



Swansea Bay City Region Joint Committee 8th February 2024

Financial Monitoring Report 2023/24 - Provisional Outturn Position Quarter 3 (Oct - Dec 2023)

Purpose:	To provide the Joint Committee with an update on the latest financial position of the Swansea Bay City Region.
Policy Framework:	Swansea Bay City Deal
Consultation:	Accountable Body
Recommendation(s):	It is recommended that Joint Committee: 1) Review and approve the financial monitoring update report.
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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 3 Outturn Position Financial Year 2023/24 is included in Appendix A.

2.2. Joint Committee and Accountable Body

The Joint Committee and Accountable Body expenditure forecast is estimated at £2,225k. 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 2023-24 is estimated at £2,112k.

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 2024 the expenditure is estimated at £565k. The PoMO staffing cost is estimated at £476k which includes the 2023-24 pay adjustment. There is an underspend of £104k against budget, this is due to all posts being budgeted at the top of grade and savings due to in year temporary staffing vacancies.

Rents and service charges in respect of office space total £23k, fees including consultancy and gateway reviews have been forecast at £11k which includes project management software purchased and Portfolio Gateway review; and conferences, marketing and advertising estimated at £40k including the SBCD roadshow events.

Central Recharges of £28k has been included being the contribution 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. Income

Total income for the year demonstrates £2,873k. This consists of anticipated drawdown of 'Top Slice' of £761k from the dispersed grant awards and estimated interest derived from cash balances £2,112k.

2.6. Financial Monitoring - Statement of Balances

The prior year (2022/23) balance carried forward in reserve demonstrates £140.8k. Currently the estimated year end position of the City Deal accounts demonstrates a small deficit of £10.2k. This results in an anticipated reserve of £130.6k 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 £1.280bn (Quarter 2 2023/24 - £1.279bn) over the fifteen-year life of the portfolio. The revised budget (Quarter 3 2022/23) comprised of a total investment of £1.248bn, currently the City Deal is presenting an over investment against the revised budget of £32m.

Details of significant variances are outlined below:

Digital Infrastructure is demonstrating £15.8m over investment against budget mainly due to additional private sector funding.

Swansea Waterfront: The Arena and Public Realm project is demonstrating an overinvestment of £5m. Swansea Council have completed a reconciliation of costs relating to the Arena and Public Realm and an additional payment of £14.4m is to be allocated between each asset. This brings the total public sector spend to £73.4m against the original business case total of £69m, this £4.4m overspend will be absorbed into the wider Copr Bay project spend and will be covered by the Local Authority. The Arena and Public Realm are part of the wider Copr Bay scheme. There is no overspend on the scheme in totality, but individual elements may be

higher or lower than the elements in the original business case. However, the council has not needed to commit any addition funding over and above the amount approved by our cabinet. In addition, the full amount of the city deal funding has been fully committed to the area specific part of the project. The Digital Village project is continuing on track and to forecast spend.

The council is due to submit a change notification to reflect the actual spend and the delivery of the completed Arena works. An updated Business Case will be completed later in the year and will reflect completion of 71-72 Kingsway and updated status of the Hotel. Any change in profiling would be formally recorded as part of this amendment.

Pentre Awel has commenced construction and is demonstrating £6m over investment against budget. Work is estimated to be completed during Autumn 2024.

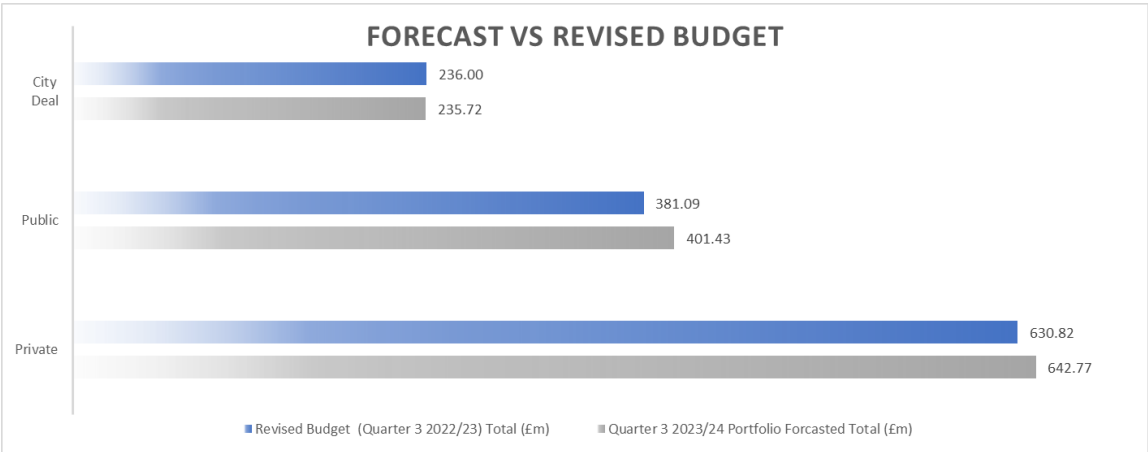
PDM is demonstrating an over investment of £4m. The PDI project is now demonstrating a total investment of £48m project (increased from £41.5m at Approval), the majority of which has come from WEFO (increase from circa £7m to £12m) and the balance from private (port) sources.

