

## **SWANSEA BAY CITY REGION JOINT SCRUTINY COMMITTEE**

**DATE 24<sup>th</sup> October 2023**

### **Q4 2022/23 Financial Monitoring Report - Final Outturn position**

#### **RECOMMENDATIONS/KEY DECISIONS**

To inform Joint Scrutiny Committee of the final outturn position for Q4 2022/23 for the Swansea Bay City Region.

#### **REASONS**

##### **Introduction**

This report details the final 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 – Final Outturn Position 2022/23**

##### **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 not 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 final outturn position is included in Appendix A.

##### **2.2. Joint Committee and Accountable Body**

The Joint Committee and Accountable Body expenditure is £1,044k. This is in respect of democratic support, support of the portfolio monitoring officer, audit fees and legal fees in respect of the funding agreements. 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 2022-23 was £871k.

### **2.3. Joint Scrutiny Committee**

The Joint Scrutiny Committee expenditure consisting of democratic services and related costs, provided by Neath Port Talbot County Borough Council was £21k.

### **2.4. Portfolio Management Office (PoMO)**

For the period ended 31<sup>st</sup> March 2023 the expenditure was £547k. The PoMO staffing cost £486k which includes the 2022-23 pay adjustment. There is an underspend of £66k against the revised budget, this is due to all posts being budgeted at the top of grade, savings due to in year temporary staffing vacancies and a small recharge in respect of the Finance Manager for work outside the SBCD.

Rents and service charges in respect of office space total £22k, fees including consultancy and gateway reviews underspent by £18k and conferences, marketing and advertising underspent by £27k including the annual event. ICT costs were on budget at £11k which includes project management software purchased and associated training.

### **2.5. Projects/PoMO Unwinding**

It is intended that the PMO fund surplus at the end of the project will be used towards the unwinding of the Projects/PoMO at the end of its five-year operational requirement.

### **2.6. Income**

Total income for the year demonstrates £1,524k. This consists of partner contributions (£50k per partner) £400k, drawdown of 'Top Slice' of £253k from the dispersed grant awards and interest derived from cash balances of £871k.

### **2.7. Financial Monitoring - Statement of Balances**

The prior year (2021/2) balance carried forward in reserve demonstrates £220k. The net cost of the City Deal accounts demonstrates a deficit of £67k, this is due to a timing effect attached to the grant dispersed to projects/programmes within the year. This has resulted in a reserve of £158k being carried forward at the end.

### **3. PORTFOLIO INVESTMENT FUND – Final Outturn Position**

#### **Portfolio Investment Final Outturn Position**

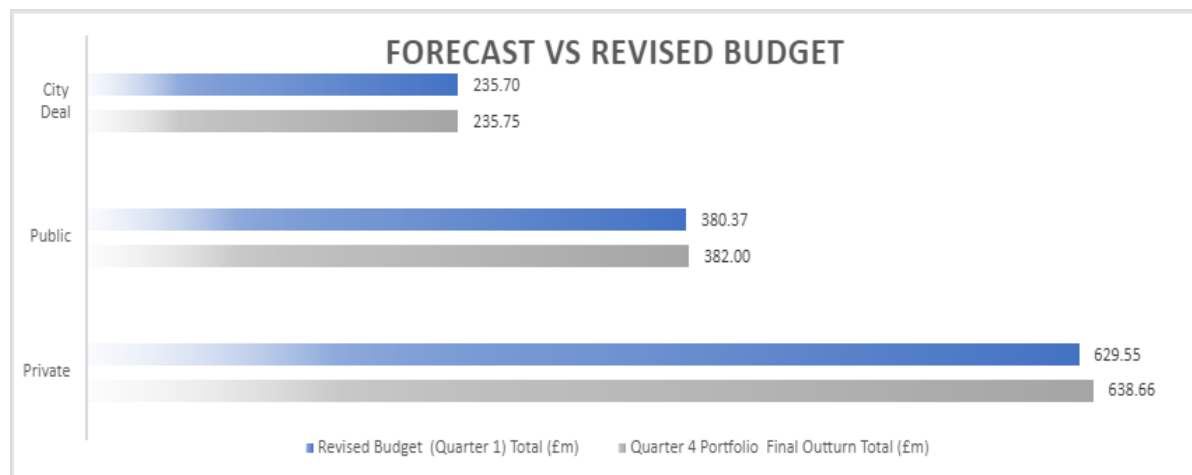
The overall investment position is demonstrated at £1.256bn (Quarter 2 2022/23 - £1.248bn) over the fifteen-year life of the portfolio. The revised budget (Quarter 1 2022/23) comprised of a total investment of £1.245bn, currently the City Deal is presenting a small over investment against the revised budget of £11m.

