

## Swansea Bay City Region Joint Scrutiny Committee

(Multi-Location Meeting - Council Chamber, Port Talbot & Microsoft Teams)

**Members Present:**

**24 October 2023**

**Chairperson:** Councillor R.James

**Vice Chairperson:** Councillor T.Bowen

**Councillors:** S.Yelland, G.Morgan, V.Holland, C.Holley, A.Dacey and M.Harvey

**Officers In Attendance** J.Burnes, S.Aldred John, D.Oliver, S.Cutlan and T.Rees

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1. **Chair's Announcements**

The Chair welcomed everyone to the meeting.

2. **Apologies**

Democratic Services confirmed that apologies had been received from from Cllr R.Sparkes, Cllr J.Curtice and Cllr J.Beynon.

3. **Declarations of Interest**

No declarations were received.

4. **Internal Audit Recommendations Report**

This item was not scrutinised.

5. **Skills & Talent Programme Update**

An overview of the Skills and Talent Programme ass included in the report was presented by the Skills and Talent Programme Manager Samantaha Cutlan.

Members requested an updated figure in relation to the aim of creating pathways to 3,000 apprenticeships. Officers stated the target is challenging but achievable, at present 100 apprentices have been recruited through the

construction phase of several City Deal projects. The reported figure is lower than the forecasted amount as apprenticeship sign-ups for this academic calendar are not yet included and a robust reporting mechanism is needed in order for accurate figures to be reported. A plan of action is required to improve engagement with other City Deal contracts to raise awareness of apprenticeships and their benefits. A formal tracking system is required to ensure there is no duplication in reporting.

Members asked is there a list of companies that supply or help to obtain funding. Officers confirmed there are a further six applications being processed through the approvals process in the coming weeks.

The Chair commented that many apprenticeships are based around private investment and questioned whether there was a place for apprenticeships within local authorities. Officers confirmed this would be appropriate if there is a link to any City Deal project especially within the construction phase. Further support is needed to recruit the right applicant to the right role.

The Chair commented that the City Deal was at the halfway point and asked what was the timescale in order to achieve the apprenticeship target? Officers confirmed that output of the Skills and Talent programme is 5 years after spend is completed and there is another 18 months – 2 years of spend. Other targets are on track and will be exceeded comfortably, but it was hoped that by 2025 the apprenticeships achieved would be closer to target. The Chair questioned whether achieving the apprenticeship target of 3,000 after the spend is completed was achievable? Officers confirmed, work with contractors was due to commence after Christmas which aims to increase the apprenticeships numbers in the shorter term. In the longer term, ongoing apprentice creation will be rolled out and the figures will increase.

The Director of the Swansea Bay City Deal commented that the pilots will create a pipeline of apprenticeships, many colleges, schools, and universities are engaging with industry through this process. There is demand for upskilling, this will progress through the pilot process and apprenticeships will be part of the process. It was noted that the Skills and Talent Programme is not yet halfway through the programme. The Regional and Skills Partnership was the vehicle of choice to implement the Skills and Talent Programme and will still exist after the programme has

completed, in this way there will continue to be engagement and monitoring.

The report was noted.

## 6. **Digital Infrastructure Update**

Dija Oliver, Project Manager for Swansea Bay City Deal Digital Infrastructure Programme provided members with a presentation on the Digital Infrastructure Programme as included in the report circulated.

Members thanked the officer for the presentation and commented that this was an important project being undertaken through the City Deal due to the number of residents with poor connectivity in some parts of the region. It was noted that good connectivity is vitally important for businesses and people working from home.

Members commented that some areas of the Gower constituency had no internet connection and there is concern that some residents will become digitally excluded. There needs to be good communication in the rural area to promote uptake. Officers confirmed a new team in Swansea is in place who are in the process of analysing data to understand how many properties in each ward are affected. The team will plan to meet with members to identify how the information can be communicated most effectively with constituents. Communication campaigns will be run in relation to some of the schemes. One scheme that supports people immediately is the Access Broadband Cymru Scheme where alternative technology can be used. Many Carmarthenshire residents are moving to Star Link but the cost is prohibitive and needs to be more competitive. It was noted that communication is important, as many people don't understand what is available and when it is coming, but expectations need to be set in relation to when fibre will be available.

The Chair commented that he was happy that the Virgin Media total was excluded from the figures as it wasn't fair. The Chair asked, apart from giving advice, what is physically being done to address the issues, as Superfast Cymru and Access Broadband Cymru are Welsh Government schemes and aren't City Deal solutions. The chair noted that public sector organisations should be looking to address issues through UK/Welsh solutions rather than private companies like Star link due to the controversy around Elon Musk's decision to turn off of the service in Ukraine and wanted to know what physical solutions is city deal bringing.

