

Neath Port Talbot County Borough Council
Cyngor Bwrdeistref Sirol Castell-nedd

Democratic Services
Gwasanaethau Democrataidd

Chief Executive: Steven Phillips

Date: 23 October 2019

Dear Member,

SWANSEA BAY CITY REGION JOINT SCRUTINY COMMITTEE -
MONDAY, 28TH OCTOBER, 2019

Please find attached the following reports (marked as to follow on the original agenda) for consideration at the next meeting of the **Swansea Bay City Region Joint Scrutiny Committee - Monday, 28th October, 2019.**

Item

6. **Update from the Section 151 Officer (Pages 3 - 8)**

- Financial Monitoring

7. **Programme Monitoring (Pages 9 - 12)**

- Risk Register

Yours sincerely
p.p Chief Executive

SWANSEA BAY CITY REGION JOINT SCRUTINY COMMITTEE

DATE 28th October 2019

Financial Monitoring

RECOMMENDATIONS/KEY DECISIONS

The Joint Scrutiny Committee review the annual accounts of the Swansea Bay City Deal.

REASONS

In response to an invitation from the Joint Scrutiny Committee to provide an overview of the year end outturn position in respect of the PMO, Accountable Body and Joint Committee administration functions.

Introduction

This report details the projected outturn position of the Programme Management Office, Accountable Body and Joint Committee functions of the City Deal Programme.

The Financial Monitoring Report presents the City Deal Accounts in a detailed format, in line with the Carmarthenshire County Council's financial management system. The outturn position demonstrates the forecasted current financial year end position, as at August 2019.



2. Financial Monitoring Report – Income and Expenditure

2.1. Supplementary Information

2.1.1. The outturn position excludes any top slice of Government Grants in terms of income. Any contribution from Government grants received within the financial year will be transferred to a ring-fenced reserve at year end, for utilisation in future years.

2.1.2. On receipt of government grants, 1.5% (£723k) of this will be utilised to support the PMO and the direct administration functions of the Programme. There is no requirement to call on this additional contribution by the end of this financial year. Consideration will be required as to whether the additional contribution within this financial year is to be used in another manner, or distributed back to projects.

2.1.3. The Programme Director has an assumed commencement date of 01st January 2020, therefore only salary expenditure in respect of one quarter (quarter 4 2019/20) has been included within the accounts.

2.1.4. An annual interim budget was agreed (JC - 30th July 2019) for the current financial year (2019/20). Included within is an agreement between the four Local Authority partners to individually absorb indirect costs associated with the provision of key allocated functions, thus bequeathing a benefit to the programme in respect of reduced centralised costs of £792k. These indirect costs have been omitted for the full year (*Appendix 2*).



2.2. Programme Management Office

To the period ended 31st March 2019 the expenditure forecast position is £274k. At present the PMO is not fully staffed, only two positions have been appointed into, with further support being provided by staff employed by CCC. Direct staffing costs are estimated at £118k (including one quarter of a programme director) with recharges in relation to CCC support staff being estimated at £105k. Other costs include office rental of £22k, Projects and Activities £5k and fees £10k.

2.3. Accountable Body

The Accountable Body yearend position is estimated at £69k. This is attributable to one staff member and the annual external audit fee. This has increased from 2018/19 due to the requirement (if grant received) to produce a full set of financial statements.

2.4. Joint Committee

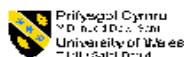
The Joint Committee expenditure forecast relates solely to legal fees in respect of amendments to the JCA and funding agreements. This has been estimated at £25k.

2.5. Joint Scrutiny Committee

No costs have been incurred in respect of the Joint Scrutiny Committee, as this will be funded as a benefit in kind by Neath Port Talbot County Borough Council.

2.6. Income

Total income for the year demonstrates £350k. This is solely from partner contributions (£50k per partner). One Co-opt partner's contribution has been omitted with clarification sought as to their position within the City Deal programme.



3. Financial Monitoring - Statement of Balances

- 3.1. The prior year (2018/19) balance carried forward in reserve demonstrates £100k. Currently the estimated year end position of the City Deal accounts resides at a deficit of £19k, this will be offset via the City Deal reserve at year end, taking the total reserve figure to £80k.
- 3.2. Debtor amounts represent the contributions outstanding from partners to the programme. As at the 6th October 2019 the outstanding balances amount to £75k.

