

Swansea Bay City Region Joint Scrutiny Committee

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

Members Present:

25 July 2024

Chairperson: Councillor T.Bowen

Vice Chairperson: Councillor D.Cundy

Councillors: M.Bowen, G.Morgan, R.Sparks, C.Holley, A.Dacey and R.W.Wood

Officers In Attendance J. Burnes, L.Willis, S.Aldred-Jones , O.Gavigan M. Holder And T. Rees

1. **Appointment of Chair and Vice Chair**

It was proposed and seconded and agreed that Cllr Tim Bowen be the Chair of the Committee.

It was proposed and seconded and agreed that Cllr Deryk Cundy be the Vice-Chair of the Committee.

2. **Chair's Announcements**

The Chair welcomed everyone to the meeting and welcomed the new members of the committee. The Chair confirmed that Democratic Services have received apologies from Cllr S.Yelland and Cllr J. Curtice.

3. **Declarations of Interest**

There were none.

4. **Minutes of the Previous Meeting**

The minutes of the meeting held on 13/02/24 and the 16/04/24 as an accurate record of the proceedings.

5. **Audit Wales - Assurance & Risk Assessment**

Members were informed that apologies had been received from Audit Wales officers. Jonathan Burnes gave members an overview of the process and the findings of the report.

Members were advised that the Audit Wales Assurance and risk assessment was conducted between October and March 23-24 and that the assessment was to look at the effectiveness of the City deal's existing management arrangements and how it supports the effective & efficient delivery of the City deal portfolio.

Officers explained that Audit Wales undertook a review of documents, sampling joint committee and portfolio office documents.

Members were also informed that there was a series of interviews, with various key people including the chair of the programme board Wendy Walters, Chris Moore the Section 151 officer the chair of Economic Strategy Board and the deputy monitoring officer.

Officers also explained that there were a series of working groups where leaders from the four local authorities, chief executives, senior managers from the two health boards, universities and regeneration directors attended and this was designed to try to answer the question, 'do programme management arrangements support the effective and efficient delivery of the city of portfolio?'

Members were advised that Audit Wales found that the arrangements are there to support. It also said that there is clear insight to the portfolio in terms of progress, but there is an opportunity to review the current existing arrangements to make sure that they're fit for purpose going forward.

Officers explained that Audit Wales don't formally make recommendations, but they do look at areas of focus.

Officers will create an action plan and assess those areas of focus against it to look at progress updates.

Members were advised that in the action plan there are 16 areas of focus; the time scales, who will be leading on them, the status, any dependencies, all of those will be reported now on a quarterly basis to of give a feel for where city deal is with those.

8 are currently in progress, 8 are yet to be actioned. Offices said that the headlines of where they are, are things around alignment to CJC, the corporate run committees, benefit realisation evaluation, the phase of the portfolio delivery, portfolio management arrangements, the purpose of economic Strategy Board, the role of regional scrutiny, lessons learnt and wider regional opportunities.

Members were concerned about point AW16 and clarified whether it is the duplication with the arrangements relating to the data being collected and reported locally was also being collected and reported at regional level, leading to potential inefficiencies.

Members noted that in point AW15 the report reflected on whether there is a greater opportunity to raise the profile of the city deal impact with the public. Members felt that it is very important considering the amounts of money involved and asked what sort of plans officers have got for doing that.

Officers stated that in relation to AW16 it depends on people's interpretation of it, but they could be seen as duplication because it's the same information being used for two different levels. Officers are going to review all the reporting requirements for every project and programme with the portfolio arrangements to make sure that that duplication or inefficiencies or potential inefficiencies are removed.

In relation to point AW15 officers agreed with the councillors that a lot of money was being spent and a lot of activity undertaken, but some of it may not be as visible to members of the public as others.

Officers explained that they are trying to attend as many events as possible because what the public perception in the wider public sense has been more business engagement related so far but officers have refreshed their marketing communications plan and are looking towards what events that we put forward for this financial year going forward.

