



Swansea Bay City Region Joint Committee – 10th February 2022

Financial Monitoring Report 2020/21 - Forecast Outturn Position Quarter 3

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|------------------------------------|--|
| Purpose: | To provide Joint Committee with an update on the latest financial position of the Swansea Bay City Region. |
| Policy Framework: | Swansea Bay City Deal |
| Consultation: | Accountable Body |
| Recommendation(s): | It is recommended that the Joint Committee: |
| 1) | Review and approve the financial monitoring update report. |
| Report Author: | Chris Moore |
| Finance Officer: | Chris Moore, Section 151 Officer, SBCD |
| Legal Officer: | Tracey Meredith, Monitoring Officer, SBCD |
| Access to Services Officer: | |

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 report summarises the current forecasted financial outturn position, at the year end.

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.

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 £155k. 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 but is scheduled to be undertaken later within the financial year. 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 has been forecasted at £21k.

2.4. Portfolio Management Office (PoMO)

To the period ended 31st March 2022 the expenditure is estimated at £570k. The PoMO staffing cost is estimated at £466k. There is a small variance against budget due to a temporary vacancy and all posts being budgeted at the top of grade.

Training is forecasted at £6k, which included Better Business Case training for regional programme/project managers. Rents and service charges in respect of office space total £23k, fees including consultancy and gateway reviews have been forecast at £10k and conferences, marketing and advertising forecasted at £15k (revised from £45k in

the prior quarter) in respect of the SBCD annual event. Central Recharges of £28k 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, employee support and all necessary insurances.

2.5. Provision for Unwinding

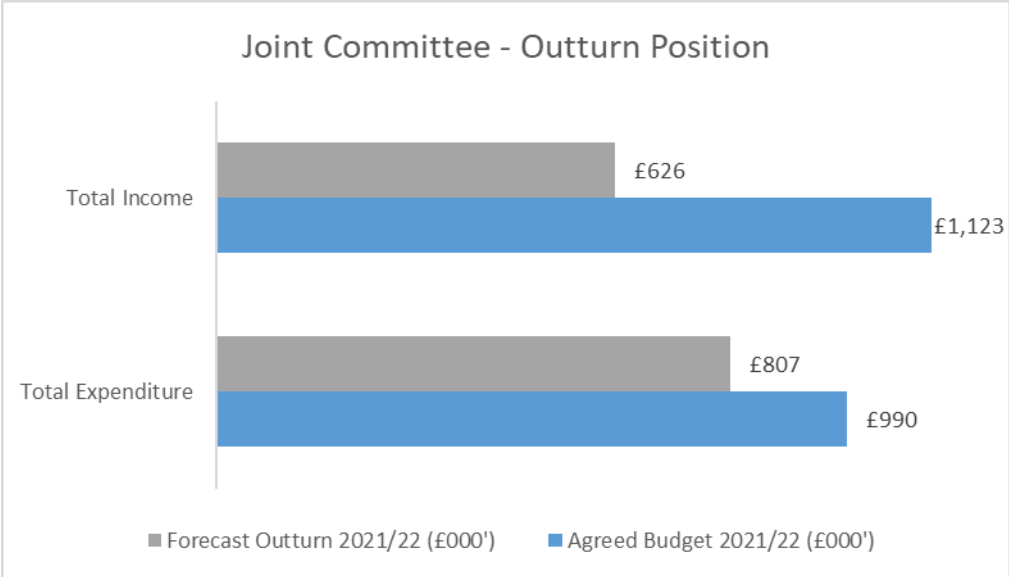
This is an annual provision for the unwinding of the PMO at the end of its five-year operational requirement. Currently the total estimate is £152k, however it is demonstrated as 2/5th (£61k) within the financial monitoring due to an accounting policy treatment.

2.6. Income

Total income for the year demonstrates £626k. This consists of partner contributions (£50k per partner) £400k and anticipated drawdown of 'Top Slice' of £226k from the dispersed grant awards.

