



Swansea Bay City Region Joint Committee – 11 March 2021

## Financial Monitoring Report 2020/21 – Swansea Bay City Deal Forecast Outturn Position

<b>Purpose:</b>	To inform the Joint Committee of the year end forecast outturn position in respect of the Joint Committee and the Portfolio Investment Fund.
<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)	Receive and approve the annual accounts of the Joint Committee and the forecast outturn position of the Portfolio Investment Fund.
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### 1. Introduction

This report details the projected forecast 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. The outturn position demonstrates the forecasted current financial out turn position, as at December 2020.

### 2. JOINT COMMITTEE - Financial Monitoring Report

#### 2.1. Supplementary Information

The outturn position includes 'Top Slice' of Government Grants in terms of income. On receipt of government grants, 1.5% (£723k) of this will be utilised to support the PMO 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.

A detailed breakdown of the Joint Committee financial outturn position is included in Appendix A.

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

The Joint Committee and Accountable Body expenditure forecast is estimated at £153k. This is in respect of democratic support, support of the portfolio monitoring officer and legal fees in respect of the funding agreements. Internal audit expenditure is also forecast, however, this service has not been provided as yet, with a review anticipated in January 2021. 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.

## **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 is estimated at £21k.

## **2.4. Portfolio Management Office**

To the period ended 31<sup>st</sup> March 2021 the expenditure forecast position is £461k. the PoMO is fully staffed consisting of eight employees with no further recruitment planned. During the transition and recruitment period a small amount of service support by CCC has been included.

A minimal amount of expenditure has been incurred with anticipated training expenses £4.5k as a result of better business cases training, rental of office space of £20k, IT hardware and support of £10k and expected marketing costs being incurred towards the latter end of the financial year of £8k including costs in respect of an update to the City Deal website. Central Recharges of £23,713 has been included to contribute to Carmarthenshire County Council as the host Authority's costs for supporting the PoMO. These include payroll, Pensions, Creditors, Debtors, Human Resources support, Information Technology Support, financial systems support, Chief executive administration support and employee support.

As small amount of expenditure has been incurred in relation to evaluation and assurance, this is in respect of Gateway reviews, which has been funded through the provision of an extended grant by Welsh Government.

## **2.5. Provision for Unwinding**

This is an annual provision for the unwinding of the PMO toward the end of its five-year operational requirement.

## **2.6. Income**

Total income for the year demonstrates £1,337m. This consists of grant to support Gateway reviews £14k, partner contributions (£50k per partner) £400k and drawdown of 'Top Slice' of £723k.

## 2.7. Financial Monitoring - Statement of Balances

The prior year (2018/19) balance carried forward in reserve demonstrates £240k. Currently the estimated year end position of the City Deal accounts resides at a surplus of £473k. This results in an anticipated reserve of £713k at year end.

## 3. PORTFOLIO INVESTMENT FUND – Forecast Outturn Position

3.1. The overall estimated investment position is demonstrated at £1,147.42b over the fifteen year life of the portfolio. The original heads of terms that the region signed up too comprised of an investment of £1.274b, and as such currently the City Deal is presenting an underinvestment in the region of £127m (10%). A detailed breakdown of investment is outlined in Appendix B.

Investment Component	Sum of Original HoT Total (£m)	Sum of Total Forecast (£m)	Sum of Variance (£m)	Variance (%)
City Deal	241.00	235.70	- 5.30	-2.20%
Public	395.95	330.34	- 65.61	-16.57%
Private	637.44	581.38	- 56.06	-8.79%
<b>Grand Total</b>	<b>1,274.39</b>	<b>1,147.42</b>	<b>- 126.96</b>	<b>-9.96%</b>

3.2. There is currently an estimated revenue requirement of £73m (6%) to deliver the city deal projects. Which will be supported through the use of the Local Authorities flexible capital receipts directive, and alternative public and private sector commitment.