Members were advised that the 'meet the city deal events' we're in the four areas of the region and there was an opportunity more for businesses to engage in public.

Officers also stated that they are trying to engage with the public through the forums, events and the PR and communications they are doing which also includes a lot with social media as well.

Officers suggested that they may be able to provide an update talking about what other opportunities are there for the public perspective on City Deal.

Members suggested to officers that a 15 minute presentation on what is happening in City Deal to each of the councils could be done because the members are the ones that are going to have to sell this to the public.

The report was noted.

6. **Internal Audit Report**

Matt Holder head of internal audit for the Swansea Bay City deal introduced the report to on the findings and actions of the 2022-23 Internal Audit review into the Swansea Bay City Deal (SBCD) Portfolio. He explained that it is part of the internal audit work undertaken during the 2023/24 financial year.

Matt Holder advised that it was his team and his remit to provide assurance that there's adequate arrangements in place to make sure that the Swansea Bay City dealer can continue to operate and make sure that the outcome is what members want to achieve.

Members were advised that officers took the, the audit scope to the Joint committee on the 16th of November where it was agreed. They then started doing the work in late quarter four due to timing issues.

Matt Holder explained that as part of his role he tries to gain as much assurance as he can so the scope is quite broad. Members were advised that officers are looking at the governance arrangements, project management and the monitor arrangements and the whole undertaking of that. Officers also look at the financial management and risk management arrangements. They do this to look collectively at the region rather than project specific basis. Members were advised that all of the work is done on an evidence-based approach and only things that they can measure.

Matt Hoder explained that they have determined an audit assurance rating of substantial which is the highest rating officers will give. This is because they will never give full assurance because they do a sample basis as they haven't got the ability to do a full sample of everything that's going on.

Members were advised that substantial assurance means that there's a sound system of governance, internal control, financial management and risk management arrangements in place with the controls operating effectively and being consistently applied to support the achievements of the of the objectives in the area audited.

Officers advised that they note the point in the last item about public engagement and duplication and they will consider that when we're doing the audit plan for 24/25.

Officers advised that they will take the Audit Wales report into account and there will be areas that will be picked up and followed to make sure that best practise is delivered across the region.

Officers felt that overall, it is a pleasing report.

The report was noted.

7. **HAPS Progress Update**

Oonagh Gavin manager of the Homes as power stations project. Gave members a short presentation on the report provided.

Members asked if as well as the flats on Aberavon Sea front, has the HAPS team made any houses?

Officers advised that there's lots of activity happening across the region and on a regular basis they do a collation of the numbers of houses. Members were informed that there are HAPS houses already existing across all of the four local authority areas.

Members stated that it was good to see the HAPS initiative being so positive and having so many outcomes already.

Members enquired if the £3.7 million in funding that has been allocated, used and developed. Members asked if the officers are now looking at drawing further money in from the shared prosperity fund and if the HAPS project is just continuing to grow.

Members also noted that the report stated 1804 jobs were created and asked for an outline where those jobs are.

Officers were also asked if any work is being done around rainwater recovery systems and is it being included into any HAPS properties.

Officers clarified that the 1800 jobs are the project target and that hasn't been reached yet. It is part of the tracking exercise that will be ongoing as the project develops. Officers explained that it is early

days with the collation of that data but officers hope within the next few months that they will have more detail on that.

Members were informed that the project was awarded the funding late last year and some of those contracts for the build of the houses or the retrofit of the houses are going through the contracting stage, but officers advised that is creating jobs.

Members asked if the city deal funding has all been allocated already? Officers explained that it had not. Officers referred to the supply chain Development Fund and that they are working on the scope and exercise of that and explained that the project has £7 million at its disposal.

Officers also stated that from the financial incentives fund, they have allocated £3.7 million of the total amount that they have which is £5.75 million.

