

SWANSEA BAY CITY REGION JOINT SCRUTINY COMMITTEE

(Committee Room 2, Civic Centre, Oystermouth Road, Swansea)

Members Present:

1 March, 2019

Chairperson: Councillor A.N.Woolcock

Councillors: A.Llewelyn, S.E.Freeguard, P.Downing,
J.Curtice, J.Adams, T.Baron, G.Morgan, D.Price
and Jones

Officers In Attendance K.Jones, J.Davies and A.Manchipp

1. **MINUTES OF THE MEETING HELD ON 31 JANUARY, 2019**

The Minutes of the meeting held on 31 January, 2019 were approved as an accurate record.

2. **CHAIRMAN'S LETTER TO COUNCILLOR R.STEWART**

The contents of the Chairman's letter to the Chairman of the Joint Committee dated 15 February, 2019, were noted.

3. **OVERVIEW OF ARRANGEMENTS TO SIGN OFF PROJECTS BY JOINT COMMITTEE PARTICULARLY THE REGIONAL PROJECTS - PRESENTATION**

Members received a presentation by the Economic Development Manager of the City Deal Programme Office, on the mechanism for approval of the full business cases, as contained in the circulated report.

It was noted that the 11 agreed projects were at different stages, with three projects having gone through the process and were awaiting United Kingdom and Welsh Governments' (UK/WG) approval. The criteria for approval was in line with the green book of H.M. Treasury and Members were advised that experts within each government assessed each project. Members felt that the process for approval was cumbersome as both the Lead Member and Lead Officer had already presented the projects in 2017. Members were advised that the Programme was based on a Five Case Business Model.

Members asked for details around the Yr Egin project as this had been completed without UK/WG's approval and were advised that the programme lead ie Trinity Saint David's University, had taken on the financial risk should the project not be approved.

Members expressed concern that, after a long process the Joint Agreement was signed, the 11 projects agreed in principle (with flexibility if required) and that both the UK and WG now had unprecedented input in approving the projects. It had been two years since the Joint Agreement had been signed and not a lot had happened since. It was a 15 year programme and Members questioned whether the approval process was too complicated and as such holding up the Programme as a whole? Did the Joint Agreement need reviewing? This may possibly be addressed via one of the reviews being carried out.

In response the Economic Development Manager advised that the informal process, where the projects were considered by both governments prior to consideration by the Programme Board, etc., was resulting in numerous comments and versions of the 3three business cases submitted. Members expressed concern that this was holding back progress in delivering the Programme overall.

It was noted that some of the projects could be delivered without City Deal monies – and Members asked whether the current projects could be changed. It was noted that projects could be changed however it was not possible to add any schemes at this stage as there was no additional funding available. The Manager advised that there was a 'flow chart' for this and offered to attend a future meeting to explain the process. Members noted that City Deal Funding was a catalyst for attracting private funding.

At the end of the informal process between the governments and the Regional Office, it was noted that the Regional Office would

determine when the process was complete and the project would then be forwarded to the Programme Board. It was noted that there were regular meeting between both governments and the Regional Office, every three to four weeks.

The three projects currently with the UK/WG governments for approval had been with them since the start of December 2018.

Members asked when the Programme Office anticipated the final projects would be approved and whether the five year deadline agreed by the Joint Committee for completion of all projects could be met and if not could there be an extension?

The Joint Scrutiny Committee was advised that the five year deadline had been agreed in order to allow enough time for the outputs of the projects to be realised and measured. It was confirmed that the 11 projects leads had confirmed that the five year deadline could be met.

The second tranche, which consisted of four projects was well developed and would hopefully be submitted soon.

In relation to the various reviews being undertaken, Members asked when these would be reported to the Joint Committee and were advised that this would be at the meeting to be held on the 28 March, 2019.

It was agreed that the concerns of both the Joint Scrutiny Committee and Officers in relation to the time taken to give approval to projects be conveyed to the Joint Committee together with the UK and Welsh Governments as it was felt that it was proving a risk to the delivery of the Programme within the timescales. In addition Member asked that the Joint Scrutiny Committee's views be taken into consideration at the same time the reviews were being considered.

4. **PRESENTATION ON THE SKILLS AND TALENT REGIONAL PROJECT**

Committee received a presentation from Jane Lewis from Carmarthenshire County Council in relation to the Skills and Talent Regional Project. The project was working in partnership to identify the skills and training needs for the region over the next 15 -20 years. The project was contained in the first tranche as it impacted on the other projects making up the programme. New skills were vital to the

delivery of the other projects within the Programme. The project aimed at building Gross Value Added (GVA) and ground work had already begun.

It was noted that, at present, the project sat under the Regional Learning and Skills Partnership for South West and Mid Wales and would transfer once the project had been approved.

Members agreed that it was very important to improve skills, but asked how these would be retained in the region? This would be difficult as pay rates varied throughout the country, with this region, in particular, being lower paid than most other areas. It was hoped that the area's lower cost of living together with the area itself would encourage people to stay.

Members were advised that the project was with UK/WG governments at the informal stage.

The committee asked whether there would be an initiative in place to prepare school leavers for work? Would the project include vocational avenues in addition to academic routes. It was noted that the project proposed to alter the engagement stage to fall within schools to help pupils make the right decision for them and not at HE and FE level, which it was believed was too late.

It was noted that the project was not able to access the Apprentice Levy.

Members asked whether the project would best be delivered within five years of approval of the project and not five years from signing of the Joint Agreement thus ensuring a wise spend – not rushed. When asked, Ms Lewis agreed that this would be the better option although background work had been carried out the main costs for the project was the writing of relevant courses and getting these approved. This would form the match funding referred to in the Business Case and which had already been agreed by the HE and FE bodies.

