

SWANSEA BAY CITY REGION JOINT SCRUTINY COMMITTEE

DATE 13th January 2025

Financial Monitoring Report 2024/25 - Provisional Outturn Position Quarter 2 (July - September 2024)

RECOMMENDATIONS/KEY DECISIONS

To provide Joint Scrutiny Committee with an update on the latest financial position of the Swansea Bay City Region.

1. Introduction

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 2 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 31st March 2025 the expenditure is estimated at £595k. The PoMO staffing cost is estimated at £448k which includes the expected 2024-25 pay adjustment. There is an underspend of £155k 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, fees including consultancy and gateway reviews have been forecast at £27.8k which includes project management software purchased, and conferences, marketing and advertising estimated at £57k including the annual event.

2.5. Income

Total income for the year demonstrates £3,278k. This consists of anticipated drawdown of 'Top Slice' of £278k from the dispersed grant awards and estimated interest derived from cash balances £3,000k. This is a reduction from the £357k projected in Quarter 1.

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 £518.3k, 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 £335.4k 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 £1.350bn (Quarter 1 2024/25 - £1.307bn) over the fifteen-year life of the portfolio. The revised budget (Quarter 2 2023/24) comprised of a total investment of £1.283bn, currently the City Deal is presenting an over investment against the revised budget of £67m.

Details of significant variances are outlined below:

Digital Infrastructure is demonstrating £31.3m over investment against budget mainly due to additional private sector funding.

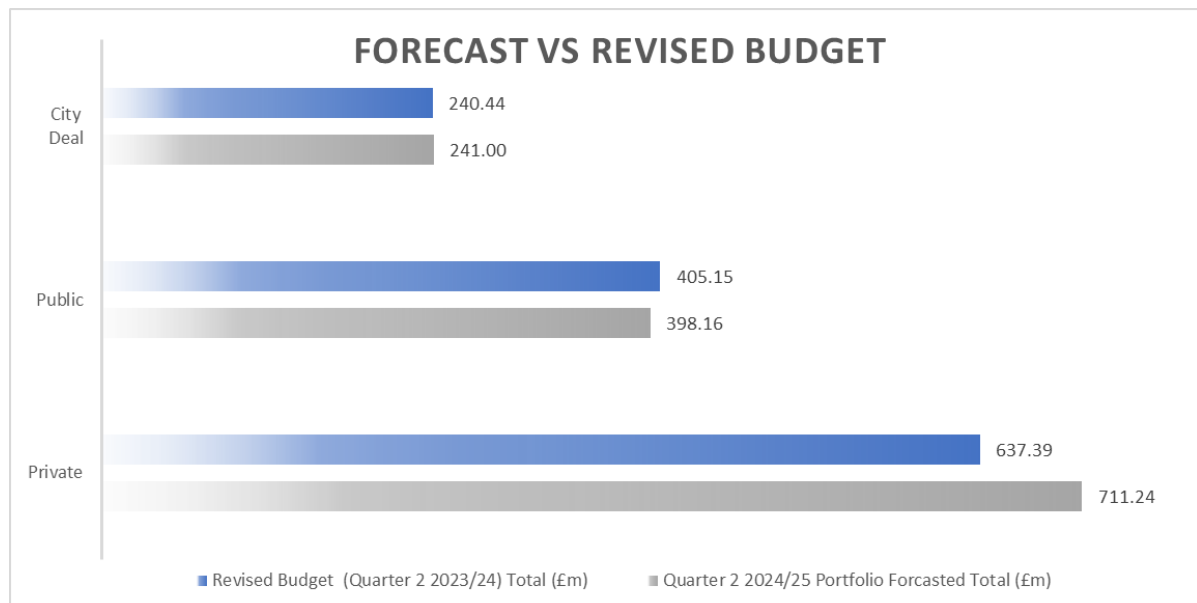
Pembroke Dock Marine is demonstrating an over investment of £4m, the majority of this due to additional MEECE private sector investment.

Pentre Awel is currently demonstrating an over investment of £41m against budget due additional Private Sector investment for zones 2 to 4.

