

SWANSEA BAY CITY REGION JOINT SCRUTINY COMMITTEE

23rd November 2021

Financial Monitoring Report – Quarter 1

RECOMMENDATIONS/KEY DECISIONS

It is recommended that the Joint Scrutiny Committee review the financial monitoring update report.

REASONS

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

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

2. JOINT COMMITTEE – Forecast Outturn Position

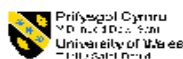
2.1. Supplementary Information

The outturn position includes ‘Top Slice’ of Government Grants in terms of income. On receipt of government grants, 1.5% 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 £181k. 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 £29k.

2.4. Portfolio Management Office

To the period ended 31st March 2022 the expenditure is estimated at £644k. The PoMO demonstrates one vacancy to date, which is expected to commence occupation in August 2021.

Rents and service charges in respect of office space total £23k, fees including consultancy and gateway reviews have been forecast at £19k and conferences, Marketing and advertising forecasted at £76.5k in respect of event promotion, website updates, bi-annual conferences, business engagement events. 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 toward the end of its five-year operational requirement.

2.6. Income

Total income for the year demonstrates £822k. This consists of partner contributions (£50k per partner) £400k and anticipated drawdown of 'Top Slice' of £422k 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 £92k. This is as a result of a change in presentation of the “Top Slice” slice and a timing effect due to reduced grant being dispersed to projects within the year. This concludes in an anticipated reserve of £123k at year end.



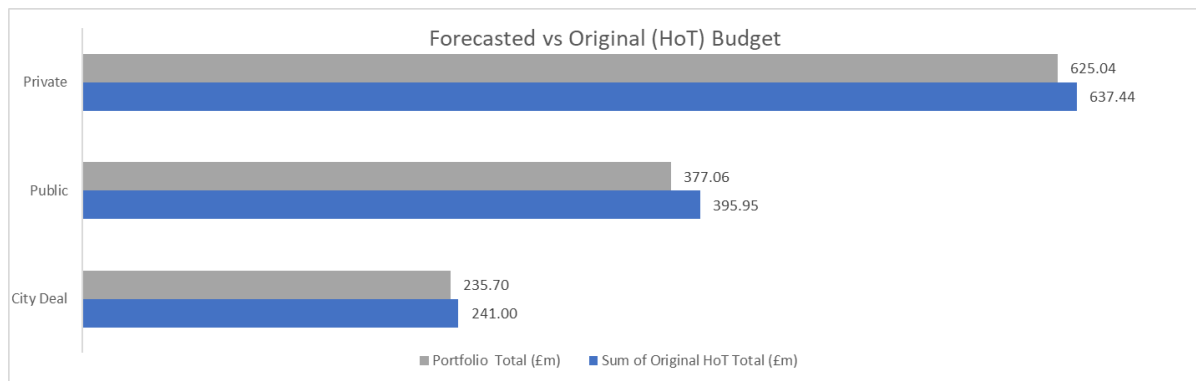
3. PORTFOLIO INVESTMENT FUND – Provisional Forecast Outturn Position

3.1. Portfolio Investment Outturn Position

The overall estimated investment position is demonstrated at £1.238bn 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 £37m (3%). Investment in the region has increased from the previous quarter due to the reprofile of the Swansea Campuses project (Quarter 4 2020/21 - £1.148b).

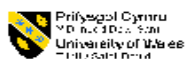
Portfolio Investment Forecast (Estimated)

Investment Component	Sum of Original HoT Total (£m)	Portfolio Total (£m)	Variance (£m)	Variance
City Deal	241.00	235.70	- 5.30	-2.20%
Public	395.95	377.06	- 18.89	-4.77%
Private	637.44	625.04	- 12.40	-1.95%
Grand Total	1,274.39	1,237.80	- 36.59	-2.87%



