

Swansea Bay City Region Joint Scrutiny Committee

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

Members Present:

16 April 2024

Chairperson:

Vice Chairperson: Councillor T.Bowen

Councillors: S.Yelland, R.Sparks, V.Holland, C.Holley, A.Dacey and M.Harvey

Officers In Attendance T.Rees and Burnes, I. Williams, M. Willis, S. Aldred Jones, S. Edwards and T. Rees

1. **Chair's Announcements**

Democratic Services have received apologies from Cllr J. Beynon, Cllr J. Curtice and Cllr G. Morgan.

2. **Declarations of Interest**

There were none.

3. **Response from the Chair of the Swansea Bay City Region Joint Committee in relation to 'Gross Value Added'**

The Chair introduced the letter. Members did not have any questions.

The letter was noted.

4. **Pembroke Dock Marine Update**

The Steve Edwards, Commercial Director, Milford Haven Port Authority. Gave a presentation to members in relation to the Pembroke Dock Marine Update report. He thanked members who had attended the site visit to Pembroke Dock in January.

The presentation covered the following areas.

- 1) Progress update on the Pembroke Dock Marine project;
- 2) Outcome of the Pembroke Dock Marine Gateway Review, including recommendations and mitigating actions;
- 3) Pembroke Dock Marine business case addendum.
- 4) Change notifications received from the Pembroke Dock Marine project.

The chair and members thanked officers for the site visit to Pembroke Dock and stated that it had been informative and was worthwhile to see what's been developed.

Members noted that the critical stage of the project was the commercialization element and asked how the progress was in terms of trying to get commercial partners involved and specifically with the units if there are any other vacancies?

Members were informed that when officers knew that the assets were coming to completion, they started a networking campaign which included going to Ireland, Europe, and England as well as speaking with all the different developers at conferences showcasing when the assets will be ready.

Officers looked at identification of markets in terms of understanding when fixed offshore wind was commencing in Ireland and used the example for the 'Dublin Array'. Officers noted who was winning those competitions for Dublin Array and marketing those assets directly to those types of organisations.

Officers stated that the outcomes to date have been mixed but it is not going badly for the first year. Officers explained that there is a company who are a boat builder/repair company using the mega slipway. That company now has 67 metres of slipway and with their crane, they are capable of even more room. This is greater than the 20 meters of slipway they had previously.

Officers advised that they have had interest from some wave and tidal developers however the test and demonstration for the 400 megawatts floating offshore wind is paused and none of the developers have gone into the low carbon electricity generation Contracts of Difference (CFD) round. Officers had hoped that it was going to be an immediate opportunity.

Members were informed that some pontoons have been added on the back of the ferry linkspan and the first bookings have come in, with items being birthed up against them this week.

A hydrogen developer is at the draught heads of terms status with officers.

Members were advised that it is a shame that the Floating Offshore Wind Manufacturing Investment Scheme bid was rejected because if had been accepted, an immediate start to work on the other side of the port would have commenced and created an integration facility which probably would then be needed by the, the test and demonstration developers for their anchors change moorings. That element might be a bit further away as a result. Officers are looking to seek alternative financing for that, but their ambition is the same and they are going to work a little bit harder.

Members were informed that the biggest annex attached to the hangar is still available, and currently options for that are being looked at. The two smaller units on that building has one leased and another is almost leased pending contract signatures.

'Booster' has taken the hangar annex on the eastern side of the port meaning there are 3 out of 4 either leased or are going to be leased with one vacant as a minimum.

The report was noted.

5. **Campuses Project Update**

The report Miles Willis, Strategic Development Manager at Swansea University lead delivery partner of the project introduced the report and accompanying PowerPoint presentation to inform members of the progress made and status of the Swansea Bay City Deal Campuses Project. He gave an overview also on how from the sports angle, they link the sporting world with the medical world and the route taken for this is via the technology world linking in with the city deal outputs around regeneration, looking at community involvement and general health of people and linking with businesses such as startups and sports technology.

Members commented that the Ashley Road Playing fields (Swansea) are within the fields of trust as is the King George V playing fields which is part of the Ashley Road Playing fields. Members noted that

the development encompasses all of Ashley Road and asked what the legal process that has happened in relation to the development and these playing fields as they are used for football rugby and cricket and members who represent Swansea haven't had an update on this in their scrutiny committee.

Members also asked about Miles Willis statement in the presentation that the area has got lots of land and it's relatively cheap as opposed to Oxford and Cambridge, members wanted to know what officers meant by that and where did they mean?

Officers explained that the Ashley Road playing Fields are mixed ownership which includes not just Swansea University and Swansea Council but also third parties. Officers explained that within the process they recognised and have no intent to do anything on King George 5th playing fields.

