

Financial Monitoring Report 2021/22 - Provisional Outturn Position Quarter 4

1. Introduction

This report details the provisional 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. 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 £184k. 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.

The accrued interest in residual cash balances is invested inline 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.

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 £535k. The PoMO staffing cost is estimated at £462k. There is a small positive variance against budget, this is due to all posts being budgeted at the top of grade, savings due to an in year temporary staffing vacancy and a small recharge in respect of the Finance Manager for work outside the SBCD.

Training is estimated at £1k, which included Better Business Case training for regional programme/project managers. Rents and service charges in respect of office space total £22k, fees including consultancy and gateway reviews have been forecast at £10k and conferences, marketing and advertising estimated at £17k in respect of the SBCD annual event. Central Recharges of £25k 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

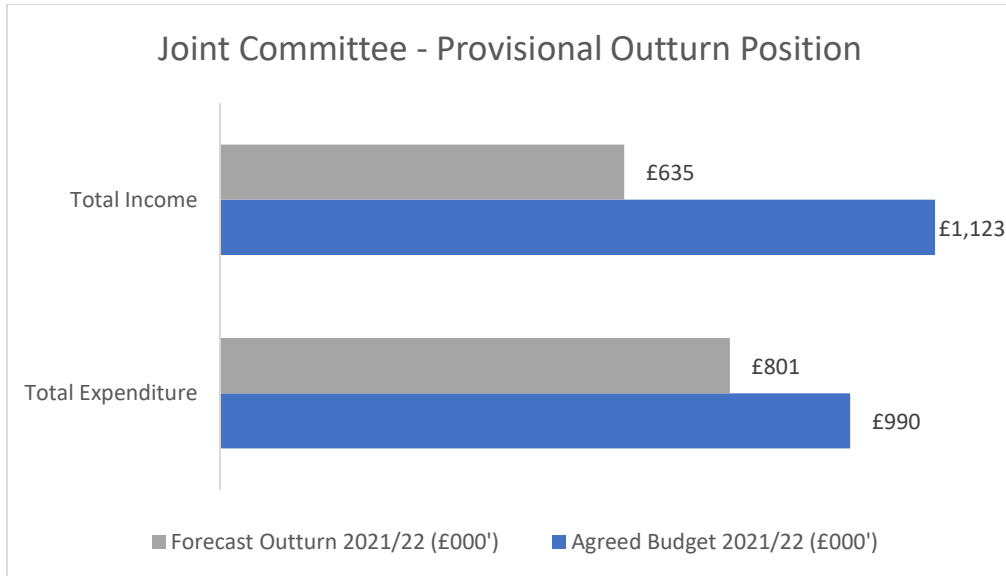
This is an annual provision for the unwinding of the PMO at the end of its five-year operational requirement. Currently the total estimate is £152k, however it is demonstrated as 2/5th (£61k) within the financial monitoring due to an accounting policy treatment.

2.6. Income

Total income for the year demonstrates £365k. This consists of partner contributions (£50k per partner) £400k, anticipated drawdown of 'Top Slice' of £199k from the dispersed grant awards and estimated interest derived from cash balances £36k.

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 £166k. 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 £49k 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.

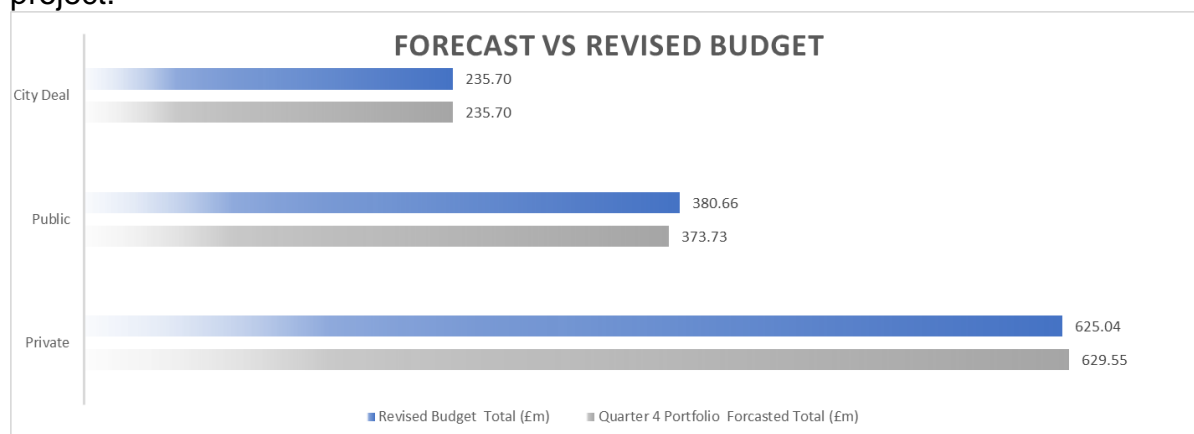
Programme	Approved Budget Total (£m)	Revised Budget (Q3) Total (£m)	Variance (m)	Variance
Digital Infrastructure	55.30	55.30	- 0.00	0.00%
Homes as Power Stations	505.50	505.50	-	0.00%
LS&WB Campuses	130.43	130.44	0.01	0.01%
Pembroke Dock Marine	60.47	60.53	0.06	0.10%
Pentre Awel	199.19	200.48	1.30	0.65%
Skills & Talent	30.00	30.00	-	0.00%
Supporting Innovation and Low Carbon Growth	58.70	58.70	-	0.00%
Swansea Waterfront	175.35	175.28	- 0.07	-0.04%
Yr Egin	25.17	25.17	- 0.00	0.00%
Grand Total	1,240.11	1,241.40	1.29	0.10%