Swansea Arena is currently demonstrating an under investment of £4.1m against budget due to the reappropriation of costs across the whole Copr Bay site. The Innovation Matrix is currently demonstrating an over investment of £0.6m. The Innovation Precinct is demonstrating an under investment of £5m, a business case revision is currently being undertaken with a review of financials included.

Prior Quarter (Quarter 1 2024/25) Portfolio Forcasted Total (£m)	Investment Component	Revised Budget (Quarter 2 2023/24) Total (£m)	Quarter 2 2024/25 Portfolio Forcasted Total (£m)	Variance (£m)	Variance
241.00	City Deal	240.44	241.00	0.56	0.23%
396.26	Public	405.15	398.16	- 6.99	-1.72%
669.99	Private	637.39	711.24	73.85	11.59%
1,307.25	Grand Total	1,282.97	1,350.40	67.43	5.26%

Programme	City Deal Investment (£m)	Public Sector Investment (£m)	Private Sector Investment (£m)	Programme Total (£m)	Revised Budget (Q2 23-24) Total (£m)	Sum of Variance (£m)	Sum of Variance (%)
Digital Infrastructure	25.00	20.01	56.11	101.12	69.79	31.33	44.8
Homes as Power Stations	15.00	114.60	375.90	505.50	505.50	0.00	0.0
LS&WB Campuses	15.00	58.01	61.95	134.95	135.06	- 0.10	-0.0
Pembroke Dock Marine	28.00	19.44	21.10	68.53	64.24	4.29	6.6
Pentre Awel	40.00	56.48	151.20	247.68	206.48	41.19	19.9
Skills & Talent	10.00	16.00	4.00	30.00	30.00	0.00	0.0
Supporting Innovation and Low Carbon Growth	53.00	5.50	6.08	64.58	64.00	0.58	0.9
Swansea Waterfront	50.00	89.46	33.41	172.87	182.73	- 9.87	-5.4
Yr Egin	5.00	18.67	1.50	25.17	25.17	0.00	0.0
Grand Total	241.00	398.16	711.24	1,350.40	1,282.97	67.43	5.2



3.2. Provisional Annual Investment Forecast 2024/25

The Quarter 2 forecast estimated investment for the financial year ending 31st March 2025 is demonstrated at £100.4m, demonstrating an annual under investment of £156.7m.

Portfolio Summary 2024/25

Prior Quarter Forecast Total	Description	Revised Budget	Quarter 2 2024/25 Provisional Outturn Position				Variance
			Actuals (to Date)	Commitments	Forecast Commitments	Total Annual Forecast	
(£)		(£)	(£)	(£)	(£)	(£)	(£)
	City Deal Investment						
21,300,738	Capital	69,339,721	603,206	939,556	12,986,747	14,529,509	- 54,810,21
3,951,036	Revenue Expenditure	5,354,817	746,446	-	3,246,931	3,993,377	- 1,361,44
25,251,774	City Deal Total	74,694,537	1,349,651	939,556	16,233,678	18,522,886	- 56,171,65
	Public Sector Investment						
57,232,184	Capital	61,440,404	17,105,776	-	45,045,186	62,150,962	710,55
1,700,000	Revenue	5,375,000	33,307	-	1,763,509	1,796,816	- 3,578,18
58,932,184	Public Sector Total	66,815,404	17,139,083	-	46,808,695	63,947,778	- 2,867,62
	Private Sector Investment						
103,553,019	Capital	113,588,019	8,100,949	506,000	6,164,583	14,771,532	- 98,816,48
2,678,873	Revenue	2,013,320	169,332	31,678	2,894,070	3,095,080	1,081,76
106,231,892	Private Sector Total	115,601,339	8,270,281	537,678	9,058,653	17,866,612	- 97,734,72
	Project Total						
182,085,941	Capital	244,368,144	25,809,931	1,445,556	64,196,516	91,452,003	- 152,916,14
8,329,909	Revenue	12,743,136	949,084	31,678	7,904,510	8,885,272	- 3,857,88
190,415,850	Project Total	257,111,280	26,759,015	1,477,235	72,101,026	100,337,275	- 156,774,00