A summary of the projects is outlined below:

- 1) While the Swansea Arena is complete and operational, the Kingsway Project is on site, the Innovation Matrix project has commenced on site and the Innovation Precinct is at design development stage.
- 2) Pentre Awel has commenced construction and is estimated to be completed during Autumn 2024.
- 3) Digital Infrastructure has completed its pause and review of connected places workstream and identified the most appropriate delivery routes for moving forward with capital spend.
- 4) The Supporting Innovation & low Carbon Growth project has now agreed a way forward with partners so that procurement can begin, with the closing of stage one PDF applications, and the HSP electrolyser equipment can commence.
- 5) The Skills and Talent project has appointed a new project officer, along with the completion of the assurance gateway review, which has resulted in three more pilot projects getting RSLP board approval.
- 6) The Swansea Campuses project is nearing sign off agreement between the City Council and the University, with a full design team in place for the Singleton site and ecology survey work progressing on the Morrision site.
- 7) Pembroke Dock Marine continues on site largely as planned with the additional impetus of now having secured Celtic Free Port status for the port of Milford Haven and Associated British Port in Port Talbot.
- 8) The Homes as Power Stations was the one project to over achieve on its estimate with a substantial (£41m) regional Authorities public and £1.4m private investment with the building of 187 new homes and 6 retrofit houses.
- 9) There was no planned expenditure for Yr Egin in 2022/23, as phase 1 is complete and the University having competed a creative sector demand study has resulted in the University engaging with consultants to develop a Digital production facility for phase 2.

Prior Quarter Portfolio Forecasted Total (£m)	Investment Component	Revised Budget (Quarter 1) Total (£m)	Quarter 4 Portfolio Final Outturn Total (£m)	Variance (£m)	Variance
235.70	City Deal	235.70	235.75	0.05	0.02%
382.83	Public	380.37	382.00	1.63	0.43%
629.16	Private	629.55	638.66	9.11	1.45%
<b>1,247.69</b>	<b>Grand Total</b>	<b>1,245.61</b>	<b>1,256.41</b>	<b>10.80</b>	<b>0.87%</b>

Prior Quarter Programme/Project Forecast Total (£m)	Programme/Projects	Q4 Final Outturn position				Revised Budget (Quarter 1) Total (£m)	Variance (£m)	Variance (%)
		City Deal Investment (£m)	Public Sector Investment (£m)	Private Sector Investment (£m)	Programme/Project Total (£m)			
55.00	Digital Infrastructure	24.48	13.50	31.10	69.08	55.00	14.08	25.60%
505.50	Homes as Power Stations	15.00	114.60	375.90	505.50	505.50	-	0.00%
135.59	LS&WB Campuses	15.00	58.52	57.43	130.95	134.95	4.00	-2.96%
60.47	Pembroke Dock Marine	28.00	18.38	17.48	63.86	60.53	3.33	5.50%
206.18	Pentre Awel	40.00	52.23	108.23	200.46	200.48	-	-0.01%
29.55	Skills & Talent	10.00	16.00	4.46	30.46	30.00	0.46	1.53%
59.08	Supporting Innovation and Low Carbon Growth	48.27	5.82	5.50	59.59	58.70	0.89	1.52%
171.15	Swansea Waterfront	50.00	84.47	36.88	171.35	175.28	3.93	-2.24%
25.17	Yr Egin	5.00	18.48	1.68	25.16	25.17	-	-0.04%
<b>1,247.69</b>	<b>Grand Total</b>	<b>235.75</b>	<b>382.00</b>	<b>638.66</b>	<b>1,256.41</b>	<b>1,245.61</b>	<b>10.80</b>	<b>0.87%</b>



## Annual Investment 2022/23

The investment for the financial year ended 31<sup>st</sup> March 2023 is demonstrated at £82.98m. The annual investment is currently demonstrating an annual under-investment of £79.8m.

The economic climate in which the projects operate continues to present delivery challenges. Several macro-economic factors, including the availability of resources and recruitment, energy and construction cost pressures as well as COVID pandemic have resulted in delivery slippage over the last three years.