Investment Component	Capital Forecast (£m)	Revenue Forecast (£m)	Total Forecast (£m)	Revenue Proportion (%)
City Deal	222.70	13.00	235.70	5.52%
Public	291.93	38.41	330.34	11.63%
Private	559.30	22.08	581.38	3.80%
<b>Grand Total</b>	<b>1,073.93</b>	<b>73.49</b>	<b>1,147.42</b>	<b>6.40%</b>

3.3. All City Deal Projects and Programmes have fluctuated and are anticipated to vary over the life of the portfolio compared to the original heads of terms the region entered. At present three projects are demonstrating an estimated variance of over 10%, these are the Life Science and Well Being Campuses project (16%), Pembroke Dock Marine (21%) and Supporting Innovation and Low Carbon Growth Project (63%).

3.4. The current spend is demonstrated at £55m to end of March 2020, with anticipated spend for this current year of £46m. An annual breakdown of actual and forecasted spend is demonstrated below.

<u>Portfolio Term</u>	<u>Financial Year</u>	<u>City Deal Investment</u>	<u>Public Sector Investment</u>	<u>Private Sector Investment</u>	<u>Total</u>
		<u>City Deal Total (£m)</u>	<u>Public Sector Total (£m)</u>	<u>Private Sector Total (£m)</u>	
Year 0	2017/18	3.14	14.13	0.18	17.44
Year 1	2018/19	4.60	1.21	0.37	6.18
Year 2	2019/20	6.58	23.52	0.92	31.02
<b>Year 3</b>	<b>2020/21</b>	<b>7.35</b>	<b>36.93</b>	<b>2.12</b>	<b>46.40</b>
Year 4	2021/22	57.54	52.45	31.10	141.09
Year 5	2022/23	60.75	55.98	85.80	202.52
Year 6	2023/24	59.79	47.17	109.78	216.73
Year 7	2024/25	27.13	41.68	156.05	224.86
Year 8	2025/26	8.83	50.76	174.64	234.23
Year 9	2026/27	-	0.92	10.95	11.87
Year 10	2027/28	-	0.93	2.38	3.31
Year 11	2028/29	-	0.93	1.39	2.33
Year 12	2029/30	-	0.93	1.40	2.34
Year 13	2030/31	-	0.93	1.42	2.35
Year 14	2031/32	-	0.93	1.43	2.36
Year 15	2032/33	-	0.93	1.44	2.38
<b>Total</b>		<b>235.70</b>	<b>330.34</b>	<b>581.38</b>	<b>1,147.42</b>

#### 4. Financial Implications

The forecasted Joint Committee year end out-turn position (as at December 2020) demonstrates a surplus of £473k, which will be transferred to the Swansea Bay City Deal ring-fenced reserve at the year end. Expenditure is forecasted at £665k, which is offset by income through partner contributions of £400k, grant funding of £14k (for Gateway reviews) and the 'top slice' of Government grants.


The estimated portfolio forecasted investment position (as at December 2020) demonstrates a underinvestment of £ 127m (10%). Currently the portfolio is presenting a total investment over the fifteen-year life span of the Swansea Bay City Region Deal of £1.147b, which is less than the original investment the region committed of £1.274b. This is subject to fluctuation over the life span of the project and will be monitored quarterly through financial templates and through the Portfolio risk register.

#### 5. Legal Implications

There are no legal implications associated with this report.