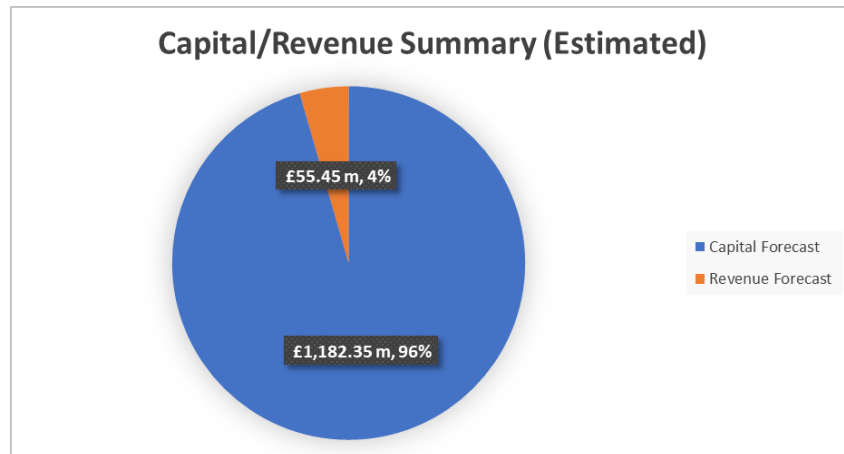
Programme Level Investment Forecast

Programme	City Deal Investment (£m)	Public Sector Investment (£m)	Private Sector Investment (£m)	Programme Total (£m)	Sum of Original HoT Total (£m)	Sum of Variance (£m)	Sum of Variance (%)
Digital Infrastructure	25.00	13.75	16.50	55.25	55.00	0.25	0.45%
Homes as Power Stations	15.00	114.60	375.90	505.50	517.05	- 11.55	-2.23%
LS&WB Campuses	15.00	59.55	57.43	131.98	45.00	86.98	193.28%
Pembroke Dock Marine	28.00	16.35	16.12	60.47	76.32	- 15.85	-20.77%
Pentre Awel	40.00	51.00	108.19	199.19	199.50	- 0.31	-0.16%
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	159.02	- 100.32	-63.09%
Swansea Waterfront	50.00	81.64	39.90	171.54	168.20	3.34	1.99%
Yr Egin	5.00	18.67	1.50	25.17	24.29	0.88	3.61%
Grand Total	235.70	377.06	625.04	1,237.80	1,274.39	- 36.59	-2.87%



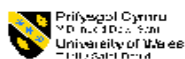
Revenue Requirement


There is currently an estimated revenue requirement of £55m (4%) 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 has decreased compared with the prior period (Quarter 4 2020/21 - £76m) due to detailed budget being reprofiled for the Swansea Campuses project.



Appendices: These will be included within the report.

Appendix A Joint Committee – Forecast Outturn Position



 Joint Committee - Outturn Position Financial Year 2021/22 <i>as at 30th June 2021</i>				
Description	Actuals 2020/21 (£)	Agreed Budget 2021/22 (£)	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	0
Internal Audit Support	20,000	20,550	20,550	0
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	181,431	11,281
Joint Scrutiny Committee				
Subsistence & Meeting Expenses	-	6,875	6,875	0
Travel	-	1,224	1,224	0
Democratic Services - NPT	21,332	20,658	20,658	0
Joint Scrutiny Committee Total	21,332	28,757	28,757	0
Portfolio Management Office				
Salary (Inc. On-costs)	366,284	536,759	462,593	74,166
Recharges - Employee costs Grant (direct)	5,259	-	-	0
Staff Recruitment Expenses	-	-	-	0
Training of Staff	-	26,010	10,000	16,010
Response Maintenance	-	-	-	0
Electricity	-	-	-	0
Gas	-	-	-	0
Rents (The Beacon)	14,889	15,796	15,796	0
Rates (The Beacon)	6,688	6,975	6,975	0
Public Transport - Staff	-	2,040	500	1,540
Staff Travelling Expenses	-	16,320	1,500	14,820
Admin, Office & Operational Consumables	269	2,550	1,275	1,275
Furniture	-	1,000	1,000	0
Fees (including Gateway Reviews)	4,712	25,500	19,125	6,375
ICT Computer Hardware & Software	-	2,500	4,000	(1,500)
Subsistence & Meetings Expenses	-	8,160	4,080	4,080
Conferences, Marketing & Advertising	1,200	76,500	76,500	0
Projects & Activities Expenditure	32,465	14,280	-	14,280
Translation/Interpret Services	2,444	10,200	10,200	0
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	644,204	104,976
Provision for Unwinding of PMO				
Redundancies	-	19,684	59,368	(39,684)
Provision for Unwinding Total	-	19,684	59,368	(39,684)
Total Expenditure	640,752	990,334	913,760	76,574
Funding Contributions				
Welsh Government - Revenue Grant	(14,850)	0	0	0
SBCD Grant Revenue Contribution	(168,050)	(723,000)	(422,024)	(300,976)
Partner Contributions	(400,000)	(400,000)	(400,000)	0
Total Income	(582,900)	(1,123,000)	(822,024)	(300,976)
Provision of Service - (Surplus) / Deficit	57,852	(132,666)	91,736	(224,402)

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	91,736
Balance Carry Forward - (Surplus) / Deficit	(214,816)	(123,080)