However, all projects and programmes are progressing through delivery and all partners are fully committed to delivery of their SBCD initiatives.

It is anticipated that as all of the projects that have demonstrated slippage in 2022/23 are now on site with ongoing construction, significant project financial and operational catch up will be delivered in 2023/24.

<b>Portfolio Summary</b>							
Prior Quarter Forecast Total (£)	Description	Revised Budget (£)	Quarter 4 Final Outturn Position			Total Annual Forecast (£)	Variance (£)
			Actuals (to Date) (£)	Commitments (£)	Forecast Commitments (£)		
	<b>City Deal Investment</b>						
36,577,394	Capital	73,530,516	22,348,971	-	0	22,348,971	- 51,181,545
1,949,396	Revenue Expenditure (where capital receipts directive applied)	2,839,896	1,180,726	-	-	1,180,726	- 1,659,169
<b>38,526,789</b>	<b>City Deal Total</b>	<b>76,370,412</b>	<b>23,529,697</b>	<b>-</b>	<b>0</b>	<b>23,529,698</b>	<b>- 52,840,714</b>
	<b>Public Sector Investment</b>						
24,495,328	Capital	32,206,441	50,528,649	-	-	50,528,649	18,322,208
2,751,798	Revenue	5,701,315	1,542,079	-	-	1,542,079	- 4,159,235
<b>27,247,126</b>	<b>Public Sector Total</b>	<b>37,907,755</b>	<b>52,070,728</b>	<b>-</b>	<b>-</b>	<b>52,070,728</b>	<b>14,162,973</b>
	<b>Private Sector Investment</b>						
12,660,110	Capital	47,198,157	6,920,605	-	-	6,920,605	- 40,277,552
856,650	Revenue	1,295,727	457,575	-	-	457,575	- 838,152
<b>13,516,760</b>	<b>Private Sector Total</b>	<b>48,493,884</b>	<b>7,378,180</b>	<b>-</b>	<b>-</b>	<b>7,378,180</b>	<b>- 41,115,705</b>
	<b>Project Total</b>						
73,732,832	Capital	152,935,114	79,798,225	-	0	79,798,225	- 73,136,889
5,557,844	Revenue	9,836,937	3,180,380	-	-	3,180,380	- 6,656,557
<b>79,290,676</b>	<b>Project Total</b>	<b>162,772,051</b>	<b>82,978,605</b>	<b>-</b>	<b>0</b>	<b>82,978,606</b>	<b>- 79,793,445</b>

<b>Annual Programme Investment Breakdown 2022/23 (Estimated)</b>							
Prior Quarter Forecast Total (£)	Description	Revised Budget (£)	Quarter 4 Final Outturn Position			Total Annual Forecast (£)	Variance (£)
			Actuals (to Date) (£)	Commitments (£)	Forecast Commitments (£)		
9,666,984	Digital Infrastructure	17,602,392	387,554	-	-	387,554	- 17,214,838
162,000	Homes as Power Stations	5,167,800	43,468,843	-	-	43,468,843	38,301,043
7,451,536	LS&WB Campuses	5,577,312	232,606	-	-	232,606	- 5,344,706
30,659,565	Pembroke Dock Marine	29,892,839	22,969,512	-	-	22,969,512	- 6,923,327
10,520,107	Pentre Awel	58,067,866	5,325,550	-	-	5,325,550	- 52,742,316
375,645	Skills & Talent	5,366,667	232,813	-	-	232,813	- 5,133,854
4,545,702	Supporting Innovation and Low Carbon Growth	8,051,343	460,955	-	-	460,955	- 7,590,388
15,909,137	Swansea Waterfront*	33,045,833	9,900,772	-	0	9,900,772	- 23,145,061
-	Yr Egin	-	-	-	-	-	-
<b>79,290,676</b>	<b>Total</b>	<b>162,772,051</b>	<b>82,978,605</b>	<b>-</b>	<b>0</b>	<b>82,978,606</b>	<b>- 79,793,445</b>

## Capital and Revenue Apportionment

There is currently an estimated revenue requirement of £61.4m (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 2022/23 - £62m), this is as a result of some small fluctuation across several projects.