Provisional Portfolio Investment Outturn Position

The overall estimated investment position is demonstrated at £1.239bn (Quarter 3 2021/22 - £1.251b) over the fifteen-year life of the portfolio. The revised budget (as outlined within programme/project business cases) comprised of a total investment of £1.241b, currently the City Deal is presenting underinvestment against the revised budget of £2m. Details of significant variances are outlined below:

Swansea Arena is currently demonstrating an underinvestment of £6m against budget due to the reappropriation of costs across the whole Copr Bay site. This in total demonstrated a movement of £16m in comparison to last period due to the site becoming active and a full site review of apportionment rates to better reflect accounting estimates being undertaken. Work on final costs is being undertaken and will be reported on in Quarter1/2 in line with the amended programme being agreed with the contractor.

Campuses has reported additional investment against budget (£5m) to include the project management team costs and associated interest cost for delivering the project.



Prior Quarter Portfolio Forecasted Total (£m)	Investment Component	Revised Budget Total (£m)	Quarter 4 Portfolio Forecasted Total (£m)	Variance (£m)	Variance
235.70	City Deal	235.70	235.70	0.00	0.00%
390.15	Public	380.66	373.73	- 6.94	-1.82%
625.04	Private	625.04	629.55	4.51	0.72%
1,250.89	Grand Total	1,241.40	1,238.97	- 2.43	-0.20%

Prior Quarter Programme/Project Forecast Total (£m)	Programme/Projects	Quarter 4 Forecast				Revised Budget Total (£m)	Sum of Variance (£m)	Sum of Variance (%)
		City Deal Investment (£m)	Public Sector Investment (£m)	Private Sector Investment (£m)	Programme/Project Total (£m)			
55.30	Digital Infrastructure	25.00	13.80	16.50	55.30	55.30	0.00	0.00%
505.50	Homes as Power Stations	15.00	114.60	375.90	505.50	505.50	-	0.00%
130.44	LS&WB Campuses	15.00	58.01	61.94	134.95	130.44	4.51	3.46%
60.53	Pembroke Dock Marine	28.00	16.35	16.12	60.47	60.53	- 0.06	-0.10%
200.48	Pentre Awe!	40.00	52.30	108.19	200.48	200.48	-	0.00%
30.00	Skills & Talent	10.00	16.00	4.00	30.00	30.00	-	0.00%
58.70	Supporting Innovation and Low Carbon Growth	47.70	5.50	5.50	58.70	58.70	-	0.00%
184.77	Swansea Waterfront	50.00	78.50	39.90	168.40	175.28	- 6.88	-3.93%
25.17	Yr Egin	5.00	18.67	1.50	25.17	25.17	-	0.00%
1,250.89	Grand Total	235.70	373.73	629.55	1,238.97	1,241.40	- 2.43	-0.20%

Provisional Annual Investment Forecast 2021/22

The provisional estimated investment for the financial year ended March 2022 is demonstrated at £30m (Quarter 3 2021/22 - £51m). The revised budget was based on quarter 3 financial information with the exception of Swansea Waterfront which is based on their approved business case due to undergoing a financial review.

The PDM project is continuing to review spend profiles on their public and private sector investment which could potentially affect the current year estimates. Currently public and private sector investment has been slipped forward into future years demonstrating a £10m underinvestment in-year. This is not expected to have an impact on the total investment.

Swansea Waterfront is demonstrating an in-year underinvestment due to slippage in project delivery in respect of the innovation precinct (£12m) and the Innovation Matrix (£6m). This this is not expected to have an impact on the total investment for these two projects.

