

**South West Wales Corporate Joint Committee - Economic Well Being
and Regional Economic Development Sub-Committee**

(Via Microsoft Teams)

Members Present:

9 October 2023

Chairperson: Councillor S.K.Hunt

Councillors: R.Francis-Davies, J.Hurley, L.Evans and
D.Simpson

**National Park
Representatives:** R.Jordan and L.Bickerton

**Officers In
Attendance** W.Walters, P.Relf, J.Jones, R.Moxey,
S.Brennan, L.McAndrew, S.Aldred-Jones,
R.Gill, M.Wade, G.Jones, W.Bramble and
R.Brown

1. **Welcome and Chairs Announcements**

The Chairperson welcomed everyone to the meeting.

2. **Declarations of Interests**

There were no declarations of interests received.

3. **Terms of Reference**

The Committee were presented with the Terms of Reference of the Economic Well Being and Regional Economic Development Sub Committee of the South West Wales Corporate Joint Committee.

It was explained that the Terms of Reference were presented to the Corporate Joint Committee, along with the other Sub Committee Terms of Reference, in October 2022.

Members were informed that the document set out the overarching aim of the Sub Committee; along with the functions and makeup of the Committee.

RESOLVED: That Members note the terms of reference of the Economic Well Being and Regional Economic Development Sub Committee.

4. **Regional Economic Strategy Update - Verbal Update**

The Committee received a presentation from SQW, an economic development consultancy firm appointed to carry out work on the South West Wales Regional Economic Delivery Plan (REDP). It was noted that in 2013, SQW worked with colleagues in South West Wales on the Economic Regeneration Strategy; and were re-appointed in 2021 to carry out work on the REDP, which replaces that earlier strategy.

The presentation provided Members with an overview of the content and purpose of the REDP, as well as an update on the Regions position 18 months on from the start of this work stream.

Members were informed that the REDP was developed in 2021, and approved by the South West Wales Corporate Joint Committee in March 2022. It was noted that when SQW were appointed to carry out this work, they were asked to prepare a document that looked towards 2030. The following statement was included within the plan to capture the purpose:

‘Set out the region’s ambitions for a resilient, broad-based and sustainable economy, and where efforts should be focused in the next few years to realise them’.

It was mentioned that SQW produced the plan in parallel with the Regional Economic Framework that was led by Welsh Government; the REDP largely informed the Regional Economic Framework, as it references the strategic content of the plan.

The Committee were informed of the approach taken from evidence to delivery of the plan:

- Evidence and Landscape Review – this work started in early 2022 to capture issues, context, policy themes and a SWOT analysis of the regional economy. It was important to gather new evidence for the development of the REDP, due to the fast changing nature of evidence based work. This review was captured and published in its own document.

- Regional Economic Delivery Plan – the evidence base work fed into the core strategy document and framework for action.
- Project Pipeline Supplement – following the publication of the REDP, a third document was produced named the ‘Project Pipeline Supplement’. SQW had collated a series of project proposals, all of which were at various stages of development; the document set out a short summary business case for each project, on the basis that they could be reviewed and developed in response to future funding opportunities and the like.

When developing the REDP, three broad, overarching ambitions were set for the Region to be resilient and sustainable, enterprising and ambitious, and balance and inclusive; and within that content, three missions were set out within the plan:

1. Establishing South West Wales as a UK leader in renewable energy, and the development of a net zero economy
2. Building a strong, resilient and embedded business base
3. Growing and sustaining the experience offer

It was noted that SQW consciously focused on the three missions, rather than taking a more traditional approach, in order to capture something that was distinctive to the Region; and to actively respond to the consultation, and the steer received from the four Local Authorities.

Members received further detail on each of the three missions, as set out in the presentation; each mission contained a series of high level action areas, formulated from the evidence based work. It was added that they were also developed to ensure they continued to have relevance over the intended time for this plan, which was up to the year 2030.

It was explained that there were a number of performance indicators set out within the REDP. The presentation detailed some of the indicators that could be measured 18 months on; however, it was acknowledged that local data wasn't always reliable over a short time series. It was mentioned that there was a small decrease in greenhouse gas emissions; this figure was still much higher than the UK figures, however this was known to be due to TATA Steelworks. Reference was also made to the decrease in the number of jobs within the Region, which was noted could be a result of the way data

was still being recorded as a result of the pandemic; it would be helpful to monitor these figures on an annual basis to get a more accurate understanding of the position.