Members noted that the report says that officers are yet to publish a full list of schemes because there might be legal matters going on in the background and members asked when they were likely to see a full list of schemes.

Members noted that ten jobs created already and that from February the investment has gone up by about £15 million in the last few months, but the number of jobs hasn't, members hoped they would come online shortly.

Officers reiterated that it would take a bit of time to collect the jobs data and advised that since March where officers set out where they were with the legal documentation, things have progressed, and they will be able to publicise the schemes in the next few weeks.

Members asked about the Duracell batteries mentioned in the report and asked if they are for house storage whether safety testing is being done on them and whether officer have any assurances that there is no risk attached with that?

Officers advised that vigorous testing has taken place and Welsh Government have introduced the new Welsh Quality Housing Standard criteria, where there is a recommendation that batteries are now stored outside of the property. Members were informed that this has created some work for the Registered Social Landlords who now must fit an external cupboard where the battery can be stored. This hasn't had any negative implications for City Deal.

Officers also advised that with the housing standard changes and progressing constantly, it has created the opportunity for RSLs to look at what products to use. Officers felt that the battery in Duracell's case has a housing cupboard that can also be purchased as part of that solution.

Members asked about jobs created in the last 15 years and if there is any monitoring on apprenticeships that have been created or are under way because of this enterprise. Officers explained that it is over the period of the next 15 years up to 2033 and not retrospective.

When the project benefits will be realised, officers will continue to do a tracking exercise to ensure they capture as much information as they possibly can to show what the benefits of the project have been. Part of that plan is to capture how many apprenticeships have been created.

Officers advised that they are working closely with the Other City Deal project, the Skills and talent Programme, to identify and capture that information also.

Jonathan Burnes also advised members that across the city deal portfolio, officers are monitoring and measuring apprenticeships across all nine projects and programmes, being collated by the skills and talent programme. Officers are also capturing community benefits, including training weeks as well. Members were advised that there is a wider assessment and reporting done.

Neath Port Talbot Members asked if they could visit the HAPS project in Aberavon as they had missed the site visit previously. Officers agreed that they could and advised that as soon as the two houses, the retrofit houses in Margam Port Talbot are finished that members are welcome to come and visit those two.

Officers would arrange this with Tai Tarian.

The report was noted.

8. **SBCD Quarterly Portfolio Monitoring**

Jonathan Burnes gave members an overview of the January to March and highlighted some of the key portfolio level summaries and the project and programme updates.

On the dashboard, members were advised that there is no overall change to the status, but there have been a few movements within

staffing and resources for digital infrastructure. For Yr Egin delivery has moved from green to amber status.

On the risk register members were advised that there are currently 25 portfolio level risks, five are red risks. There is no change from quarter three. Members were advised that the five red risks are around construction costs, TAN 15 which is the flood risk management maps, in year spend, slippage and delivery of benefits. Officers that they all have mitigations associated with them.

Members were advised that there were 4 amber risks which were closed since the quarter three reporting, and these relate to the time frame of the end of current EU funding programmes which is completed. The unallocated £5.3 million of CDL funding which is now allocated through Neath Port Talbot Council for the skill centre operations of the PMO. That moved from the risks to the issues because Ian Williams has departed and the Co-opted members not attending programme and joint programme boards and joint committee, and they are attending, and officers continue to monitor those.

Officers advised that there are no red issues and the only red issue which was previously on there was Campus funding agreement that now has been signed and resolved, and that can come off the issues register.

In terms of the quarterly reports, there was an increase in jobs created from 567 from quarter three to 597 and investment has increased from £272 million to £289 million.

In terms of the construction impact assessment, members were advised that business cases have been written and they are now going into procurement to look at what the funding gap is from what officers thought it would cost to what it does cost.

Members were advised that the headline gap is £43 million but through the mitigations that are detailed in the report, it has now reduced to £12 million, and officers are still working on the mitigations on that residual impact.