2.7. Financial Monitoring - Statement of Balances

The prior year (2020/21) balance carried forward in reserve demonstrates £215k. Currently the estimated year end position of the City Deal accounts demonstrates a deficit of £181k. This is as a result of a timing effect attached to the grant dispersed to projects/programmes within the year. This concludes in an anticipated reserve of £33k at year end.



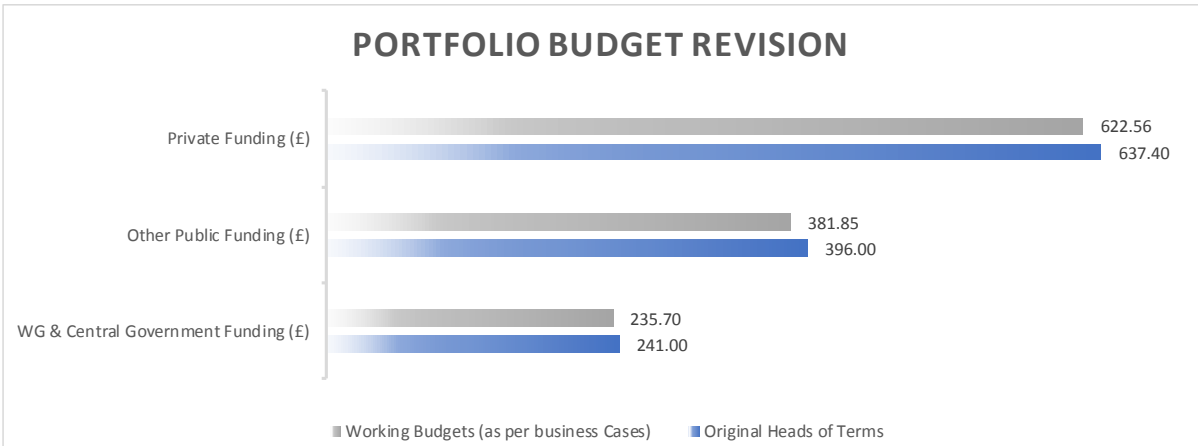
3. PORTFOLIO INVESTMENT FUND – Forecast Outturn Position

Revised Budget

The Swansea Bay City deal was incorporated on 20th March 2017 by the then Prime Minister Theresa May demonstrating an anticipated investment of £1.274billion. The business cases of all nine SBCD Portfolio programmes and projects have now been formally approved by both UK and Welsh Government. Business cases have been reviewed and a revised budget has been compiled demonstrating an approved working budget for the portfolio of £1.24billion.

The City Deal Grant award is demonstrating an under allocation of £5.3million within the portfolio. This is currently under review to establish practical utilisation.

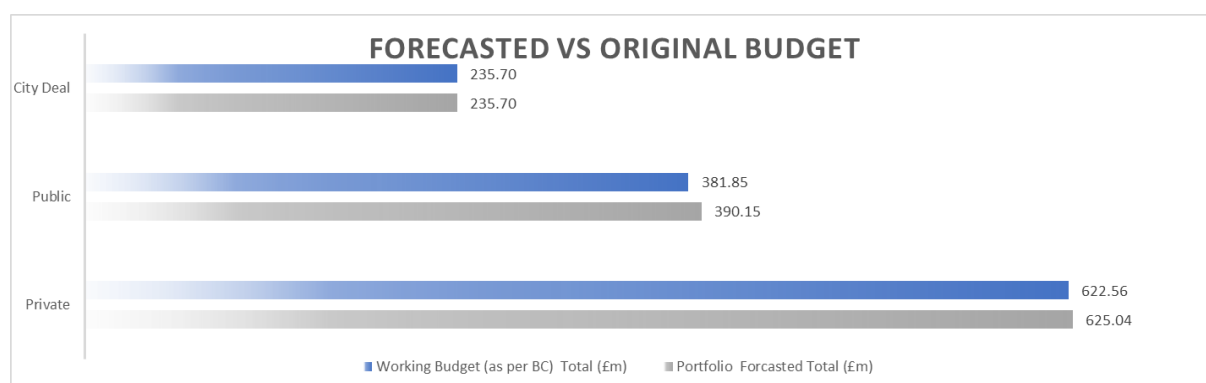
| Description | WG & Central Government Funding (£) | Other Public Funding (£) | Private Funding (£) | Total (£) |
|---|-------------------------------------|--------------------------|---------------------|-----------------|
| Original Heads of Terms | 241.00 | 396.00 | 637.40 | 1,274.40 |
| Working Budgets (as per business Cases) | 235.70 | 381.85 | 622.56 | 1,240.11 |
| Variance | - 5.30 | - 14.15 | - 14.84 | - 34.29 |