Reference was made to the change in context since the work started in 2021. The following challenges and opportunities had not presented themselves at the time of the development of the REDP:

Challenges

- Weak outlook for UK growth
- Cost of living pressures and the impacts on communities, confidence and overall investment
- Pressures on public sector resources
- Industrial restructuring risks

Opportunities

- Designation of Freeport for Pembrokeshire and Neath Port Talbot
- Continued policy commitment to net zero, especially from Welsh Government
- Progress in bringing forward major projects with private sector leadership, with potential to augment the regional offer through investment zone designation
- Strong partnership approach, as City Deal projects delivered and the South West Wales Corporate Joint Committee established

Following the presentation, a discussion took place in regards to the first mission contained with the REDP; referencing the key challenges associated with action area 'building capacity and expertise to maximise renewable energy and net zero potential'. It was noted that some of the skills initiatives that were being taken forward by the Regional Learning and Skills Partnership would address some of the key challenges; however, achieving the mission would also come down to investment appetite and the confidence that the private sector has to invest. It was explained that the adoption of the first mission within the REDP, would require significant strategic leadership and investment due the competitive nature.

5. **Overview of Existing Regional Programmes - Verbal Update**

A verbal update was provided in regards to two of the key regional programmes that were assisting to deliver the Regional Economic Delivery Plan (REDP).

It was noted that it would be key to keep in mind the three missions within the REDP, as they were important in guiding the way that the programmes were being deployed; particularly the Shared Prosperity Fund (SPF) and the Transforming Towns Programme.

Shared Prosperity Fund (SPF)

Officers explained that there were a series of anchor projects on the key themes linked to the REDP; the principle among these were the business development and employability strands.

It was highlighted that the programme was planned at a regional level, however delivery was being tailored within each Local Authority area; this meant that each Local Authority could move at a pace that was most appropriate to them and the scale of budget allocation that they were granted by UK Government. Officers stated that the regional dimension was there, however it was equally important to ensure there was the flexibility to scale the pace and design according to local need.

Members were reassured that the nature of the projects were broadly following along the lines of the REDP; the advice and documentation that was given early on in the programme were being acknowledged, and the projects that were coming in were consistent with the delivery needed to start the implementation of the REDP.

The Committee was informed that the anchor design enabled existing staff, within the teams at each Local Authority, to make a start on the work reasonably quickly; particularly for the creation and distribution of grants to small businesses, and in the area of community development.

It was stated that the level of commitment across the programme was very high, and the Local Authorities were almost fully committed between the anchor projects and open calls; with part of that being allocated to grant schemes that were open on an as needs basis. Officers confirmed that there were still some open calls to be concluded, particularly in Pembrokeshire; however, this exercise was due to be completed by the Christmas period.

Officers added that funding was moving quickly, and Local Authorities had worked well together in getting this work to the point that it was

currently at; this arrangement had also allowed for smaller organisations to be the first to benefit, which hadn't always been the case in the past.

In regards to future meetings of the Economic Wellbeing and Regional Economic Development Sub Committee, Officers explained that they will be able to provide a comprehensive overview of all of the finances in details, and the outputs that were being achieved. It was explained that the system for this this had been built, and the first claim period would end on 17 October 2023; once the submissions were in, Officers will collate the data and produce a regional report which will capture the performance of the programme across the Region.

Transforming Towns Programme

It was explained that the way in which SPF had been deployed, was built on the existing model in place of the Transforming Towns Capital Programme; which was noted to be a rolling capital programme of around £9million per year.

Officers highlighted that the relationship between the four Local Authorities had matured since the start of the delivery of this programme, in terms of being realistic about the challenges faced by capital project delivery.

Members were informed that a continual pipeline of schemes was maintained, both at a larger scale and smaller scale. It was noted that the larger scale strategic projects were based in the £250k+ grant band; the Region had numerous of examples of these types of projects. The smaller scale grants were noted to be utilised for targeted interventions in town centres.

It was stated that there was a slight difference in the level of flexibility between the way in which the SPF was able to be deployed, versus the Transforming Towns Programme; however, the tools that the programme makes available were having a visible effect on all town centres across the Region, and helping to reinforce the missions of the REDP.

Reference was made to the town centre 0% interest loan option, which had been very helpful in unlocking private sector development by helping to save off that interest; this was particularly helpful to businesses in the current climate.

Officers concluded that the range of tools available across the Region provided Officers the steer to be able to deliver against the REDP; between the gap filling that SPF was able to provide, and the funding through the Welsh Government for the Transforming Towns Programme.

