

2019/20 Wider Investment Fund Budget: Quarter 2 Update

1. The Wider Investment Fund (WIF) 2019/20 Budgets were approved by Regional Cabinet at its meeting of 18th February 2019, and included a programme of activity as detailed in Table 1 below, along with the proposed funding priority.

Table 1: 2019/20 Approved WIF Expenditure & Funding (and Medium Term Overview)

	2019/20 £'000	Medium Term Overview		
		2020/21 £'000	2021/22 £'000	2022/23 £'000
<u>Indicative Programme Expenditure</u>				
Wider Investment Fund Top-Slice	743	743	743	743
Approved Projects - Revenue	144	0	0	0
Approved Projects - Capital	1,382	0	0	0
Revenue Resources Available	856	1,600	1,000	1,000
Capital Resources Available	26,110	31,325	42,964	45,663
Total Resources	29,235	33,668	44,707	47,406
<u>Funded by</u>				
HMT Contribution (Revenue)	(1,743)	(1,743)	(1,743)	(1,743)
HMT Contribution (Capital)	0.0	0.0	(22,000)	(22,000)
Total HMT Contribution	(1,743)	(1,743)	(23,743)	(23,743)
LA Contribution (£120M)	(6,418)	(9,073)	(7,964)	(7,964)
LA Funding 'Cost of Carry'	(21,074)	(21,052)	(11,146)	(11,146)
CSC Loan Funding Repayment	0.0	(1,800)	(1,854)	(4,553)
Total Funding	(29,235)	(33,668)	(44,707)	(47,406)

Wider Investment Fund Top-Slice

2. The WIF Top-Slice revenue budget is set at £742,500 and supports the work of the Regional Bodies, as well as including a range of budgets in respect of Programme Development & Support activity.
3. At the time when the budget was set, known commitments were identified which totalled £504,417, with the balance (£283,083) being available to fund new initiatives approved during the year.
4. The actual expenditure at Quarter 2 against the WIF Top-Slice budget is £239,695. Details of this expenditure to date and full year Outturn projections are shown in Table 2 below.

Table 2: 2019/20 Wider Investment Fund Top Slice Budget Monitoring Position

	2019/20 Budget £	2019/20 Q2 Actual £	2019/20 Outturn £	2019/20 Variance £
Forward Commitments:				
Contribution to Joint Committee Revenue Budget	163,417	0	163,417	0
Development of Metro Plus Programme	75,000	29,018	75,000	0
REGP PHD Student support	15,000	0	15,000	0
Housing Investment Fund	80,000	65,000	163,000	83,000
REGP Costs (Chair Expenses)	1,000	0	1,000	0
REGP Costs (MIPIIM 2020)	0	54,883	59,883	59,883
Regional Business Council	15,000	7,500	24,100	9,100
Challenge Fund Set-Up and Management Support	25,000	0	0	(25,000)
Investment Fund Set-up / Manager	40,000	0	0	(40,000)
Emerging Projects	90,000	0	100,000	10,000
Sub Total	504,417	156,401	601,400	96,983
Programme Development & Support:				
Uncommitted Sum	238,083	83,295	183,295	-54,788
Sub Total	238,083	83,295	183,295	-54,788
Total	742,500	239,696	784,695	42,195

5. This expenditure and outturn position reflects the ongoing work against both emerging and approved in-principle projects, which have been approved by relevant Regional Cabinet decisions. These include the following:
- £50,000 for MIPIIM 2020, approved 10th June 2019
 - £9,100 overspend on Regional Business Council Business Plan, approved 15th July 2019
 - £50,000 for Expression of Interest costs for Strength in Places Fund Wave 2, approved 15th July 2019
 - £59,000 for ongoing costs relating to the Digital Strategy, approved 15th July 2019
 - £50,000 for the support of Local Sustainable Growth in Bridgend, approved 12th September 2019
 - £98,000 for ongoing costs relating to the Housing Investment Fund, approved 21st October 2019
 - £100,000 for ongoing costs relating to the Metro Central Project, approved 21st October 2019
6. The projected year end expenditure in excess of the agreed budget allocation for the year can be covered by a draw down from Wider Investment Fund balances carried forward. Any future decisions made by Regional Cabinet which would further increase expenditure during this year will need to be considered within the confines of the funding available.

