Legal Support Costs	27,935	28,430	28,773	343
<b>Joint Committee Total</b>	<b>27,935</b>	<b>34,229</b>	<b>28,773</b>	<b>- 5,456</b>
<b><u>Joint Scrutiny Committee</u></b>				
Room Hire	-	-	-	-
Subsistence & Meeting Expenses	-	7,548	-	- 7,548
Travel	-	1,344	-	- 1,344
Democratic, Scrutiny and Legal Support Costs	21,115	22,682	21,748	- 934
<b>Joint Scrutiny Committee Total</b>	<b>21,115</b>	<b>31,574</b>	<b>21,748</b>	<b>- 9,826</b>
<b><u>Internal Audit</u></b>				
Audit Support	22,064	22,563	22,726	163
<b>Internal Audit Total</b>	<b>22,064</b>	<b>22,563</b>	<b>22,726</b>	<b>163</b>
<b><u>Provision for Unwinding of PMO</u></b>				
Redundancies	-	37,674	-	- 37,674
<b>Provision for Unwinding Total</b>	<b>-</b>	<b>37,674</b>	<b>-</b>	<b>- 37,674</b>
<b>Total Expenditure</b>	<b>3,512,796</b>	<b>1,117,462</b>	<b>3,699,606</b>	<b>2,582,144</b>
<b><u>Funding Contributions</u></b>				
Balance C/F from previous year	-	-	-	-
SBCD Grant Revenue Contribution	785,198	723,000	248,586	- 474,414
Partner Contributions	-	-	-	-
Interest Income /- contribution from LA'S	2,769,692	-	3,000,000	3,000,000
<b>Total Income</b>	<b>3,554,890</b>	<b>723,000</b>	<b>3,248,586</b>	<b>2,525,586</b>
<b>Provision of Service - Surplus / (Deficit)</b>	<b>42,094</b>	<b>(394,462)</b>	<b>(451,019)</b>	<b>(56,557)</b>
<b><u>Movement to Reserves</u></b>				
<b>Description</b>			<b>2023/24 £</b>	<b>2024/25 £</b>
Balance Brought Forward from previous year			140,802	182,897
Net Provision of Service - Surplus / (Deficit)			42,095	(451,019)
<b>Balance Carry Forward</b>			<b>182,897</b>	<b>(268,122)</b>