Members were pleased that agreement had been reached with the HE and FE bodies however it was noted that austerity measures also extended to them. Members also asked whether there were sufficient number of teaching staff available locally to carry out the project and were advised that teachers would also require upskilling in some areas.

In relation to the levels of skills, it was noted that the Government wanted an increase in Levels four - seven whilst the project would also focus on levels one - three which were likely to be school leavers and to then increase their levels through the different stages.

Members were keen to know whether similar projects were being looked at to ascertain best practice and were pleased to note that this was being done.

It was agreed that a letter be sent to both the UK and Welsh Governments emphasising the need to build on the work of the City Deal after the 15 years. In addition the Joint Committee should be asked to revisit its decision in relation to the implementation of projects within five years of the Joint Agreement and that the five year period commence once the projects were approved.

5. **PRESENTATION ON THE HOMES AS POWER STATIONS REGIONAL PROJECT**

The Joint Scrutiny Committee received a presentation from Gareth Nutt the Director of Environment in Neath Port Talbot Council on the above project.

Members were advised that the Full Business Case (minus the procurement stage) was submitted to both the UK and Welsh Governments in August 2018. It was noted that all three regional projects were linked not only to each other but to the rest of the Programme as a whole. The Registered Social Landlord (RSL) sector already supported the pilot project, thus the holdup at UK/WG level was questioned.

It was noted that once approval had been given it would be necessary to establish a Programme Team and a local supply chain, however no advance funding was available to put these in place before approval by UK and WG and the release of funding. It was estimated that 70% of the supply chain would be local. Members asked whether there was sufficient capacity in the construction sector to deliver this project? The link with the skills project was noted in addressing some of the issues.

Each of the four local authority areas had a project which could come under the Homes as Power Stations (HAPS) umbrella and approval

of the project was therefore required as soon as possible to enable monitoring and evaluation of these schemes going forward.

The presentation outlined the numbers and costings associated with new build and retro fitting of existing properties and asked for details of how the figures were arrived at. In response Mr Nutt advised that the figures were mainly estimates based on regional delivery costs. The various Local Development Plans (LDP) allocations for new builds also fed into the proposals.

It was confirmed that each individual authority's scheme could continue without City Deal Funding, however a co-ordinated approach would be the better option in order that best practice could be adopted throughout the City Deal area.

The project was at the informal stage with both UK and Welsh Governments and it was noted that a response had been given to their last query in November 2018.

Members asked how long it would take to evaluate and implement the project and were advised that it would be five years after approval had been given, subject to staff being in place.

In relation to the work to new builds, the additional costs would be passed on to the buyers – would this inhibit the project? The Principality Building Society was exploring the possibility of developing a mortgage product aimed at properties which had negligible fuel costs as a result of this project.

It was noted that there was an assumption that the four local authorities would use their collective leverage to deliver the project, however Welsh Government should be lobbied to put in place measures, for example building regulations, to secure greater private sector engagement.

It was agreed that the same issues applied to this project in relation to the time scale for implementation in that the project could be delivered five years after approval and the establishment of the Programme Team. In addition it was agreed that a site visit to the pilot scheme in Neath be arranged when the Joint Scrutiny Committee was held in the Neath Civic Centre.

6. **PRESENTATION ON THE DIGITAL INFRASTRUCTURE REGIONAL PROJECT**

Members received a presentation from Mike Galvin a consultant working on the Digital Infrastructure Regional Project. The committee was advised that the original Heads of Terms which were enclosed with the agenda had been drawn up in March 2017 and had been amended significantly due to changes in government policy. The Business Case was being written taking into account mapping, coverage and economic need, etc. The four local authorities met on a regular basis and had a good working relationship with the university, mobile providers and health authorities. Of the £55m allocated to the project, £25m was public money with the remaining £30m being private investment.

It was confirmed that the project would require five years from the date of approval in order to establish the infrastructure. There was frustration in the time taken as no money was being released to progress any of the research and development work required to prepare the Business Case. Hopefully the first draft of the Business Case would be submitted shortly for consideration at the iterative stage with both the UK and Welsh Governments.

Members were advised that recruitment for a Manager had started in November but had been put on hold when the reviews had commenced. Carmarthen had taken the risk on board and was paying for the Consultant and any associated revenue.

Members asked whether this was a risk or opportunity for the private sector and noted that only three providers were interested in taking part in the project. It would be necessary to encourage providers to take part in the project.

Members asked what had changed from the initial vision of an internet coast and the transatlantic cable and were advised that the transatlantic cable would now, due to security of connectivity, land in London and have an interchange to service other areas of the UK.

It was noted that there was a resource problem in preparing and submitting the Business Case.

7. **PROJECT UPDATES (VERBAL)**

Members noted that there was no update in relation to this item.

8. **UPDATED RISK REGISTER (VERBAL)**

Members noted that there was no update to this item.

9. **FINANCIAL MONITORING (VERBAL)**

Members noted that there was no update to this item.

10. **WORK PROGRAMME**

Members discussed the work of the Joint Scrutiny Committee going forward and requested that the following issues be programmed into the Work Programme:-

- That meeting be convened on a bi monthly basis, on alternative months to the Joint Committee;
- That the 151 Officer be asked to attend to discuss the financial issues surrounding the City Deal, including the financial risk attached to each of the projects and the City Deal Programme as a whole;
- That information be sought on the anticipated outcomes of the City Deal Programme and a stabilised GVA;
- That consideration be given to inviting both UK and Welsh Government to attend a future meeting to discuss the mechanism for approval of City Deal Projects and why there is a hold up in approving the projects and releasing the funds.

CHAIRPERSON