Approved Projects (Revenue & Capital)

7. Table 3 below sets out the budgets for Approved Revenue and Capital Projects for 2019/20. These are projects which are in their delivery stage.

	2019/20 Budget £'000	2019/20 Q1 Actual £'000	2019/20 Outturn £'000	2019/20 Variance £'000
Graduate Pilot Scheme (Revenue)	143.6	42.9	143.6	0.0
CSC Foundry Site Funding (Capital)	1,381.6	0.0	0.0	(1,381.6)
Total	1,525.2	42.9	143.6	(1,381.6)

8. The 2019/20 Annual Business Plan included a budget of £143,600 to fund the remaining aspect of the Graduate Pilot Scheme, which was approved during 2018/19. Recruitments have been completed and officers are in post, marketing and publicity work to advertise the scheme to both employers and graduates has been undertaken and graduate appointments have been facilitated. This budget must retain the flexibility to be able to respond to the needs of the Graduate programme and any underspend to this allocation within 2019/20 will be available to be carried forward to complete the scheme. A further report on this is being considered by Regional Cabinet on 19th December 2019. For this reason, and until any potential underspends are realised, the full allocation is shown as being required.
9. The balance of £1.382M from the £38.5m budget approved in respect of the CSC Foundry Ltd project is now expected to be paid in 2020/21.

Status of Delivery Pipeline and Revenue & Capital Resources Available

10. In addition to the sums outlined above, the 2019/20 Annual Business Plan included uncommitted revenue and capital resources which provide Regional Cabinet with the ability to make new project funding approvals during the year, subject to their approval via the Investment and Intervention Framework (IIF) Process.
11. A narrative update in respect of the Project Delivery Pipeline is provided in Appendix 2a and the resources available to support any projects coming through the IIF process are set out below.

Revenue Resources Available

12. Proposals which have secured Regional Cabinet approval to proceed, subject to the preparation and approval of their business cases, are categorised as In-principle Projects. There are revenue resources amounting to £856,000 available in 2019/20 set aside to support In-principle Projects. This budget was set-out to meet the cost of developing business cases, as well as carrying out the required level of due diligence as proposals are developed and move through the IIF process.

13. It should be noted that Regional Cabinet does have further flexibilities to supplement in-year revenue resources via the HM Treasury Grant funding, should this need arise.
14. It is not currently anticipated that any revenue resources over and above those set-out above under the Top-Slice allocation will be required in Financial Year 2019/20. There are, however a number of projects which are at a stage in the pipeline which could lead to Regional Cabinet or those bodies with the delegated powers to do so to approve expenditure during 2019/20. Further updates will be brought to Regional Cabinet in this regard.

Capital Resources Available

15. Projects that have satisfactorily met all the requirements of the IIF process and which are subsequently approved by Regional Cabinet i.e. 'Approved Projects', will be allocated an 'Approved Project Budget', as set out in the project's accompanying 'Funding Letter'. Approved Project Budgets will be met from resources allocated over the medium term as most projects are likely to straddle a number of financial years. There is £26.1M of capital resources available in 2019/20 to fund projects during the year, whilst the sums available over the Medium Term amount to a further £120.0M.
16. There are currently no extant Regional Cabinet decisions which would lead to any drawdown of these capital resources in the Financial Year 2019/20. It should, however, be noted that, subject to compliance with the Investment and Intervention Framework, Regional Cabinet has the ability to make appropriate investment decisions. As stated above, there are a number of projects which are at a stage in the pipeline which could lead to Regional Cabinet or those bodies with the delegated powers to do so to approve expenditure during 2019/20. Any such decisions would be subject to the approval or noting of by Regional Cabinet as part of further reports.
17. Depending upon the nature, value and timing of any in-year project expenditure approvals, the components of the 'funding mix' may vary and subsequently impact upon the funding requirements of the Partner Authorities. The established stakeholder networks will be used to provide updates on this as and when necessary.