Members were advised that the key mitigations are to secure additional funding, revisit the construction brief and opening dialogue with the contractors.

Officers explained that the projects identified as experiencing slippage are the waterfront, Yr Egin, digital infrastructure, campuses

and support innovation low carbon growth. All of those are subject to the change management process and reporting them through the government arrangements accordingly.

Members asked about the benefits summary and noted that compared to the last report Pentre Awel was created 23 jobs, but the innovation matrix was not included before, and this is the first time it was in this benefits summary.

Officers explained that the Innovation Matrix is nearing its completion, and they have construction jobs created. Officers had thought they had reported some before, but the six that has been identified in this quarter are likely to increase again in future quarters. Officers explained that they can only report once the contractor and the subcontractors have reported their numbers of jobs created, particularly through construction and once it's into operation. Then it is about the organisations that reside within it and how they grow. Officers advised that these may have to be evaluated separately.

Members were informed that the innovation matrix is completed, and it is being fitted out internally for tenants to reside within it led by University of Wales, Prince St David.

Officers were asked if these jobs will be included in the benefit summary of the report or are they going to move somewhere else?

Officers confirmed that in terms of jobs created, they will just be accumulated in the report and more jobs will come through the pipeline for each of the projects as they as they get reported.

Members were advised that the 597 jobs include the ones from innovation matrix campuses and Pentre Awel from that quarter, quarter four.

Members noted that a line had been introduced in the report that hasn't been in previous reports in relation to the benefit summary on page 135. Which shows six additional jobs in the innovation matrix. Officers advised that it shouldn't be in the report because the innovation matrix is part of Swansea Waterfront business case, and it should be part of that project instead.

Officers believed that the officer that dealt with it was just highlighting that that was the addition. It is not part of Swansea Council's lead element. It is part of Trinity Saint David's lead element. It should be the nine headline projects and programmes and officers will correct that.

Members asked what the mitigations officers are looking at for the 12 million pounds shortfall

Officers explained that the £12 million is an indicative figure and it hasn't moved on. Officers advised that in the last report they had still identified a £12.75 million gap and in terms of the key mitigations there are three. The first is securing additional funding which could be through the lead deliverer or through governments or through private sector. The second mitigation option is revisiting the construction brief and the third is delaying some projects and opening dialogue with contractors.

Officers advised that they are experiencing a lot more dialogue with the primary contractors and with the supply chains because the subcontractors also have a lot more dialogue with the primary contractors because they don't make a lot basically and they want to make sure that they deliver in quality.

Members noted that in the benefits report there were no jobs targeted but jobs had been created in skills and talent and digital infrastructure and asked why this was.

Members asked if there was a way that they can have an updated figure, even if it's emailed to them about the jobs total, because 6.15% is quite low and noted that they were 3 months behind in reporting.

Officers explained that when the business cases were written, particularly for digital infrastructure and skills and talent, they were fully regional projects and cover all of Southwest Wales. Members were advised that these were enablers, and they didn't directly create jobs. Officers advised that the jobs are created through the other projects and programmes but because of a lot of work being done particularly for digital infrastructure and skills and talent, jobs are being created directly and indirectly through the projects and programmes.

Members were told that this is why jobs created will show up in the report but there is no requirement in those business cases to evidence that and they will be captured throughout the process.

Officers advised that in terms of the targets and the timing of reports, as soon as they go through joint committee, they are publicly available through Democratic services officers and Jon Burnes will make sure that they are the relevant projects as members will likely just want key, key summaries.

Members were also advised that for the reporting of some jobs must go through an evaluation to qualify what officers are saying. And this will make things harder to get exact figures and explained that even though it's at 6% officers know that number is higher, but it just hasn't gone through the evaluations to qualify them.

Officers explained that if you are going to verify the claims made by people before you, particularly the indirect ones then the direct ones are claimable because there is an auditable trail.

For more indirect jobs created as a consequence of building, they have to go through an evaluation with the evidence to make sure that it's verified externally (Ideally), but it could be verified internally as well.