Annual Programme Investment Breakdown 2024/25 (Estimated)

Prior Quarter Forecast Total	Description	Revised Budget	Quarter 2 2024/25 Provisional Outturn Position				Variance
			Actuals (to Date)	Commitments	Forecast Commitments	Total Annual Forecast	
(£)		(£)	(£)	(£)	(£)	(£)	(£)
12,675,366	Digital Infrastructure	18,051,492	339,697	-	12,335,669	12,675,366	- 5,376,12
14,257,909	Homes as Power Stations	95,274,780	13,780,760	-	477,149	14,257,909	- 81,016,87
5,333,832	LS&WB Campuses	5,594,082	151,129	496,849	4,685,855	5,333,832	- 260,24
5,482,087	Pembroke Dock Marine	5,675,267	2,883,858	980,386	5,262,233	9,126,477	3,451,21
68,142,505	Pentre Awel	60,662,078	-	-	42,045,186	42,045,186	- 18,616,89
5,228,592	Skills & Talent	9,325,000	310,933	-	5,000,000	5,310,933	- 4,014,06
7,325,754	Supporting Innovation and L	43,073,363	233,060	-	2,294,934	2,527,994	- 40,545,36
8,052,074	Swansea Waterfront	14,873,566	9,059,578	-	-	9,059,578	- 5,813,98
4,220,000	Yr Egin	4,581,653	-	-	-	-	- 4,581,65
130,718,119	Total	257,111,280	26,759,015	1,477,235	72,101,026	100,337,275	- 156,774,00

A comparison between the Investment Forecasts of Quarter 1 and Quarter 2 2024/25 shows that the annual investment forecast has decreased by £30.4m.

Programme	Q1 2024/25				Q2 2024/25				Variance Q2 2024/25 / Q1 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	3,975,366	3,700,000	5,000,000	12,675,366	-	-	-	-
Homes as Power Stations	572,965	8,046,198	5,638,746	14,257,909	572,965	8,046,198	5,638,746	14,257,909	-	-	-	-
LS&WB Campuses	5,190,000	-	143,832	5,333,832	5,190,000	-	143,832	5,333,832	-	-	-	-
Pembroke Dock Marine	4,947,046	-	535,041	5,482,087	5,110,211	96,816	3,919,450	9,126,477	163,165	96,816	3,384,409	3,644
Pentre Awel	-	43,864,999	24,277,506	68,142,505	-	42,045,186	-	42,045,186	-	-	24,277,506	26,097
Skills & Talent	2,228,592	1,000,000	2,000,000	5,228,592	2,310,933	1,000,000	2,000,000	5,310,933	82,341	-	-	82
Supporting Innovation and Low Carbon Growth	2,325,754	-	5,000,000	7,325,754	1,363,411	-	1,164,583	2,527,994	- 962,343	-	3,835,417	4,797
Swansea Waterfront	2,539,889	5,512,185	-	8,052,074	-	9,059,578	-	9,059,578	- 2,539,889	3,547,393	-	1,007
Yr Egin	2,000,000	2,220,000	-	4,220,000	-	-	-	-	- 2,000,000	- 2,220,000	-	- 4,220
Total	23,779,612	64,343,382	42,595,125	130,718,119	18,522,886	63,947,778	17,866,612	100,337,275	- 5,256,726	- 395,604	- 24,728,514	- 30,380

Digital Infrastructure

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 Fire 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 will be appointed w/c 28th October 2024.

- 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 will go live at the end of October 2024.

Homes As Power Stations

Whilst the project is on target to deliver and reach the financial investments set out in the business case, a reprofile is now needed to reflect the completion timeline of the housing developments that have been approved for HAPS funding - a reprofile will then more accurately reflect the defrayed investment dates.

Campuses

The annual forecast has been slipped into future years with the projecting intending to go through a change control process.