Members were advised that it is held in trust and is badly drained meaning children are unable to play football there. Officers advised that anything that they can do to help with that process they will do and advised that it had suffered for a while due to a lack of investment.

Officers stated that anything they can do around the poor changing facilities while cognizant of its trust status they will.

Officers also explained that this would come out of a piece of work that has been undertaken currently with shared prosperity funding around what can the council and the university in this case do around that whole demise. This is why Miles Willis included King George V playing fields in that as well as the university's own land and the council's land within it.

Miles Willis advised that he was hopeful to allay any fears that they are not building there and have no plans to. but whatever the university can do to help with that community angle they will do their utmost to work with the Council to do that.

In relation to the question on land, Miles Willis advised that in the consultation with the company Archus they identified where the private sector sports and med technology companies are based and how to draw them to the Swansea area. Oxford and Cambridge are in the golden triangle where these companies would want to put

factories but because they can't find locations suitable there as there is no space or cheap enough land available.

Swansea in comparison has plenty of relatively cheap land and used Velindre as an example that if they partner with academic institutions and the commercial partners of them and work with them to tell them to come to the region and look at the sorts of places available. Officers haven't done a land association around there, but they do work with the council to understand where these spots are around, both from mega factory size to small unit.

Miles Willis noted that Baglan Technology Centre that's recently opened as part of the city deal has three companies that are either spin outs of the university or have been incubated within the university. Members were advised that the university does have a role to play in all this and particularly if they work with projects like Tramshed where they are an integral part of it. The university need to acknowledge that more and need to work out how they move these businesses into that next phase from the incubation labs to a factory because that's where the jobs are going to be.

The market Intelligence that officers have had is that sports tech and Med tech companies particularly need to be either embedded in a university or embedded in a hospital that that's the rubbing shoulders with professors and clinicians, that is what officers reacting to that that need.

The Chair asked why this hadn't come through scrutiny yet in Swansea. The Member from Swansea said he would call it in.

The report was noted.

6. **Swansea Bay City Deal Highlight Report.**

Jonathan Burnes, Director, Swansea Bay City Deal introduced the report to update members on the programmes and projects progress that formed part of the Swansea Bay City Deal Portfolio.

The Chair commented that he had attended the 'Meet the City Deal' event and felt that it was worth attending for any new businesses and was a big eye opener to what is out there for businesses which a lot of them would never have known about if this wasn't put in place.

The chair also commented that the Homes as Power Stations visit in Aberavon was interesting to see what is going on and hoped that there would be a lot more of these buildings built for people to benefit from.

Officers commented that more site visits could be arranged as the other buildings in projects such as the Matrix, Pentre Awel, and the Kingsway come online.

The report was noted.

7. **Construction Impact Assessment Summary**

Jon Burnes introduced the report to members of the committee.

Members noted in the report that the £43 million gap has been reduced to £12.75million on the mitigations and noted that the effect of inflation has been quite severe. Members asked how confident officers were of the £12.75 million gap across the whole of the projects being accurate.

Officers advised that these are estimates currently and it is a fluid situation which is why the report is updated monthly. Officers believe that the gap will only go up because there are still procurements to come on board and costs to be estimated for further planned procurements.

Members were advised that it is unlikely that there would be a significant reduction in construction costs and inflation in the next 2 years. Officers advised they need to manage and mitigate and reduce the gap as much as possible. They are confident that it is as accurate as it can be at this stage.

Officers explained that Pembroke Dock Marine, Supporting Innovation & Low Carbon Growth, Yr Egin and Digital Infrastructure are the four projects that make up that £12.75 million gap.

Members were also advised that when more procurements come on board, the gap could increase and some of the business cases were developed several years ago.

Members had questions relating to Yr Egin phase 2 and how the report talks about the revised delivery model, noting the new proposed provision of a virtual production facility in Carmarthen campus. Members wanted an explanation of why if it is a new or revamped project that was going to cost £10.3 million originally, that

the current estimate is for £12.9 million and why they are not being told that it should be done within the original budget of £10.3 million?

Officers explained that even though this idea for Yr Egin has been put forward, it hasn't been approved and a change request would be required and submitted through the SBCD governance groups. The figure reflected their current thinking of what that phase two could cost. Officers also explained that all the projects are governed by the envelope of money that they had from City Deal, but also the contributions from private and public sector. There are also the outputs, (the delivery of a building); and the outcomes, such as jobs, wage uplift, increased land value.

Officers noted that the new Vice Chancellor of the University of Wales Trinity Saint David and the senior management team is considering their future commitments for undertaking capital projects including Yr Egin Phase 2 and the Innovation Precinct in Swansea Waterfront. The business and organisational need for additional infrastructure is also being considered as part of this process.

Members clarified that the 25% increase is just a prediction of what any changes would cost but are not set in stone. Officers confirmed that it is just a delivery solution idea as opposed to something that's been put into practise.