Appendices: These will be included within the report.
Appendix A Swansea Bay City Deal – Financial Monitoring Report 2019/20
Appendix B Breakdown of Benefit in Kind

OFFICER CONTACT


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		Swansea Bay City Deal Financial Monitoring Report For the period ended 31st March 2020		
Description	Actuals 2018/19 £	Interim Budget* 2019/20 £	Forecast 2019/20 £	Variance 2019/20 £
Programme Management Office				
Pay - NJC	65,284	350,696	118,002	232,694
Recharges - Employee costs Grant (direct)	182,617	-	106,238	(106,238)
National Insurance	6,878	36,483	3,416	33,067
Superannuation	11,621	62,424	5,749	56,675
Apprentice Levy	326	-	160	(160)
Training of Staff	-	15,000	-	15,000
Rents General	13,648	15,450	15,450	0
National Non Domestic Rates	-	-	6,575	(6,575)
Electricity	-	2,472	-	2,472
Gas	-	618	-	618
Response Maintenance	630	500	-	500
Public Transport - Staff	21	1,800	-	1,800
Staff Travelling Expenses	1,575	17,820	2,536	15,284
Admin, Office & Operational Consumables	16,738	1,000	-	1,000
Printing & Copying	-	1,000	200	800
Fees (Monitoring & Evaluation)	-	10,000	10,000	0
Translation/Interpret Services	819	10,000	-	10,000
ICTs & Computer Hardware	-	10,000	-	10,000
Subsistence & Meetings Expenses	717	1,000	213	787
Promotions, Marketing & Advertising	47,404	100,000	1,592	98,408
Projects & Activities Expenditure	-	60,000	5,000	55,000
Photocopying Recharge	77	-	57	(57)
Furniture	-	10,500	-	10,500
Total Programme Management Office Expenditure	348,355	706,763	275,188	431,575
Accountable Body				
Pay - NJC	-	77,471	40,832	36,639
Recharges - Employee costs Grant (direct)	100,349	-	-	0
National Insurance	-	8,309	1,216	7,093
Superannuation	-	13,790	2,103	11,687
Apprentice Levy	-	-	58	(58)
Staff Recruitment Expenses	597	-	-	0
Audit Fee (Wales Audit Office)	10,000	25,000	25,000	0
Total Accountable Body Expenditure	110,946	124,570	69,209	55,361
Joint Committee				
Admin, Office & Operational Consumables	-	-	-	0
Legal Fees	3,671	25,000	25,000	0
Subsistence & Meetings Expenses	726	-	-	0
Total Joint Committee Expenditure	4,397	25,000	25,000	0
Joint Scrutiny Committee				
Subsistence & Meetings Expenses	7,611	-	-	0
Total Joint Scrutiny Committee Expenditure	7,611	-	-	0
Total Expenditure	471,308	856,333	369,397	486,936
Funding Contributions				
SBCD Programme Contribution (top slice 1.5%)**	-	723,000	-	(723,000)
Government Grants - WAG	57,632	-	-	0
Partner Contributions (LA & Co-Opt)	400,000	400,000	350,000	(50,000)
Total Income	457,632	1,123,000	350,000	(773,000)
Net Annual Total - Surplus/(Deficit)	(13,676)	266,667	(19,397)	(286,064)

*As agreed by Joint Committee - 30th July 2019.

**Omitted 'Top Slice' element due to no grant being received to date.

Movement to Reserves		
Description	2018/19	2019/20
Balance Brought Forward from previous year	113,547	99,871
Appropriation/Contribution To Ring-fenced City Deal Reserve	(13,676)	(19,397)
Balance Carry Forward	99,871	80,474



Breakdown of Benefit in Kind

	2019/20	2020/21	2021/22	2022/23	Total
<u>Carmarthenshire</u>					
Finance Services Support (Section 151 Officer)	54,244	54,244	54,244	54,244	216,976
Total	54,244	54,244	54,244	54,244	216,976
<u>Pembrokeshire</u>					
Audit Support Function (Internal Audit Fees)	15,000	15,000	15,000	15,000	60,000
Total	15,000	15,000	15,000	15,000	60,000
<u>Swansea</u>					
Legal and Democratic Support (inclusive of Monitoring Officer)	103,849	103,849	103,849	103,849	415,398
Total	103,849	103,849	103,849	103,849	415,398
<u>Neath Port Talbot</u>					
<u>Joint Committee</u>					
Room Hire	1,890	1,890	1,890	1,890	7,560
Meeting Expenses	1,200	1,200	1,200	1,200	4,800
Travel	1,800	1,800	1,800	1,800	7,200
Joint Scrutny	20,000	20,000	20,000	20,000	80,000
Total	24,890	24,890	24,890	24,890	99,560
Total Absorbed Cost	197,984	197,984	197,984	197,984	791,934

SWANSEA BAY CITY REGION JOINT SCRUTINY COMMITTEE

DATE 28th October 2019

Programme Monitoring

RECOMMENDATIONS/KEY DECISIONS

For Members of the Joint Scrutiny Committee to note and scrutinise the Action Plan, Project Issue Log and Risk Register that are contained within the report.

The implementation plan remains unchanged from the previous version, received at the last meeting. This is attached for Members information.

REASONS

In the last meeting of the Joint Scrutiny Committee, Members requested that the Action Plan, Implementation Plan and Risk Register be a standing item on the agenda to ensure that the progress is monitored.

BACKGROUND

Following the independent and internal reviews, an action plan was developed to take forward the review recommendations. The attached action plan provides an update on progress being made against each of the recommendations.

The recommendations detailed within the action plan have emphasised the need for an implementation plan which forms the basis for monitoring the delivery of the Swansea Bay City Deal



Programme and a risk register which details the risks associated with the delivery of the Programme. These documents have been attached to provide the Scrutiny Committee with the opportunity to scrutinise the delivery of the programme.