Portfolio Investment Outturn Position

The overall estimated investment position is demonstrated at £1.251bn (Quarter 2 2021/22 - £1.249b) over the fifteen-year life of the portfolio. The revised budget (as outlined within programme/project business cases) comprised of a total investment of £1.240b, currently the City Deal is presenting investment exceeding this of £11m (Quarter 2 2021/22 - £1.249b). Investment in the region has increased due to the further investment in the Swansea Waterfront project, incorporating additional WEFO funding of £500k, and a small increase on the Pentre Awel Project. A detailed breakdown of investment is outlined in Appendix B.

| Investment Component | Working Budget (as per BC) Total (£m) | Portfolio Forecasted Total (£m) | Variance (£m) | Variance |
|----------------------|---------------------------------------|---------------------------------|---------------|--------------|
| City Deal | 235.70 | 235.70 | 0.00 | 0.00% |
| Public | 381.85 | 390.15 | 8.30 | 2.17% |
| Private | 622.56 | 625.04 | 2.48 | 0.40% |
| Grand Total | 1,240.11 | 1,250.89 | 10.78 | 0.87% |



| Programme | City Deal Investment (£m) | Public Sector Investment (£m) | Private Sector Investment (£m) | Programme Total (£m) | Working Budget Total (£m) | Sum of Variance (£m) | Sum of Variance (%) |
|---|---------------------------|-------------------------------|--------------------------------|----------------------|---------------------------|----------------------|---------------------|
| Digital Infrastructure | 25.00 | 13.80 | 16.50 | 55.30 | 55.30 | 0.00 | 0.00% |
| Homes as Power Stations | 15.00 | 114.60 | 375.90 | 505.50 | 505.50 | - | 0.00% |
| LS&WB Campuses | 15.00 | 58.01 | 57.43 | 130.44 | 130.43 | 0.01 | 0.01% |
| Pembroke Dock Marine | 28.00 | 16.41 | 16.12 | 60.53 | 60.47 | 0.06 | 0.10% |
| Pentre Awel | 40.00 | 52.30 | 108.19 | 200.48 | 199.19 | 1.30 | 0.65% |
| Skills & Talent | 10.00 | 16.00 | 4.00 | 30.00 | 30.00 | - | 0.00% |
| Supporting Innovation and Low Carbon Growth | 47.70 | 5.50 | 5.50 | 58.70 | 58.70 | - | 0.00% |
| Swansea Waterfront | 50.00 | 94.87 | 39.90 | 184.77 | 175.35 | 9.41 | 5.37% |
| Yr Egin | 5.00 | 18.67 | 1.50 | 25.17 | 25.17 | - | 0.00% |
| Grand Total | 235.70 | 390.15 | 625.04 | 1,250.89 | 1,240.11 | 10.78 | 0.87% |

Annual Investment Forecast 2021/22

The current investment is demonstrated at estimated £51m (Quarter 2 2021/22 - £51m) to end of March 2022. The PDM project is continuing to review spend profiles on their public and private sector investment which could potentially affect the current year forecast.