Officers confirmed that capital or revenue investment is being used to address issues, the Dark Fibre network to 33 strategic sites, initially in the Llanelli/Swansea/Neath area, will bring additional business grade fibre to those areas, this will also provide 'Backhaul' for mobile. The Public Sector Broadband Aggregation (PSBA) order will bring additional fibre to 401 premises. Officers advised that they are also looking at ensuring they aren't duplicating funding or prevent commercial rollout. Officers aren't able to do interventions where commercial plans exist but do have the data to understand where they can intervene. Officers also have the data where Welsh Government and UK Government plan to intervene but what will remain will likely be hard to reach premises.

These need to be identified and addressed, there is potential to spend City Deal Funding towards this and to move some funding allocation from Connected Places to go further. It was noted that there is a finite pool of people who can deliver the infrastructure and therefore analysing data is essential to inform Officers plans.

The members questioned if the plan was to improve fibre to cabinets so that providers can sell better services to customers? Officers advised that its fibre to the premises and that the fibre routes will pass through the key industrial zones in the dark fibre network which they could then connect them up as city deal has paid for that fibre spine through public sector assets and sites and then that commercial organisations can build out from that.

On the Dark Fibre network, it would be business grade but the Mobile Backhaul will support residents. The PSBA will benefit residents. City deal capital spend under rural is targeting what is known as 'white premises', premises that cannot get gigabit capable or less than 10MB. Primarily Officers are looking at people who can't get speeds up to 30MB.

The Chair questioned how much will have changed due to direct investment after the City Deal has ended. Officers confirmed that mobile connectivity was the responsibility of UK Government and mobile operators and noted it was difficult to quantify at this stage what changes would be in place at the completion of City Deal but the aim is to eradicate as many properties as possible with less than 30MB. The £12,000,000 Investment in masts is through Vodafone but the masts are shared infrastructure for other suppliers, this will reduce the number of masts in the countryside but increase the access to signal for everyone, especially in emergencies.

Officers believe that City Deal has influenced decisions because the resources that are in place supports infrastructure deployment.

The Director of the Swansea Bay City Deal commented that the structure created by Digital Infrastructure is exemplar. Much of the funding is private sector with a very small amount of City Deal funding leveraged already. This region is accelerating faster than other regions. The existing funding available in parallel with City Deal funding will be maximised across the region, considering any future funding opportunities as well. Engagement with Welsh & UK government is strong, and the relationship will continue to solidify. Officers noted that take up of services is important to maintain suppliers in the region.

The report was noted.

#### **7. Swansea Bay City Deal Q4 2022/23 Financial Monitoring**

The Chair advised that there have been two financial monitoring reports due to the gap between meetings and asked Officers to focus on the Item 8 report but reference Item 7 where appropriate.

The report was noted.

#### **8. Swansea Bay City Deal Q1 2023/24 Financial Monitoring**

Steven Aldred Jones – Regional Finance Manager provided an update on the Provisional Outturn position for Q1 2023/2024 as included in the report circulated.

Members asked for an explanation why the capital expenditure to date is so poor over the projection. The Director of the Swansea Bay City Deal commented that even though we are in year 7 in terms of actual delivery we are talking about the last 2-3 years. There were several factors outside of officers control, which combined have caused slippage including Covid, inflationary pressures, construction costs and rising energy prices.

Mitigations are in place and work is ongoing to ensure the scope of what was planned is still fitting with purposes.

Officers are going through change requests such as Pembroke Dock Marine with the opportunity for offshore wind, so officers changed the business case as they did with the Matrix project and with Neath Port Talbot around the Advanced Manufacturing Production Facility. This means they are making sure projects are still relevant, but changes take time for approval.

Officers advised that they are also seeking extra funding largely down to the new deliverers so going down the process of re-approving a budget can take a long time. Funding agreements is a control mechanism which take a lot longer as they are legal documents. Officers have also used value engineering on some projects.

It was noted that processing re-approvals is time intensive, but any slippage will not affect the deliverance of a project, only the time frame in which it will be delivered.

Members commented that the Homes as Power Station (HAP) project is reliant on house builders and questioned how the project was affected by the increase in mortgage rates and the slowdown of housebuilding in other parts of the UK. The Director of the Swansea Bay City Deal stated there were risks but the Registered Social Landlords (RSL's) remain committed and are building/refurbishing. There is local authority housing stock and private sector builders. The indications are that people are still delivering and using environmentally friendly fabrication that supports the notion and technology of Homes as Power Stations. There has been an analysis of the supply chain, and a staff member has been employed to support and develop the supply chain around innovation in the homes. Engagement is ongoing with Welsh and UK governments, RSL's and other providers. A funding call has recently closed, and several applications were received in the first round of funding so new and refurbished homes can be taking into account and captured.