OFFICER CONTACT

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Summary - Immediate Risks

This summary details the risks which pose the most pressing potential challenges to delivery of the City Deal Programme. The summary provides a snapshot in time. Full details of all programme risks are detailed in the individual tabs and should be considered alongside this summary

Risk Group	Risk Description	Category	Owner	Potential Consequence	Inherent Probability	Inherent Impact	Inherent Rank	Latest Review Date	Latest Update/Control of Actions	Current Probability	Current Impact	Current Rank
Developmental	Delay in approval of JCA	C6 C14	All	Unable to formally establish governance structures. Unable to draw down city deal funding. Unable to sign off project business cases. Risk of withdrawal of local authority / other partner from City Deal (see risks below)	3	5		21.10.19	Further to the findings and recommendations of the two SBCD reviews changes to the JCA have been made. The revised JCA has been considered and approved by all four Authorities. The revised JCA must also be agreed by both Governments which may delay the process.	3	2	
Implementation	Slippage in delivery of programme	C6 C14	JC	City Deal doesn't achieve the outcomes intended within the timescales agreed. Borrowing and recouperation does not accurately reflect spend	4	4		21.10.19	Both independent and internal reviews have been completed and action plan agreed to take forward the recommendations which has been accepted by SBCD Joint Committee. Implementation of the recommendations will require changes to existing procedures and may result in delays in programme delivery and project approvals for tranche two projects if these cannot be achieved quickly. Both Governments have confirmed that no project approvals, beyond those for Yr Egin and Digital District, will be granted until the Actica review recommendations have been implemented. Recruitment process for the appointment of the Programme Director is well underway and a Joint appointments panel has been established. The revised JCA has been approved by all four Authorities. The appointments process for the recruitment of specialist advisors to the ESB is also well underway.	3	2	
	Business case is not approved / project falls	C3 C11	RPAL / Delivery Lead	Project unable to proceed	3	5		01.July.19	Further to findings of the SBCD reviews a number of projects have been reviewed and substituted for an alternative scheme. This reflects recommendations of the SBCD reviews to increase flexibility of the programme. In addition outstanding issues around the funding package pose a threat to the Pembroke Dock Marine project in particular and if this continues to be unresolved the project may not be able to meet the required start date of their match funders. This may result in the project being unable to deliver certain elements as planned / at all. Control actions are as previous update.	3	4	
	Change in project scope pre-business case approval	C11 C6	Delivery lead	Project no longer requires same amount of funding. Project no longer achieves the necessary outcomes required for City Deal funding. Project is not approved and therefore unable to proceed / proceed as planned.	4	4		21.10.19	Change in scope of the Pembroke Dock Marine project has been approved by Joint Committee. Further to findings of the SBCD reviews some projects have been reviewed. This reflects recommendations of the SBCD reviews to increase flexibility of the programme. Any changes in scope will following the agreed review process as detailed in the JCA. Control actions are as per previous update.	3	4	
	Delay in development of business plans	C11 C14	RPAL / Delivery Lead	Delay in project start. Depending on critical timescale could impact projects ability to deliver proposed outcomes. Potential knock on affect for other projects ability to deliver and achieve outcomes.	5	3		21.10.19	Two projects have been formally approved - Swansea Waterfront and Yr Egin subject to terms and conditions being received by Governments. A second tranche of projects are currently being progressed. In addition it has been agreed with both Governments that an independent peer review be undertaken at a regional level prior to formal submission of business cases to Governments. This will provide a quicker and more effective process for all parties going forward which should reduce time required to develop business cases to an appropriate standard.	3	3	
	Delay in approval of business plans	C11	PAL / RO / JC / Govs	Delay in project start. Depending on critical timescale could impact projects ability to deliver proposed outcomes. Potential knock on affect for other projects ability to deliver and achieve outcomes.	3	4		21.10.19	Further to findings of the SBCD reviews changes are required to the processes by which business cases are approved. Whilst this will not delay approval of tranche 1 projects it could potentially have an impact on the approval of future tranches of projects.	3	3	
Financial	Failure to agree NNDR (rates retention) flexibility	C3	Accountable Body	Local authorities unable to borrow required for projects	4	5		21.10.19	In-principle letter received from Cabinet Secretary stating intention to initiate arrangements to allow the region to retain 50% of the additional net yield in non-domestic rates generated by the 11 projects. Section 151 officers working up a proposal, so the mechanics and allocation is acceptable to all.	3	3	

Timeframe for end of current EU funding programmes	C3	All	Unable to deliver full funding package at both project and programme level.	3	3		21.10.19	Completion date for EU funded projects mid 2023 at the latest with all expenditure to be paid out by this date. This increases pressure to begin delivery of EU funded projects including those under the City Deal. Without City Deal sign off this may not be possible. Therefore timely approval of relevant projects i.e. Pembroke Dock Marine and Supporting Innovation and Low Carbon Growth projects is essential to mitigating this risk.	3	4	
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