**Appendices:** (These will be included within the report).

Appendix A Joint Committee – Financial Monitoring Report

 <b>Joint Committee - Financial Monitoring Report</b> <b>Financial Year 2020/21</b> <i>as at December 2020</i>				
Description	Actuals 2019/20 (£)	Revised Budget 2020/21 (£)	Forecast Outturn 2020/21 (£)	Variance (£)
<b>Joint Committee and Accountable Body</b>				
Room Hire	-	1,800	-	1,800
Subsistence & Meeting Expenses	150	3,360	-	3,360
Travel	-	-	-	-
Democratic, Scrutiny and Legal Support Costs	-	25,200	20,430	4,770
Democratic Services	-	-	-	-
Monitoring Officer	-	34,705	34,705	-
Legal Advisory Fees	3,173	25,000	1,700	23,300
Internal Audit Support	-	20,000	20,000	-
Staff Recruitment Expenses	147	-	-	-
External Audit Fees	8,809	25,000	22,091	2,909
Section 151 Officer	-	54,244	54,244	-
<b>Joint Committee and Accountable Body Total</b>	<b>12,278</b>	<b>189,309</b>	<b>153,170</b>	<b>36,139</b>
<b>Joint Scrutiny Committee</b>				
Room Hire	-	-	-	-
Subsistence & Meeting Expenses	-	6,740	1,227	5,513
Travel	-	1,200	-	1,200
Democratic, Scrutiny and Legal Support Costs	-	20,105	20,105	-
<b>Joint Scrutiny Committee Total</b>	<b>-</b>	<b>28,045</b>	<b>21,332</b>	<b>6,713</b>
<b>Portfolio Management Office</b>				
Salary (Inc. On-costs)	152,701	379,596	364,413	15,183
Recharges - Employee costs Grant (direct)	60,284	-	10,519	10,519
Staff Recruitment Expenses	3,105	-	-	-
Training of Staff	-	25,500	4,500	21,000
Response Maintenance	-	-	500	500
Rents (The Beacon)	14,889	15,336	14,889	447
Rates (The Beacon)	6,575	6,772	6,688	84
Public Transport - Staff	-	2,000	-	2,000
Staff Travelling Expenses	2,231	16,000	500	15,500
Admin, Office & Operational Consumables	-	2,500	-	2,500
Furniture	-	12,000	-	12,000
Fees	-	25,000	-	25,000
ICTs & Computer Hardware	-	10,000	10,000	-
Subsistence & Meetings Expenses	416	8,000	250	7,750
Conferences, Marketing & Advertising	7,143	50,000	7,810	42,190
Projects & Activities Expenditure	-	14,000	-	14,000
Translation/Interpret Services	-	10,000	1,500	8,500
Printing & Copying	-	4,500	500	4,000
Photocopying Recharge	46	-	-	-
Fees - Evaluation and Assurance	10,400	-	14,850	14,850
Central Recharge	-	-	23,713	23,713
<b>Portfolio Management Office Total</b>	<b>257,789</b>	<b>581,204</b>	<b>460,631</b>	<b>120,572</b>
<b>Provision for Unwinding of PMO</b>				
Redundancies	-	19,684	29,684	10,000
<b>Provision for Unwinding Total</b>	<b>-</b>	<b>19,684</b>	<b>29,684</b>	<b>10,000</b>
<b>Total Expenditure</b>	<b>270,067</b>	<b>818,242</b>	<b>664,817</b>	<b>153,425</b>
<b>Funding Contributions</b>				
Welsh Government - Revenue Grant	(10,400)	0	(14,850)	14,850
SBCD Grant Revenue Contribution	0	(723,000)	(723,000)	-
Partner Contributions	(400,000)	(400,000)	(400,000)	-
<b>Total Income</b>	<b>(410,400)</b>	<b>(1,123,000)</b>	<b>(1,137,850)</b>	<b>14,850</b>
<b>Provision of Service - (Surplus) / Deficit</b>	<b>(140,333)</b>	<b>(304,758)</b>	<b>(473,033)</b>	<b>168,275</b>

<b>Movement to Reserves</b>		
Description	2019/20 (£)	2020/21 (£)
Balance Brought Forward from previous year - (Surplus) / Deficit	(99,871)	(240,204)
Net Provision of Service - (Surplus) / Deficit	(140,333)	(473,033)
<b>Balance Carry Forward - (Surplus) / Deficit</b>	<b>(240,204)</b>	<b>(713,237)</b>