Officers advised that there is a lot of parallel working going on with HAPs homes and these are being monitored and taken into account of as well. The house prices have gone up so officers believe that the private sector funding will be achieved, even if less homes are built it may balance out.

Members noted that investment over the coming years was a critical part of the City Deal. The Director of the Swansea Bay City Deal clarified that RSL's are classified as private sector in relation to private sector funding.

The report was noted.

## 9. **Swansea Bay City Deal Quarterly Monitoring Report**

The Director of the Swansea Bay City Deal provided an overview of the Quarterly monitoring report contained within the agenda pack.

Business engagement and communications – Officers advised that the annual report was approved and published, and officers were hoping to draw out of that case studies to make it more real and share benefits realised, so far and progress updates. Officers are also trying to get out into commercial business-related communities by taking a showcase event to each of the 4 boroughs. They have already done one in Pembrokeshire which was well attended. All 9 projects and programmes attend the showcases.

Yr Egin – Members were told that the 5 year anniversary event is on the 26th of October to celebrate the success of the project.

Pentre Awel – Officers advised that Zone 1 is moving forward. There are work packages that have gone on to 'Sell to Wales'. The apprenticeships aren't captured yet but they have had work experience placements and school interactions as well as construction spend monitoring. Pentre Awel have been successful with a Shared Prosperity Fund Grant, and they are refreshing the website and posting promotional videos online. They launched in May 2023 a skills and talent 21<sup>st</sup> Century skills project. Members were advised that Pentre Awel have planned activities, in Zone 1 it is focusing on Innovation and the business network working with North Wales at options for outdoor activities. They are also looking at the integrated regional care fund capital bid and looking at networking, engaging, and collaborating and securing additional funds.

Officers explained that for zone 3 Assisted living accommodation the RIBA stage2 design is complete and officers are scoping and modelling for zone 2, which is the Nursing home, residential rehabilitation and extra care facility which are progressing well.

Homes As Power Stations HAPS – Members were informed that the supply chain lead has been recruited and in post. Supply chain engagement has already happened, and they are looking at the supply and demand and reviewing it across the region. The incentive fund call had a deadline of the 21<sup>st</sup> of September with sift ongoing, that will be the allocation of City Deal funds in the first round. Officers advised that there had been a showcase event with Modular in September to show people what HAPS would look like. They also have the supply chain development fund and are allocating that in the coming weeks.

Yr Egin Phase 2- Officers explained that the University of Wales St David are pursuing a digital production facility; this will need to go through a change

request because it isn't in the original business plan as was approved before. Officers are waiting and supporting them in developing that.

Swansea City Digital Waterfront District- Members were informed that the hotel is still under negotiation to secure a developer. The Kingsway Construction is continuing as planned but has had a 2month delay although still on track. The topping out ceremony is next week so the outer form of the building is complete, and they are marketing the space and have heads of terms progressing with an anchor tenant and procurement for a building management company is underway.

Officers explained that the Innovation Matrix has a delivery confidence assessment of Amber/Green in the Gateway Review. From a tenancy perspective, officers said that they are doing brilliantly, with 75% of their occupancy at a stage of nearly signing heads of terms. Since this report officers said this is up to 90% interest now in heads of terms level. The innovation precinct lead by University of Wales Trinity Saint David are going through options with Swansea Council and are hoping to go through a change process in the coming months.

Pembroke Dock Marine - Hanger Annexes are complete, with Hanger 4 being handed over to the tenant and the other 3 hangers will be handed over to their tenants imminently. The slipway is now completed, and the Timber Pond infill has also been completed.

They are working with lots of collaborative bids with Ofgen strategic innovation fund looking at Wave and National Grid about grid connection points. Officers advised that with Floating Offshore Wind, they have shared the testing and demo study with Welsh Government and Crown Estate and are doing lots of collaborative and engagement work.

Officers advised that a new risk has been identified in Pembroke Dock Marine relating to the unsuccessful Contracts of Difference Auction, regarding Offshore Wind run by UK Government. This was the first test of the annual process, and it received no bids.