6. **Freeport Update - Verbal Update**

The Committee received an update in regards to the current position in respect of the Freeport, and the processes involved with this work.

It was explained that the Celtic Freeport bid scored highest of the three Welsh bids submitted to UK Government, and since then Officers had been making progress in terms of the delivery element.

After some delays, it was confirmed that the Department for Levelling up Housing and Communities (DLUHC) and Welsh Government had issued draft guidance for this work; and Officers were awaiting for the final detail to be agreed.

Members were informed that the Freeport Team (consisting of representatives from Neath Port Talbot, Pembrokeshire, Associated British Ports and Milford Haven Port) were currently working with KPMG and the interim Celtic Freeport Chief Executive to draft the outline business case; with hopes to submit at the end of this calendar year.

In terms of floating offshore wind, it was stated that there were no bids submitted by developers in the recent auction process; whilst this raised concerns, Officers had been assured that the process was being revised. It was noted that the process, which included agreeing the contracts for difference, will provide more consideration to the developers next time around.

As previously mentioned, Officers were currently working through the outline business case; part of this included looking into a number of areas particularly around skills, innovation and planning. It was noted that from this, Officers will be drawing up some draft segments to fit within the outline business case.

A discussion took place in regards to the next steps, which were highlighted as follows:

- Formal submission of the outline business case, and approval from DLUHC and Welsh Government;

- Treasury approval and tax site designation – Officers had engaged with over 20 land owners across Neath Port Talbot and Pembrokeshire in order to get the tax site agreements in place;
- Proceed with full business case, with the potential for the Freeport to start trading in late 2024;
- Release of capital from UK Government to allow Officers to undertake a range of works to infrastructure and feasibility studies

It was explained that the money will be spent across both Neath Port Talbot and Pembrokeshire, however the benefits generated by the Freeport would not be restricted to the two County Boroughs. It was emphasised that the benefits would be realised across the whole of South Wales.

The Committee were presented with the following current challenges associated with the Freeport development:

- High level discussions between Welsh and UK Government were taking place in regards to the non-domestic rates, and the proportion of which would end up with the Local Authorities in Neath Port Talbot and Pembrokeshire.
- The timescales were noted to be quite challenging, as there was a lot of responsibility to deliver heavy documentation in a short period of time. Whilst Officers had the support of consultant teams, there were certain elements of work that could only be carried out from within the Local Authorities themselves.
- The upcoming General Election in 2024 could have a profound effect on some of the timelines around the Freeport; with the addition that there were differing policies for different governments.
- The changes at TATA Steelworks; the Freeport would take on a more prominent and important position given this context. There was also a certain amount of uncertainty from this, and significant change.
- The failure of the latest contract for difference auction that took place where no bids were made. Whilst the failure to secure a bid sent a message to the Government in terms of pricing issues, Officers were conscious that it would also place doubt in

the minds of investors. Officers were working closely with industry to try and mitigate this.

The Chief Executive of Pembrokeshire Council concluded that the Freeport brings opportunity for an increase in jobs, that would not otherwise of existed; and had yet to see any evidence of any material displacements being created by the opportunities in the Freeport development.

7. **Investment Zone Status in Wales and the Regions Position - Verbal Update**

Officers provided the Committee with an overview of the investment zone status in Wales, and the South West Wales Regions current position.

It was stated that earlier this year, UK Government announced that 8 investment zone areas has been allocated in England. Officers highlighted that although there had been no confirmation in regards to potential investment zones in Wales, discussions were ongoing between UK and Welsh Government; with a suggestion that there will be at least one investment zone in Wales.

Members were informed that Carmarthenshire and Swansea Councils would be developing and submitting a prospectus document to Welsh Government, indicating what could be achieved in the South West Wales Region. It was noted that this would include links to the Freeport status, adding value and addressing the displacement issue, as well as opportunities to connect the energy generation potential; along with building research and innovation capacity, and linking major sites and industries.

It was concluded that the green growth investment prospectus was being finalised, and would be brought to the Corporate Joint Committee on 24 October 2023 to provide further detail on this matter.

8. **Corporate Plan 2023/2024 Priorities - Proposals for future Work Programme**

A discussion took place in regards to proposals for the future work programme of the Economic Well Being and Regional Economic Development Sub Committee.

It was highlighted that there was opportunity to present some of the priorities raised from the Officer Workshop, which took place on 3 October 2023, alongside reacting to the priorities the region was facing.

Following the discussion, it was confirmed that Officers would populate the Forward Work Programme.

9. **Urgent Items**

There were no urgent items received.

CHAIRPERSON