

SWANSEA BAY CITY REGION JOINT SCRUTINY COMMITTEE

(Council Chamber - The Guildhall Swansea)

Members Present:

28 October 2019

Chairperson: Councillor R.James

Vice Chairperson: Councillor M.Harvey

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

Officers In Attendance K.Jones, S.Curran, C.Davies, H.Mowbray,
H.Morgan, R.Hemingway, R.Arnold and
M.Shaw

Joint Committee Invitees: Councillor R.Stewart

1. **DECLARATION OF INTEREST**

The following Member made a declaration of interest at the commencement of the meeting:

Councillor M.Harvey

Re Agenda item 5 Presentations on Local Projects for Swansea as he is employed as a Designing Out Crime Officer with the South Wales Police and had given designing out crime advice on the Digital Village and Digital Square projects.

2. **MINUTES OF THE LAST MEETING HELD ON 2 SEPTEMBER 2019**

The Minutes of the previous meeting held on 2 September, 2019 were approved subject to the inclusion of the following:

That following the discussion around the scope of the feasibility study on the metro, clarification was sought around the lack of inclusion of the Swansea Valley and the Amman Valley. This issue was fundamental as the footprint of the Metro would be an integral part for East Carmarthenshire and parts of Neath Port Talbot.

3. **WEBCASTING PROCEDURE RULES**

It was noted that today's meeting was the first to be webcasted.

The adoption of the procedural rules commencing the webcasting of the Swansea Bay City Region Joint Scrutiny Committee, contained within the circulated report was approved.

4. **TIDAL LAGOON VERBAL UPDATE FROM COUNCILLOR ROB STEWART**

The Chair welcomed Cllr R. Stewart the Chair of the Swansea Bay City Region Joint Committee.

Cllr. R. Stewart provided a verbal update on the Tidal Lagoon.

It was noted that disappointment was felt across the region when the UK Government was not in support of the previous proposal on the Tidal Lagoon. Following this, a statement was produced detailing ways of re-establishing the lagoon proposal and a Task Force was established. This Task Force has been in existence for the past 6 months to explore options of how the lagoon could be funded, procured and operated differently. The work of this Task Force was positively received by Welsh Government. The core question relating to 'making this an investable proposition that can be delivered potentially more cheaply' that was detailed within the Tidal Lagoon review report had been addressed. Welsh Government were provided with the core elements of the lagoon proposal with some additional opportunities which would be considered as part of the proposal, such as the 'Floating Solar' and 'Floating Housing' elements.

The committee were informed that in terms of the process, the project had been advertised to the market and there had been 11 interested from the Prior Information Notice (PIN) notice 5 of which were international companies. Welsh Government were reassured that there was market interest and that it would be cost effective. Welsh

Government would shortly be making an announcement on how they would formally respond to the options declared by the task force.

It was requested that a copy of the Tidal Lagoon review report be circulated to the Committee.

Members thanked Cllr R. Stewart for his comments and queried the revised land around housing and the location of the Tidal Lagoon as this may have an impact on the Local Authorities and their Local Development Plans. It was noted that discussions on this between partners would be beneficial and timely. Officers clarified that all partners were fully engaged in the Task Force Meetings. However, if the 'Floating Housing' element was to be located on Neath Port Talbot land then there would be consideration and discussions in relation to the Local Development Plans on a regional basis moving forward.

It was asked whether 'Floating Houses' would be funded by the private sector or, if there would be input from the Local Authorities. It was identified that the modelling of this would be largely private sector funded, however there would be an opportunity for Welsh and UK Governments to provide capital. In terms of local authorities contributions that wasn't being proposed.

In response to Members queries, it was noted that Swansea had been exploring options in terms of investigating energy companies to harness energy from the Lagoon.

It was queried how much information had been required from the original architects of the project such as an understanding of the finances of the projects as well as practicalities. It was highlighted that the company involved with the original proposal had been very cooperative and was one of the 11 companies that responded to the PIN notice. It was also noted that the previous proposal wouldn't generated a return on investment over eighty years, however, the new proposals envisage returns over a much shorter timescale and converting the energy to hydrogen would have a better return overall.

Following scrutiny the report was noted

5. **PRESENTATIONS ON LOCAL PROJECTS FOR SWANSEA**

Members welcomed Huw Mowbray who provided a presentation on the local projects within Swansea. The scrutiny committee were advised on the progress of both, the Digital Square and Digital Village projects along with an insight of the ambition to create a modern and dynamic city.

It was requested that a copy of the presentation be circulated to the members of the committee.

Members asked whether there were any plans to change the design of the bridge as it was mentioned that this was subject to discussion. It was clarified that the bridge in terms of its shape and size is not subject to change, however the design options of the bridge are up for consideration.

Concern was shared around the status of the 5G project. Reassurance was given, as the necessary equipment would be installed to ensure that 5G would be available when complete.