Members noted that they see this as 6% of jobs achieved. But the public may read it as 94% not achieved and asked if this could be seen as a negative for the project.

Members also asked does this reflect similarly to the issues with the Gross Value Added (GVA) in that it's quite hard to quantify?

Members used Yr Egin as an example of a building that has been up and running for a while and it's got 117 out of the 400 jobs. Members asked if Yr Egin phase 2 was really going to achieve the other 300 jobs when that's done?

Members asked if this a case of the numbers from the initial business are hard to achieve or if any of them realistically achievable because of all of the changes that have happened.

Officers advised that this is currently year eight and there was a false start with City Deal at the beginning and getting all of the business cases through the approval process, but it is now on track for delivery, officers believe they are realistically achievable.

In relation to evaluations, Officers have advised that they have done an evaluation, and it is the first evaluation of a city deal and it hasn't been reported through any governance board.

Later this financial year members will see and be able to scrutinise the first evaluation, which is Yr Egin looking at the economic impact of Yr Egin phase one that will include jobs and various other things as well. they couldn't have evaluated during the kind of COVID lockdown, and they needed a clean operational year and therefore evaluated 22/23 as the operational year.

Members were also given as an example, Swansea arena which will need to have a year or two of operation before they can evaluate it. Officers explained that they are going to evaluate the arena to look at the wider economic impact, including jobs, jobs as part of that.

Officers hope that the evaluation framework will hopefully put to rest some of the concerns around the numbers because it will come through as buildings come into operation and the wider impact of those.

Members noted that the projects are making a massive impact in terms of regeneration and positivity for the region, across the region.

Members stated that they look forward to the evaluation on Swansea Arena because there are 25 full time jobs and note that there are lots of part time jobs other jobs that are around it in the Green Cafe.

Members felt that it will be critical for them to understand how that process is carried out because that is the whole basis of what the city deal is about and stated that it is incredibly important that that process is transparent and is also publicly available as well.

Officers advised that at a portfolio level, that they had held some 'Meet the City Deal' events within the last quarter and noted that in Neath Port Talbot was the Margam Orangery event which had over 100 people in attendance. Part of the annual report will talk about the four Meet the City Deal events in Pembrokeshire, Carmarthenshire, Swansea and Neath Port Talbot.

Officers felt that they were extremely beneficial and successful.

Members were advised that the slipway and the pontoons in Pembroke Dock Marine are now starting to be used and a lot of the other projects within the Pembroke Dock Zone are now securing and leveraging funds through other mechanisms and officers were happy to see that pipeline of activity behind the infrastructure happening.

In terms of campuses, the funding agreement has now been signed and a re-profile is under way and since the report was published, there has been progression on the procurement process for Singleton phase one.

Members were advised that in terms of support and innovation, low carbon growth, the key areas are Bay Technology Centre is now just over 50% of occupancy and there's a pipeline of inquiries around the office space and lab space that they have available.

Officers advised that with the air quality monitoring project, there's a company called Ricardo who has done a review report, and they are presenting that to board and looking at what the next steps are.

Members were informed that Pentre Awel is progressing and there is over 2000 training weeks in the construction phase to date. They have 31 apprenticeships undertaken within the build and 44 new entrants. Pentre Awel are currently working on updating their business case, this will help them reprofile the economic, commercial and financial cases of their business case for zone one and future zones (2,3 & 4).

In relation to digital infrastructure, they have been awarded their first 5G investment fund which is linked with the campuses project, and this is considered by officers as an example of good cross fertilisation across the portfolio and it is on track for completion.

Officers advised that the dark fibre phase one procurement exercise is complete, and the preferred supplier has been appointed.

Members were informed that for the waterfront that the hotel developments were going to cabinet last week for decision to appoint a preferred collaborator around what is the Arena hotel.

Officers advised that there is lots of work happening with the 171 Kingsway around respective tenants.