Portfolio Forecast (Estimated)

Prior Quarter (Quarter 2 2023/24) Portfolio Forecasted Total (£m)	Investment Component	Revised Budget (Quarter 3 2022/23) Total (£m)	Quarter 3 2023/24 Portfolio Forecasted Total (£m)	Variance (£m)	Variance
235.39	City Deal	236.00	235.72	0.29	-0.12%
401.11	Public	381.09	401.43	20.34	5.34%
642.75	Private	630.82	642.77	11.95	1.89%
1,279.25	Grand Total	1,247.91	1,279.92	32.00	2.56%

Programme Breakdown (Estimated)

Prior Quarter (Quarter 2 2023/24) Programme/Project	Programme/Projects	Quarter 3 2023/24 Forecast				Revised Budget (Quarter 3 2022/23) Total	Variance (£m)	Variance (%)
		City Deal Investment (£m)	Public Sector Investment (£m)	Private Sector Investment (£m)	Programme/Project Total (£m)			
71	Digital Infrastructure	25	18	28	71	55	16	29%
506	Homes as Power Stations	15	115	376	506	506	-	0%
136	LS&WB Campuses	15	59	62	136	135	1	1%
64	Pembroke Dock Marine	28	19	17	64	60	4	7%
206	Pentre Awel	40	58	108	206	200	6	3%
30	Skills & Talent	10	16	4	30	30	-	0%
59	Supporting Innovation and Low Carbon Growth	48	6	6	59	59	0	0%
183	Swansea Waterfront	50	92	41	183	178	5	3%
25	Yr Egin	5	19	2	25	25	0	0%
1,279	Grand Total	236	401	643	1,280	1,248	32	3%



3.2. Provisional Annual Investment Forecast 2023/24

The forecast estimated investment for the financial year ending 31st March 2024 is demonstrated at £143.8m. The annual investment forecast is currently demonstrating an annual under-investment of £43.4m, in respect of the following:

PDM is demonstrating an over investment of £4m. The PDI project is now demonstrating a total investment of £48m project (increased from £41.5m at Approval), the majority of which has come from WEFO (increase from circa £7m to £12m) and the balance from private (Port) sources.

Digital Infrastructure's public and private sector spends are behind profile due to funding agreements being signed mid-year. It is expected that accurate public and private sector investment figures for 2022/23 will be established before the end of the 2024/24 financial year following completion of an externally commissioned benefits realisation exercise which was conducted by Farrpoint. This exercise is undertaken on an annual basis to accurately determine levels of public and private inward investment however, this assessment requires information and data that is not released until the Autumn of the year following which it is reported. This will therefore continue to require retrospective updated investment reporting to reflect the actual and accurate public and private investment.

Yr Egin Phase 2 (the active component of the wider Egin project) is currently going through a change notification process to significantly change the delivery methodology. This will have a significant impact on the project investment once more up to date costings are identified via expert consultants.

The HAPS project recently launched the Financial Incentives Fund (FIF) with payment to successful schemes being made following installation of the HAPS technologies. In some cases, monitoring will take place for up to 12 months prior to technology being installed. This has resulted in moving the profile of defrayed spend for the £5.75m FIF into latter years than originally profiled. The project has now recruited and successfully filled the post of HAPS Supply Chain Lead and will be launching the Supply Chain Fund this year, however it is unlikely there will be spend of over £500k during 2023/24 and therefore the majority of the spend has been reprofiled into next year.

The Skills and Talent project is demonstrating slippage in delivery within the year. The project has currently awarded funding to six successful school, further and higher education pilot projects and will review the funding mechanism in the new year. This this is not expected to have an impact on the total investment for the project.

Pentre Awel's annual investment profile was estimated as at quarter 3, construction enabling works have commenced and will be completed in Autumn 2024. Whilst slippage has occurred this financial year due to small spend in the preliminary stages, this will accelerate over the remaining 10-month period of construction. This is not expected to have an impact on the total investment for the project.