### Capital/Revenue Summary (Estimated)

Investment Component	Capital Forecast (£m)	Revenue Forecast (£m)	Total Forecast (£m)	Revenue Proportion
City Deal	216.96	18.79	235.75	7.97%
Public	353.27	28.73	382.00	7.52%
Private	624.80	13.86	638.66	2.17%
<b>Grand Total</b>	<b>1,195.03</b>	<b>61.38</b>	<b>1,256.41</b>	<b>4.89%</b>

Appendix A

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Description	Actuals 2021/22 (£)	Agreed Budget 2022/23 (£)	Actuals 2022/23 (£)	Variance (£)
<b>Joint Committee and Accountable Body</b>				
Room Hire	-	1,910	-	1,910
Subsistence & Meeting Expenses	-	3,496	-	3,496
Travel	-	-	-	-
Democratic Services - CCS	27,483	26,605	26,605	-
Monitoring Officer & Legal Services	35,659	36,640	36,640	-
External Legal Advisory Fees	-	25,000	-	25,000
Internal Audit Support	18,924	21,115	21,115	-
Staff Recruitment Expenses	-	-	-	-
External Audit Fees	14,971	25,000	11,330	13,671
Section 151 Officer	55,329	56,435	56,436	- 1.00
Interest paid out to projects	39,575	-	870,633	(870,633)
<b>Joint Committee and Accountable Body Total</b>	<b>191,942</b>	<b>196,201</b>	<b>1,022,759</b>	<b>(826,558)</b>
<b>Joint Scrutiny Committee</b>				
Subsistence & Meeting Expenses	-	7,012	-	7,012
Travel	-	1,248	-	1,248
Democratic Services - NPT	21,332	21,226	21,115	117
<b>Joint Scrutiny Committee Total</b>	<b>21,332</b>	<b>29,487</b>	<b>21,115</b>	<b>8,372</b>
<b>Portfolio Management Office</b>				
Recharges - Employee Costs (direct)	461,842	552,056	486,398	65,658
Staff Recruitment Expenses	-	-	-	-
Training of Staff	1,220	26,530	-	26,530
Response Maintenance	-	-	-	-
Rents (The Beacon)	14,889	16,270	14,889	1,381
Rates (The Beacon)	6,688	7,184	6,688	496
Public Transport - Staff	-	2,081	-	2,081
Staff Travelling Expenses	76	16,646	769	15,870
Admin, Office & Operational Consumables	-	2,601	-	2,601
Furniture	-	1,000	-	1,000
Fees (including Gateway Reviews)	29,557	26,010	7,947	18,060
ICT Computer Hardware & Software	43	2,500	10,927	(8,424)
Subsistence & Meetings Expenses	10	8,323	68	8,253
Conferences, Marketing & Advertising	17,151	78,030	11,712	66,318
Projects & Activities Expenditure	-	14,566	-	14,566
Translation/Interpret Services	3,317	10,404	7,048	3,356
Printing & Copying	84	4,682	105	4,598
Photocopying Recharge	-	-	-	-
Central Recharge	-	-	-	-
<b>Portfolio Management Office Total</b>	<b>534,876</b>	<b>768,883</b>	<b>546,550</b>	<b>222,333</b>
<b>Provision for Unwinding of PMO</b>				
Redundancies	-	37,674	-	37,674
<b>Provision for Unwinding Total</b>	<b>-</b>	<b>37,674</b>	<b>-</b>	<b>37,674</b>
<b>Total Expenditure</b>	<b>748,149</b>	<b>1,032,245</b>	<b>1,590,424</b>	<b>(558,179)</b>
<b>Funding Contributions</b>				
Welsh Government - Revenue Grant	-	-	-	-
SB CD Grant Revenue Contribution	(314,119)	(723,000)	(252,978)	(470,022)
Partner Contributions	(400,000)	(400,000)	(400,000)	-
Interest Income	(39,575)	-	(870,633)	870,633
<b>Total Income</b>	<b>(753,694)</b>	<b>(1,123,000)</b>	<b>(1,523,611)</b>	<b>400,611</b>
<b>Provision of Service - (Surplus) / Deficit</b>	<b>(5,545)</b>	<b>(90,755)</b>	<b>66,813</b>	<b>(157,567)</b>
<b>Movement to Reserves</b>				
<b>Description</b>		<b>2021/22 (£)</b>	<b>2022/23 (£)</b>	
Balance Brought Forward from previous year - (Surplus) / Deficit		(214,816)	(220,361)	
Net Provision of Service - (Surplus) / Deficit		(5,545)	66,813	
<b>Balance Carry Forward - (Surplus) / Deficit</b>		<b>(220,361)</b>	<b>(153,548)</b>	

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