

REPORT TO JOINT COMMITTEE ON 11<sup>TH</sup> MARCH 2021**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.

| Portfolio Term | Financial Year | City Deal Investment | Public Sector Investment | Private Sector Investment | Total           |
|----------------|----------------|----------------------|--------------------------|---------------------------|-----------------|
|                |                | City Deal Total (£m) | Public Sector Total (£m) | Private Sector Total (£m) |                 |
| 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.

#### 4. 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

*Appendix A*

## Joint Committee - Financial Monitoring Report

Financial Year 2020/21

as at December 2020

| Description                                       | Actuals<br>2019/20 (£) | Revised Budget<br>2020/21 (£) | Forecast Outturn<br>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> |