| Annual Portfolio Investment Summary 2021/22 (Estimated) | | | | |
|--|----------------------------------|----------------------------|-------------------------------------|----------------------|
| Description | Actuals (to Date) (£) | Commitments (£) | Forecast Commitments (£) | Total (£) |
| <u>City Deal Investment</u> | | | | |
| Capital | 12,260,803 | - | 9,612,748 | 21,873,551 |
| Revenue Expenditure (where capital receipts directive applied) | 228,166 | - | 729,107 | 957,274 |
| City Deal Total | 12,488,969 | - | 10,341,855 | 22,830,825 |
| <u>Public Sector Investment</u> | | | | |
| Capital | 15,597,989 | - | 6,433,636 | 22,031,625 |
| Revenue | - | - | 2,023,960 | 2,023,960 |
| Public Sector Total | 15,597,989 | - | 8,457,596 | 24,055,585 |
| <u>Private Sector Investment</u> | | | | |
| Capital | - | - | 3,727,090 | 3,727,090 |
| Revenue | - | - | 494,216 | 494,216 |
| Private Sector Total | - | - | 4,221,306 | 4,221,306 |
| <u>Project Total</u> | | | | |
| Capital | 27,858,792 | - | 19,773,474 | 47,632,266 |
| Revenue | 228,166 | - | 3,247,283 | 3,475,449 |
| Project Total | 28,086,958 | - | 22,617,757 | 50,704,715 |

| Annual Programme Investment Breakdown 2021/22 (Estimated) | | | | |
|--|----------------------------------|----------------------------|-------------------------------------|----------------------|
| Description | Actuals (to Date) (£) | Commitments (£) | Forecast Commitments (£) | Total (£) |
| Digital Infrastructure | 85,777 | - | 99,286 | 185,063 |
| Homes as Power Stations | - | - | 50,000 | 50,000 |
| LS&WB Campuses | - | - | 347,000 | 347,000 |
| Pembroke Dock Marine | 849,015 | - | 10,528,507 | 11,377,522 |
| Pentre Awel | 110,325 | - | 786,314 | 896,639 |
| Skills & Talent | 25,852 | - | 148,038 | 173,890 |
| Supporting Innovation and Low Carbon Growth | - | - | 7,251,000 | 7,251,000 |
| Swansea Waterfront | 27,015,989 | - | 3,407,612 | 30,423,601 |
| Yr Egin | - | - | - | - |
| Total | 28,086,958 | - | 22,617,757 | 50,704,715 |

4. Financial Implications

The forecasted Joint Committee year end out-turn position (as at 31st December 2022) indicates a deficit of £181k, which will be supported by the Swansea Bay City Deal ring-fenced reserve at the year end. Expenditure is forecasted at £807k, which is offset by income through partner contributions of £400k and the 'Top Slice' of dispersed Government grants. The deficit is as a result of a timing effect attached to the grant dispersed to projects/programmes within the year.

The business cases of all nine SBCD Portfolio programmes and projects have now been formally approved, a working revised budget has been compiled for the portfolio demonstrating £1.240billion. The estimated portfolio forecasted investment position (as at 31st December 2021) demonstrates investment exceeding the revised budget by £11m. Currently the portfolio is presenting a total investment over the fifteen-year life span of the Swansea Bay City Region Deal of £1.251bn. 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.

A detailed breakdown of investment is outlined in Appendix B.

4. Legal Implications

There are no legal implications associated with this report.

Appendices: These will be included within the report.