The SWITCH project has announced Morgan Sindall as the successful contractor on the 2nd May with a kick off meeting held mid-May with all parties involved. The first design meeting took place on 8th June with subsequent monthly meetings scheduled. The project also met with Swansea University to progress Heads of Terms document.

Swansea Waterfront: The Arena and Public Realm project is demonstrating an overinvestment of £5m. Swansea Council have completed a reconciliation of costs relating to the Arena and Public Realm and an additional payment of £14.4m is to be allocated between each asset. This brings the total public sector spend to £73.4m against the original business case total of £69m, this £4.4m overspend will be absorbed into the wider Copr Bay project spend and will be covered by the Local Authority. The Arena and Public Realm are part of the wider Copr Bay scheme. There is no overspend on the scheme in totality, but individual elements may be higher or lower than the elements in the original business case. However, the council has not needed to commit any addition funding over and above the amount approved by our cabinet. In addition, the full amount of the city deal funding has been fully committed to the area specific part of the project. The Digital Village project is continuing on track and to forecast spend.

Portfolio Summary 2023/24						
Description	Revised Budget	Quarter 3 2023/24 Provisional Outturn Position				Variance
		Actuals (to Date)	Commitments	Forecast Commitments	Total Annual Forecast	
	(£)	(£)	(£)	(£)	(£)	(£)
City Deal Investment						
Capital	76,768,896	26,648,843	3,112,905	26,819,229	56,580,977	- 20,187,919
Revenue Expenditure (where capital receipts directive applied)	5,037,776	846,068	-	1,243,237	2,089,304	- 2,948,471
City Deal Total	81,806,672	27,494,911	3,112,905	28,062,466	58,670,282	- 23,136,390
Public Sector Investment						
Capital	49,736,343	30,710,305	5,005,129	25,855,028	61,570,461	11,834,118
Revenue	6,845,658	2,426,915	39,500	1,482,000	3,948,415	- 2,897,243
Public Sector Total	56,582,001	33,137,220	5,044,629	27,337,028	65,518,876	8,936,875
Private Sector Investment						
Capital	47,007,411	1,596,000	-	16,294,693	17,890,693	- 29,116,719
Revenue	1,721,273	530,649	913,458	229,672	1,673,779	- 47,494
Private Sector Total	48,728,684	2,126,649	913,458	16,524,364	19,564,472	- 29,164,213
Project Total						
Capital	173,512,650	58,955,148	8,118,034	68,968,949	136,042,131	- 37,470,519
Revenue	13,604,707	3,803,632	952,958	2,954,908	7,711,499	- 5,893,208
Project Total	187,117,357	62,758,780	9,070,992	71,923,857	143,753,630	- 43,363,727

Annual Programme Investment Breakdown 2023/24 (Estimated)						
Description	Revised Budget	Quarter 3 2023/24 Provisional Outturn Position				Variance
		Actuals (to Date)	Commitments	Forecast Commitments	Total Annual Forecast	
	(£)	(£)	(£)	(£)	(£)	(£)
Digital Infrastructure	15,602,392	253,584	-	10,102,392	10,355,976	- 5,246,416
Homes as Power Stations	17,466,503	5,828,593	-	658,845	6,487,438	- 10,979,065
LS&WB Campuses	8,866,505	583,185	683,856	7,662,272	8,929,313	62,807
Pembroke Dock Marine	8,120,992	11,021,414	70,341	9,554,708	20,646,463	12,525,471
Pentre Awel	59,122,658	11,635,740	-	35,481,260	47,117,000	- 12,005,658
Skills & Talent	6,700,000	359,076	875,264	946,236	2,180,576	- 4,519,424
Supporting Innovation and Low Carbon Growth	28,558,879	245,762	-	1,518,145	1,763,907	- 26,794,972
Swansea Waterfront	36,959,428	32,831,426	7,441,532	6,000,000	46,272,958	9,313,529
Yr Egin	5,720,000	-	-	-	-	- 5,720,000
Total	187,117,357	62,758,780	9,070,992	71,923,857	143,753,630	- 43,363,727

3.3. Capital and Revenue Apportionment

There is currently an estimated revenue requirement of £58.07m (4.54%) 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 2 2023/24 - £58.04m), this is as a result of some small fluctuation across several projects.