Members also noted that the estimate of the cost was not all directly the City Deal money and was also included other partner funding contributions as part of the overall funding package.

The report was noted.

8. **Swansea Bay City Deal Portfolio Business Case Update.**

Ian Williams, SBCD Portfolio Development Manager gave members an update on the City Deal Portfolio Business Case required for submission to Welsh and UK Governments.

Members asked how robust the business case is still in financial terms.

Officers said that it remains affordable as the business case confirms. However, there are challenges and mitigations ongoing and risks and issues still remain for the delivery programme but at present it remains affordable across all the programmes and projects.

Members asked if the report is a snapshot from months ago. Officers confirmed that it is based on the quartQ3 2023/24 returns.

Members noted that they could get a better update at the next scrutiny meeting where members can ask for affordability issues on the business case.

Officers advised that there are regular financial reports on a quarterly basis. Officers also added that when the business cases were written several years ago, the value to the economy, the value to the lead deliverers, the stakeholders involved and the beneficiaries of it have in a few instances now become higher value today than what it would have been a few years ago for several reasons.

Officers used the examples of from the Supporting Innovation and Low Carbon Growth Programme, specifically the Bay technology Centre and the decarbonisation of steel project (SWITCH). It is likely that they now have a greater economic value than when the business case was developed three years ago. This means that even though costs may increase, the economic return of what those buildings will produce will be higher for the region.

Officers stated that they will have to keep their fingers on the pulse in that sense and officers noted that affordability is the important thing, and they have a mechanism to check that through the quarterly financial monitoring as well as business case updates among others, to make sure that they are still viable and affordable and that they're being delivered as planned.

Members noted that because several business cases were initiated around 2017 society and the business world has completely changed. Members asked how relevant today is the City Deal with what has been produced then to what is here now.

Members also commented that while officers undertake mitigation measures to put projects in a position to get the best benefit out of what is being done, members felt that they needed to understand what the change is within that business case is, they know what is being done.

Officers agreed with this and referenced the change control procedure in place to capture those changes. Officers gave the example that for Pembroke Dock Marine (PDM), Floating Offshore Wind was not part of PDM originally. But the project went through a change control process to incorporate that into it. The envelope of money stayed the same for PDM, but their focus changed and what

would happen then is the return on that is a lot higher than what they originally planned. Officers referenced SWITCH and stated that it is a heightened need within the region because of the situation with Tata Steel.

Officers advised that Yr Egin phase two must make sure that it is viable and that it is aligned to business and the universities need and all projects are going through change control and officers support those projects through that process.

Members stated that there has been a rush to build offices in a hope that we go back to pre-pandemic office usage and were concerned that there is little evidence to prove that it will go back up to that level. Members were glad that officers were investigating and reporting back because those are the ongoing things that will matter after the initial build of all these projects.

Officers agreed that the purpose of the buildings and the type of space that's in them is important and used the example of Yr Egin proving in Phase one that it has been near to full occupancy throughout the whole five years of operation. The Bay Technology Centre has lab space that industry requires and the hanger annexes in PDM are on site where they need to be to work in collaboration with other partners to put technology into the Celtic Sea. Officers stated that there are good drivers for having these premises, but it is about adapting and making sure that what was signed up to a few years ago is still viable and that they adapt and make sure that they change to the business need.

Report was noted.

9. **Change Control Procedure and Thresholds.**

Jonathan Burnes, Director, SBCD presented the report on proposed Change Control Thresholds for the reporting and approval of Change requirements of the associated programmes and projects within the Swansea Bay City Deal and shared the revised Change Control procedure.

Members thank officers for defining what the significant change is.

Members asked who sits on the Change Advisory Board.

Officers explained that the change Advisory Board is a board that officers would instigate if it was required. To date it hasn't been required but the type of people who would sit on it would be,

Jonathan Burns (or people from the portfolio office), there may potentially be somebody from the economic strategy board or programme board, the operational group. Officers advised that it is unlikely to be the joint committee because they are the decision makers in effect, and it would be unlikely to be a project lead delivery organisation because they are the ones who would provide the information that again would be tested and challenged through a Change Advisory Board.

Members were informed that there are not enough change requests coming through at an approval level to necessarily warrant the change advisory board and the ones that they have had through several of those went up to the governments for approval. So there was no point in having a Change Advisory Board in between, but change advisory boards are standard practise for this type of thing.

Members thanked officers for the site visits that have been arranged for Homes as Power Stations site visit and the site visit to Pembroke Dock Marine as they have been very helpful and as members of the committee felt it was good to see so much actually delivered. Members wished to congratulate officers on the work that's being done.

The report was noted.

10. **Forward Work Programme 2023/24**

The Members of the Committee noted the Forward Work Programme.

11. **Urgent Items**

There were none.

CHAIRPERSON