Portfolio Summary							
Prior Quarter Forecast Total (£)	Description	Revised Budget (£)	Quarter 4 Provisional Outturn Position				Variance (£)
			Actuals (to Date) (£)	Commitments (£)	Forecast Commitments (£)	Total Annual Forecast (£)	
	City Deal Investment						
21,873,551	Capital	23,016,384	18,480,866	-	-	18,480,866	- 4,535,518
957,274	Revenue Expenditure (where capital receipts directive applied)	757,274	585,616	-	-	585,616	- 171,658
22,830,825	City Deal Total	23,773,658	19,066,482	-	-	19,066,482	- 4,707,176
	Public Sector Investment						
22,031,625	Capital	26,151,024	10,514,256	-	-	10,514,256	- 15,636,768
2,023,960	Revenue	2,023,960	194,045	-	-	194,045	- 1,829,915
24,055,585	Public Sector Total	28,174,984	10,708,301	-	-	10,708,301	- 17,466,683
	Private Sector Investment						
3,727,090	Capital	5,645,090	550,000	-	-	550,000	- 5,095,090
494,216	Revenue	494,216	5,036	-	-	5,036	- 489,180
4,221,306	Private Sector Total	6,139,306	555,036	-	-	555,036	- 5,584,269
	Project Total						
47,632,266	Capital	54,812,498	29,545,123	-	-	29,545,123	- 25,267,376
3,475,449	Revenue	3,275,449	784,697	-	-	784,697	- 2,490,752
50,704,715	Project Total	58,087,948	30,329,820	-	-	30,329,820	- 27,758,128

Annual Programme Investment Breakdown 2021/22 (Estimated)							
Prior Quarter Forecast Total (£)	Description	Revised Budget (£)	Quarter 4 Provisional Outturn Position				Variance (£)
			Actuals (to Date) (£)	Commitments (£)	Forecast Commitments (£)	Total Annual Forecast (£)	
185,063	Digital Infrastructure	185,063	196,791	-	-	196,791	11,728
50,000	Homes as Power Stations	50,000	1,947	-	-	1,947	- 48,053
347,000	LS&WB Campuses	347,000	212,748	-	-	212,748	- 134,252
11,377,522	Pembroke Dock Marine	11,377,522	1,275,049	-	-	1,275,049	- 10,102,473
896,639	Pentre Awel	896,639	1,550,817	-	-	1,550,817	654,178
173,890	Skills & Talent	173,890	176,411	-	-	176,411	2,521
7,251,000	Supporting Innovation and Low Carbon Growth	7,251,000	7,651,000	-	-	7,651,000	400,000
30,423,601	Swansea Waterfront*	37,806,833	19,265,056	-	-	19,265,056	- 18,541,777
-	Yr Egin	-	-	-	-	-	-
50,704,715	Total	58,087,948	30,329,820	-	-	30,329,820	- 27,758,128

*budget as per business case

Capital and Revenue Apportionment

There is currently an estimated revenue requirement of £60m (5%) 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

(Quarter 3 2021/22 - £55m), this is as a result of further investment in the campuses project and will be managed by Swansea University.

Investment Component	Capital Forecast (£m)	Revenue Forecast (£m)	Total Forecast (£m)	Revenue Proportion
City Deal	217.98	17.72	235.70	7.52%
Public	344.35	29.37	373.73	7.86%
Private	616.74	12.81	629.55	2.04%
Grand Total	1,179.07	59.91	1,238.97	4.84%

Private and Public sector Commitment

Over the life span of the portfolio the private sector engagement is expected to increase and develop as projects establish themselves and move into completion. A timeline of the revised budget is demonstrated within the Finance Case of the Portfolio Business Case.

The presentation and detail of the commitment of the public and private sector will be reviewed during quarter 1 2022/23.

The current estimated public sector commitment is demonstrated at £374m with stakeholders and partners still in early engagement continued to be supportive of projects.

Private sector investment formally commitment is small at present demonstrating £20m. However, as per the financial profile the private sector is not expected to accelerate until year 7 (2024/25) when programmes and projects are maturing and becoming operational.

The estimated funding commitment currently confirmed for the portfolio is demonstrated below:

Description	Public	Private
Formally Committed	£ 299.79	£ 20.06
Final Approval	£ -	£ -
Advanced Engagement	£ -	£ 517.16
Early Engagement	£ 73.93	£ 92.33
Total	£ 373.73	£ 629.55

4. Financial Implications

The forecasted Joint Committee year end out-turn position (as at 31st March 2022) indicates a deficit of £166k, which will be supported by the Swansea Bay City Deal ring-fenced reserve at the year end. Expenditure is forecasted at £801k, which is offset by income through partner contributions of £400k and the 'Top Slice' of dispersed Government grants of £199k and interest income of £36k. 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 revised budget has been compiled for the portfolio demonstrating £1.241billion. The estimated portfolio forecasted investment position (as at 31st March 2022) demonstrates underinvestment against the revised budget of £2m. Currently the portfolio is presenting a total investment over the fifteen-year life span of the Swansea Bay City Region Deal of £1.239billion. 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.