Pembroke Dock Marine

Pembroke Dock Marine is demonstrating an over investment of £4m, the majority of this due to additional MEECE private sector investment.

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.

The £2.6m of spend on the Innovation Matrix in Q1 24/25 was recategorised as public sector spend by the UWTSD and not City Deal grant, this has been reflected in the Q2 investment forecast.

Yr Egin

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

3.3. Capital and Revenue Apportionment

There is currently an estimated revenue requirement of £61.48m (4.7%) 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 (Quarter1 2024/25 - £60.13m), this is as a result of some small fluctuation across several projects.

Prior Quarter (Quarter 1 2024/25) Portfolio Forecasted Total (£m)	Investment Component	Capital Forecast (£m)	Revenue Forecast (£m)	Total Forecast (£m)	Revenue Proportion
241.00	City Deal	223.29	17.71	241.00	7.35%
396.26	Public	370.85	29.13	399.98	7.28%
669.99	Private	653.59	14.64	668.23	2.19%
1,307.25	Grand Total	1,247.73	61.48	1,309.21	4.70%

Appendices:

Appendix A - Provisional Quarter 2 Outturn Position Financial Year 2024/25

Appendix A

**Joint Committee - Provisional Quarter 2
Outturn Position Financial Year 2024/25**

as at 30th September 2024

Description	Actuals 2023/24	Budget 2024/25	Forecast Outturn 2024/25	Variance
	£	£	£	£
Expenditure				
<u>Programme Management Office</u>				
Salary (Inc. On-costs)	471,718	603,385	447,914	- 155,471
Training of Staff	-	28,558	6,180	- 22,378
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	5,665	- 12,254
Admin, Office & Operational Consumables	174	2,800	1,545	- 1,255
Furniture	-	1,098	-	- 1,098
Fees	15,130	27,998	27,810	- 188
ICTs & Computer Hardware	1,084	2,745	9,600	6,855
Subsistence & Meetings Expenses	445	8,960	2,575	- 6,385
Conferences, Marketing & Advertising	19,614	83,995	57,428	- 26,567
Projects & Activities Expenditure	-	15,679	-	- 15,679
Translation/Interpret Services	995	11,199	11,021	- 178
Printing & Copying	17	5,040	2,060	- 2,980
Programme Management Office Total	533,492	836,619	594,986	- 241,633
<u>Accountable Body</u>				
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
Accountable Body Total	2,869,718	88,200	3,088,324	3,000,124
<u>Legal and Governance</u>				
Monitoring Officer	38,472	39,153	39,626	473
Legal Advisory Fees	-	27,450	-	- 27,450
Legal and Governance Total	38,472	66,603	39,626	- 26,977
<u>Joint Committee</u>				
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
Joint Committee Total	27,935	34,229	28,773	- 5,456
<u>Joint Scrutiny Committee</u>				
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
Joint Scrutiny Committee Total	21,115	31,574	21,748	- 9,826
<u>Internal Audit</u>				
Audit Support	22,064	22,563	22,726	163
Internal Audit Total	22,064	22,563	22,726	163
<u>Provision for Unwinding of PMO</u>				
Redundancies	-	37,674	-	- 37,674
Provision for Unwinding Total	-	37,674	-	- 37,674
Total Expenditure	3,512,796	1,117,462	3,796,183	2,678,721
<u>Funding Contributions</u>				
Balance C/F from previous year	-	-	-	-
SBCD Grant Revenue Contribution	785,198	723,000	277,843	- 445,157
Partner Contributions	-	-	-	-
Interest Income /- contribution from LA'S	2,769,692	-	3,000,000	3,000,000
Total Income	3,554,890	723,000	3,277,843	2,554,843
Provision of Service - Surplus / (Deficit)	42,094	(394,462)	(518,340)	(123,878)
<u>Movement to Reserves</u>				
Description			2023/24 £	2024/25 £
Balance Brought Forward from previous year			140,802	182,897
Net Provision of Service - Surplus / (Deficit)			42,095	(518,340)
Balance Carry Forward			182,897	(335,443)

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