Capital/Revenue Summary (Estimated)

Prior Quarter (Quarter 2 2023/24) Portfolio Forecasted Total (£m)	Investment Component	Capital Forecast (£m)	Revenue Forecast (£m)	Total Forecast (£m)	Revenue Proportion
235.39	City Deal	218.26	17.45	235.72	7.40%
401.03	Public	372.82	28.61	401.43	7.13%
642.75	Private	630.76	12.00	642.77	1.87%
1,279.17	Grand Total	1,221.84	58.07	1,279.92	4.54%

4. Financial Implications

The forecasted Joint Committee Quarter 3 outturn position (as at 31st December 2023) indicates a small deficit of £10.2k, which will be funded from the Swansea Bay City Deal ring-fenced reserve at the year end. Expenditure is forecasted at £2,883k, which is offset by the 'Top Slice' of dispersed Government grants of £761k and estimated interest derived from cash balances £2,112k.

The business cases of all nine SBCD Portfolio programmes and projects have now been formally approved and a revised budget was compiled in Quarter 3 2022/23 for the portfolio demonstrating £1.248billion. The estimated portfolio forecasted investment position (as at 31st December 2023) demonstrates over investment against the revised budget of £32m. Currently the portfolio is presenting a total investment over the fifteen-year life span of the Swansea Bay City Region Deal of £1.280billion. This is subject to fluctuation over the life span of the project and will continue to be monitored quarterly through financial templates and through the Portfolio risk register.


5. Legal Implications

There are no legal implications associated with this report.

Appendices:

Appendix A – Provisional Quarter 3 Outturn Position Financial Year 2023/24

Appendix A

			
Joint Committee - Provisional Quarter 3 Outturn Position Financial Year 2023/24 <i>as at 31st December 2023</i>			
Description	Budget 2023/24	Forecast Outturn 2023/24	Variance
Expenditure	£	£	£
<u>Programme Management Office</u>			
Salary (Inc. On-costs)	580,576	476,253	- 104,323
Training of Staff	27,862	2,000	- 25,862
Rents (The Beacon)	16,921	15,633	- 1,288
Rates (The Beacon)	7,472	7,624	152
Public Transport - Staff	2,185	-	- 2,185
Staff Travelling Expenses	17,482	2,000	- 15,482
Admin, Office & Operational Consumables	2,732	500	- 2,232
Furniture	1,071	1,000	- 71
Fees	27,316	11,000	- 16,316
ICTs & Computer Hardware	2,678	1,100	- 1,578
Subsistence & Meetings Expenses	8,741	1,000	- 7,741
Conferences, Marketing & Advertising	81,947	40,000	- 41,947
Projects & Activities Expenditure	15,297	-	- 15,297
Translation/Interpret Services	10,296	6,000	- 4,296
Printing & Copying	4,917	500	- 4,417
Programme Management Office Total	807,493	564,610	- 242,883
<u>Accountable Body</u>			
Audit Wales- Financial Audit	26,780	26,484	- 296
Finance support including Section 151 Officer	59,268	59,258	- 10
Interest paid Out to Projects	-	2,111,816	2,111,816
Accountable Body Total	86,048	2,197,557	2,111,509
<u>Legal and Governance</u>			
Monitoring Officer	38,198	38,472	274
Legal Advisory Fees	26,780	10,000	- 16,780
Legal and Governance Total	64,978	48,472	- 16,506
<u>Joint Committee</u>			
Room Hire	1,986	-	- 1,986
Subsistence & Meeting Expenses	3,671	-	- 3,671
Democratic, Scrutiny and Legal Support Costs	27,737	27,935	198
Joint Committee Total	33,394	27,935	- 5,459
<u>Joint Scrutiny Committee</u>			
Subsistence & Meeting Expenses	7,364	-	- 7,364
Travel	1,311	-	- 1,311
Democratic, Scrutiny and Legal Support Costs	22,129	22,171	42
Joint Scrutiny Committee Total	30,804	22,171	- 8,633
<u>Internal Audit</u>			
Audit Support	22,013	22,171	158
Internal Audit Total	22,013	22,171	158
<u>Provision for Unwinding of PMO</u>			
Redundancies	37,674	-	- 37,674
Provision for Unwinding Total	37,674	-	- 37,674
Total Expenditure	1,082,404	2,882,916	1,800,512
<u>Funding Contributions</u>			
Balance C/F from previous year	-	-	-
SBCD Grant Revenue Contribution	723,000	760,858	37,858
Partner Contributions	-	-	-
Interest Income /- contribution from LA'S	-	2,111,816	2,111,816
Total Income	723,000	2,872,674	2,149,674
Provision of Service - Surplus / (Deficit)	(359,404)	(10,242)	349,162
<u>Movement to Reserves</u>			
Description	£	£	£
Balance Brought Forward from previous year	140,801	140,801	-
Net Provision of Service - Surplus / (Deficit)	(359,404)	(10,242)	349,162
Balance Carry Forward	(218,603)	130,559	349,162