Members were advised that the innovation matrix is progressing well and according to plan and they're doing the fit out now for the tenants to move in as soon as possible within the next month or so.

In relation to Yr Egin, members were advised that it is going on to phase two and are looking at what change notification change request is required for that and the solution. Officers are yet to receive anything formally from Trinity Saint David on that.

Members were also informed that for skills, they are now up to 19 pilot projects, which officers considered to be great especially because of the spread of it across all the different sectors with all the different training providers and private sector companies is phenomenal from an officer's perspective.

The report was noted.

9. **SBCD Evaluation Framework**

Jonathan Burnes gave members an overview of the Evaluation Framework as per the report.

Members were advised that this was about bringing everything that was happening previously all together and encapsulating it into a document that is readable by everyone and then a plan to look at what, how, when and who will be evaluating.

Officers advised that the frameworks first question answers why they are evaluating and explained that it is crucial for demonstrating the impact of the city deal over its lifetime and that officers have had lots of feedback through scrutiny, both this committee and through gateway assurance reviews and audit, all looking at emphasising how benefits are now being evidenced and start being reported through the City deal.

Jonathan Burnes advised that he chaired an evaluation task and finish group that oversaw the development of the framework.

The Task and finish Group consisted of project programme leads and PMO team members who met monthly and shaped the framework into the one in the report. They looked at making sure that it was practical and workable in in what they were trying to present. Members were advised that the point of the framework is looking at the rationale, the principles, roles and responsibilities and its methodology.

How are you calculating these things? How, how was it presented and being open and transparent about that approach.

Officers explained that they want to look at two midterm evaluations and a final evaluation for the portfolio. Basing it on years 1 to 7 for midterm evaluation and then the second midterm would be between 25/26 up to 2029/30. The final evaluation will be in 2032/33, which is when the 15 years of the portfolio ends.

Members were advised that in the document every project and programme is listed with a schedule of what will be evaluated and when.

Officers have worked with all the projects and programmes, and they put them into a draught, and these are all collated in the portfolio office into an evaluation profile. The Profile will summarise every evaluation that projects will do, what that will entail and who will conduct it. Officers stated that they don't want to start evaluating things for evaluation's sake and want to do it at the right time.

The framework will form part of a large document called the monitoring evaluation plan. Officers will do the monitoring reports, this will be the evaluations which help support that reporting.

Members felt that the framework was good but on item 7, in relation to the governance and oversight it should have wording in there about scrutiny so that people are aware that there is a scrutiny function to carry out especially as the document is one of the more important documents the committee scrutinises on a regular basis.

Officers agreed and noted that there is only one reference to scrutiny and that is more about the input as opposed to the process so they will feed that back through the governance process and add some words.

Jonathan Burnes advised that he can write wording or he can receive any narrative of people would like to see in it and then review it with the committee members if that would help put it in the next iteration of the framework. 1:09:38

Members asked if GVA features in the document.

Officers confirmed that GVA features in it twice and that GVA can still be used and it's in the business cases as an economic appraisal part of the process. Officers advised that they are not requiring the projects and programmes to report GVA because you can't attribute GVA to a building, however if somebody can then they will accept it.

Members stated that if officers do use things like GVA on websites and documents then they will hold officers to GVA standards.

Members noted in a previous meeting that they requested a letter to the Chair of the Corporate Joint Committee relating to the use of GVA and asked if a reply had been received. The democratic services officer confirmed that a reply was received and was on the last meeting's agenda.

Officers advised that they are happy to incorporate GVA into it if they can evidence it. But they want to make sure they can evidence the economic impact indicators that they utilise. Currently they can't do that with GVA.

The report was noted.

10. **Forward Work Programme 2024/25**

The Members of the Committee noted the Forward Work Programme and received an update on the planned Forward Work Programme session to be arranged.

11. **Urgent Items**

There were none.

CHAIRPERSON