Appendix A Joint Committee Outturn Position – Quarter 3

Joint Committee - Outturn Position

Financial Year 2021/22

as at 31st December 2021

| Description | Actuals 2020/21 (£) | Revised Budget 2020/21 (£) | Forecast Outturn 2021/22 (£) | Variance (£) |
|---|------------------------|-------------------------------|---------------------------------|------------------|
| Joint Committee and Accountable Body | | | | |
| Room Hire | - | 1,854 | - | 1,854 |
| Subsistence & Meeting Expenses | - | 3,427 | - | 3,427 |
| Democratic Services - CCS | 20,430 | 25,893 | 25,893 | 0 |
| Monitoring Officer & Legal Services | 34,705 | 35,659 | 35,659 | 0 |
| External Legal Advisory Fees | 495 | 25,000 | - | 25,000 |
| Internal Audit Support | 20,000 | 20,550 | 19,462 | 1,088 |
| Staff Recruitment Expenses | - | - | - | 0 |
| External Audit Fees | 11,993 | 25,000 | 19,000 | 6,000 |
| Section 151 Officer | 54,244 | 55,329 | 55,329 | 0 |
| Joint Committee and Accountable Body Total | 141,867 | 192,713 | 155,343 | 37,369 |
| Joint Scrutiny Committee | | | | |
| Subsistence & Meeting Expenses | - | 6,875 | - | 6,875 |
| Travel | - | 1,224 | - | 1,224 |
| Democratic Services - NPT | 21,332 | 20,658 | 21,332 | (674) |
| Joint Scrutiny Committee Total | 21,332 | 28,757 | 21,332 | 7,425 |
| Portfolio Management Office | | | | |
| Salary (Inc. On-costs) | 366,284 | 536,759 | 466,380 | 70,379 |
| Recharges - Employee costs Grant (direct) | 5,259 | - | - | 0 |
| Staff Recruitment Expenses | - | - | - | 0 |
| Training of Staff | - | 26,010 | 6,000 | 20,010 |
| Response Maintenance | - | - | - | 0 |
| Electricity | - | - | - | 0 |
| Gas | - | - | - | 0 |
| Rents (The Beacon) | 14,889 | 15,796 | 15,796 | 0 |
| Rates (The Beacon) | 6,688 | 6,975 | 6,688 | 287 |
| Public Transport - Staff | - | 2,040 | - | 2,040 |
| Staff Travelling Expenses | - | 16,320 | 1,000 | 15,320 |
| Admin, Office & Operational Consumables | 269 | 2,550 | 600 | 1,950 |
| Furniture | - | 1,000 | 1,000 | 0 |
| Fees (including Gateway Reviews) | 4,712 | 25,500 | 10,000 | 15,500 |
| ICT Computer Hardware & Software | - | 2,500 | 7,000 | (4,500) |
| Subsistence & Meetings Expenses | - | 8,160 | 500 | 7,660 |
| Conferences, Marketing & Advertising | 1,200 | 76,500 | 15,000 | 61,500 |
| Projects & Activities Expenditure | 32,465 | 14,280 | - | 14,280 |
| Translation/Interpret Services | 2,444 | 10,200 | 9,000 | 1,200 |
| Printing & Copying | 130 | 4,590 | 2,295 | 2,295 |
| Photocopying Recharge | - | - | - | 0 |
| Fees - Evaluation and Assurance | 14,850 | - | - | 0 |
| Central Recharge | 28,365 | - | 28,365 | (28,365) |
| Portfolio Management Office Total | 477,554 | 749,180 | 569,624 | 179,556 |
| Provision for Unwinding of PMO | | | | |
| Redundancies | - | 19,684 | 60,957 | (41,273) |
| Provision for Unwinding Total | - | 19,684 | 60,957 | (41,273) |
| Total Expenditure | 640,752 | 990,334 | 807,256 | 183,078 |
| Funding Contributions | | | | |
| Welsh Government - Revenue Grant | (14,850) | 0 | 0 | 0 |
| SBCD Grant Revenue Contribution | (168,050) | (723,000) | (225,694) | (497,306) |
| Partner Contributions | (400,000) | (400,000) | (400,000) | 0 |
| Total Income | (582,900) | (1,123,000) | (625,694) | (497,306) |
| Provision of Service - (Surplus) / Deficit | 57,852 | (132,666) | 181,562 | (314,228) |

| Movement to Reserves | | |
|--|------------------|-----------------|
| Description | 2020/21 (£) | 2021/22 (£) |
| Balance Brought Forward from previous year - (Surplus) / Deficit | (272,668) | (214,816) |
| Net Provision of Service - (Surplus) / Deficit | 57,852 | 181,562 |
| Balance Carry Forward - (Surplus) / Deficit | (214,816) | (33,254) |