Pembroke Dock Marine

A lot of companies around the Swansea Bay City Region did not enter or withdrew from the Auction Round 5 before results were announced. Officers said that on reflection the state of the energy market meant significant price increases facing offshore wind to construct the wind turbines. This meant there is a lot of risks associated for developers and



supply chains. There are active discussions around re-forming the contract for difference process and another round is coming out on spring 2024 called Auction Round 6 and they are hoping to re-invigorate offshore wind growth in conjunction with UK Government. The Celtic sea projects are expected to developed through the Crown estate commercial scale leasing rounds and they will do lots of things around the pre seabed lease phase but that will take some time to undertake and the partner feedback is that floating offshore wind wasn't successful but it's not an indicator of future outcomes of flow particularly in the Celtic sea and the work plan is in place to deliver the Pembroke Dock outcomes as planned and the innovation structure will be there to serve whatever energy transitions there are for decades to come. Officers have mitigations from each of the partners available should members want to read them.

Campuses – Officers are waiting on the secondary funding agreement between Swansea University and Swansea Bay University Health Board to be signed off. They have at risk, completed RIBA stage 2. RIBA stage 3 for Sketty Lane is being progressed noting the increased cost. Ecology surveys for Morryston access route has been done. Officers advised that work is being done already for Phase 2 of campuses on Ashely Road such as the hockey stand and modular changing and 3D pitch facilities.

Supporting Innovation and Low Carbon Growth. – Bay Technology Centre has 5 tenants occupying 37% of the space, further potential tenants are being processed. Morgan Sindal have been appointed as the contractor of SWITCH which is the decarbonisation of steel lead by Swansea University. Four applications have been progressed for stage 2 of the property development fund and there are two on the reserve list that are also being looked at for funding. Officers confirmed that the Hydrogen stimulus project is going well and they are putting in a 100KW Hydrogen Electrolyser. Members were advised that there is an advanced manufacturing production facility as part of the business case and Joint Committee has approved the option for them to enhance that part of the business case and then secure the additional £5.3 million in funding to develop a skill centre for manufacturing production. Subject to a change request, this will need to be approved by Welsh and UK Government.

Members commented that of the total job target of 9686, 21% of investment has been spent and 5.6% of the target jobs created and questioned the amount of sustainable jobs that is hoped to be achieved with this investment. The Director confirmed that the actual job creation

figure is higher in reality, but this can't be reported at the current time as further evaluation is needed.

Officers used the example of Yr Egin who are undertaking an economic appraisal, and this will also look at the number of jobs created so those jobs can be added to the figures. Officers explained that each project of City deal will have an evaluation after it has been built and in operation which will give an indication on jobs, wider investment and economic impact. There is also an evaluation sub-group with all the project leads that will identify how what they will be evaluating. It was noted that the target date for the creation of jobs is 2033.

In relation to the University Project, members asked for confirmation that additional costs were being met by the university and asked if value engineering had been carried out? The Director confirmed that the university were meeting the additional costs and were in the process of undertaking value engineering. Members commented that construction costs are starting to decrease and asked what impact this will have on ongoing assessments over the next 6-12 months. The director confirmed that a construction cost impact assessment is carried out monthly, the current report is now outdated; costs have increased from £31 mil to £36 mil. It was noted that costs increase quicker than they come back down and although costs have stabilised, any cost decrease is not apparent yet in contracts awarded. The Director commented that previous months had been unstable, with most projects costing more than the original business cases and final costs cannot be identified until project design and build and contracts are awarded. The inflation being experienced is far beyond the standard inflation that was originally factored in when the business cases were written 2-3 years ago.

Members commented that it is halfway through the procurement process and asked if slippage is anticipated and if contractors want to delay things hoping costs will come back down. Officers advised that contractors are still bidding despite the inflated costs. The Director confirmed that delays and negotiations can cause slippage, but it is hoped that this won't affect the region attracting investors. No projects or programs have said they can't proceed and are either taking the hit of rising costs or renegotiating.

Members commented that the current price structure will remain for some time to come but will eventually stabilise but doubt it will ever come down again to the old levels. Officers agreed that prices don't fall as fast as they

increase, and it will potentially stabilise, but the volatility will still throw spanners in the works and will affect revenue. If City Deal ever got to a situation where they couldn't deliver what they thought, they could then they can go back to the Government and explain this but that isn't likely to happen as it stands.

Members requested site visits to Pembroke Dock Marine and other projects. It was suggested that Pembroke Dock Marine would be appropriate to visit as this site could have an influence on the whole of West Wales. Officers agreed that can support this.

The report was noted.

10. **Forward Work Programme 2022/23**

Members agreed to request site visits for Pembroke Dock and Homes as Power Stations as part of the forward work programme.

11. **Urgent Items**

There were none.

**CHAIRPERSON**