It was identified that an arena was to be built in Cardiff and members expressed concern in relation to competition for the arena to be built in Swansea. Officers reassured members that they would welcome a new arena in Cardiff as this would potentially provide more custom to the Swansea arena. It was noted that this would be a positive aspect and not competition.

Discussions took place around the potential loss of interest from high profile retailers if the City Deal did not exist. To reassure some of the concerns from the members it was stated that even though Swansea City Council had to invest during a difficult time, the proposals highlighted in the presentation would generate future income.

Following concerns from members, officers highlighted that the proposals would not cause displacement but instead provide new opportunities.

It was requested that a copy of the presentation be circulated to Members.

Following scrutiny the report was noted.

6. **UPDATE FROM THE SECTION 151 OFFICER**

The Chair welcomed the Head of Financial Services and Deputy Section 151 Officer, along with the City Deal Finance Manager, in the absence of the Section 151 Officer.

At the last meeting of the Swansea Bay City Region Joint Scrutiny Committee an update report on the grant terms and conditions was requested to come to today's meeting, but due to timescales this information was unavailable. The committee noted that the grant terms and conditions had been received from Welsh Government on the 24th October 2019. These had also been circulated to the appropriate officers and had been considered by the 151 officers. The Committee were reassured that additional money would be coming in the future. However this would need to be clarified in writing and members requested an update at the next meeting.

Attention was drawn to Appendices A and B within the circulated report.

Clarity was requested on the timescales for the terms and conditions from Welsh Government. It was explained that the request for the grant offer would need to be returned by 30th November 2019. Members were pleased to note that dialogue had already started with Welsh Government officials.

Clarification was also requested on the absent contribution of £50,000 from a co-opted partner. It was noted that officers are engaging with the co-opted partner as far as their representation is concerned on both the programme board and joint committee.

The committee asked what the long term impact was on the financing of the City Deal, following the recent increase in the Public Work Loan Board rate and queried whether it was expected to have a further increase. It was noted that interest rates went up 1%, which may change the financial details on a project by project basis. Officers were unable to provide a definitive response in relation to an increase in the interest rates.

Concern was raised in relation to a partner that is indecisive in their involvement in city deal. Members therefore asked what the impact was on the delivery of the projects with the current understaffing. Reassurance was provided on the ongoing recruitment process of the Programme Director.

Attention was drawn to the fairness of the breakdown on the 'Benefit in Kind' between the Local Authorities. Officers confirmed that the allocation was a recommendation following the review requiring the different Authorities to take on their given functions. The committee noted the relevance of this point and stated that the Swansea Bay City Region Joint Committee may wish to note this point and provide a comment in future.

Discussions took place around the process of the divide of the release of monies due to the release of the terms of conditions. It was explained that the methodology of the divide wouldn't change due to this. However, the exact distribution would require a mechanism which is equitable. It was noted that the grant would be dispersed to those projects with approved business cases, receiving their 1/15 of the share. The rest of the money would remain within the City Deal Programmes Office account. It was highlighted that Local Authorities may wish to loan this to support their projects. The interest generated off this would require discussion and further decisions. It was noted that the interest rate being considered would be 2.5% above the bank of England base rate equating to about 1%.

Considering the experience the City Deal has had on the delay of projects being approved, it was queried whether there would be a change in the stipulation of delivering projects in 5 years. Officers emphasised that the 5 year timeline was a decision from the Shadow Committee itself and not a requirement from the UK and Welsh Governments. It was noted that this would be due a review.

Members agreed that a letter be written to the Swansea Bay City Region Joint Committee asking for Clarity on the 5 year stipulation and whether the committee would consider extending this.

Following scrutiny the report was noted.

7. PROGRAMME MONITORING

Members noted the attached reports circulated in advance of the meeting.

Clarification was given on the timeline for the appointment of the Programme Director. It was emphasised that the Swansea Bay City Region Joint Committee would be considering a list of candidates for

the role of the Programme Director at their next scheduled meeting on the 29th October 2019. Pending this decision a date would be sought for the interviews to take place mid November 2019.

It was agreed that an updated version of the Action Plan and Implementation Plan be brought to the next scheduled meeting on the 15th January 2020. Along with an updated Risk Register and Issues log, following consideration from the Swansea Bay City Region Joint Committee at a meeting on the 29th October 2019.

8. **FORWARD WORK PROGRAMME**

Members noted the Forward Work Programme, subject to the following alteration:

- That the presentation from the newly appointed managing director be delayed from the 15th January 2020 to the 9th March 2020.
- It was agreed that the following items remain on the Forward Work Programme for the next scheduled meeting on the 15th January 2020:
 - Update on the regional digital infrastructure programme
 - Chancellor Elect of Swansea University re ongoing involvement on the Programme - Verbal Update
 - Section 151 Officer
 - Terms and Conditions from UK and Welsh Governments for the release of monies
 - Local Supply Chain and procurement

CHAIRPERSON