

Swansea Bay City Region Joint Scrutiny Committee

(Remotely via Teams)

Members Present:

23 November 2021

Chairperson: Councillor R.James

Vice Chairperson: Councillor S.Rahaman

Councillors: P.Downing, M.Evans, J.Adams, T.Baron,
G.Morgan, D.Price and J.Jones

Officers In Attendance M.Shaw, J.Burnes, R.Arnold, O.Gavigan,
L.Willis, S.Brennan, P.Ryder and A.Thomas

1. **Welcome and Roll Call**

The Chair welcomed everyone to the meeting.

2. **Chairs Announcements**

There were no announcements.

3. **Declarations of Interest**

There were no declarations of interest received.

4. **Homes as Power Stations**

The Chair welcomed Lisa Willis and Oonagh Gavigan to the meeting. Members were provided with a presentation on Homes as Power Stations, by the Project Manager, Oonagh Gavigan.

The project was approved by Welsh and UK Government in July 2021. It is a regional project led by Neath Port Talbot Council. The aim of the project is to facilitate the HAPS Approach. This is the

integration of energy efficient design and renewable technologies in 10,300 new and existing homes.

The project has a number of key objectives. These include the adoption of the HAPS concept mainstream; to create smart/intelligent energy efficient homes; to reduce carbon emissions; to reduce fuel poverty; to improve health & wellbeing; to create and support a skilled supply chain and the sharing of information/data to enable this to happen. To achieve the objectives there are several funding streams available, including the Financial Incentives fund which is £5.75m and the Supply Chain Development Fund which is £7m.

The project will work alongside the Skills & Talent programme to ensure that people have the necessary skills and training to provide confidence in the programme.

The project will procure an independent organisation to monitor and evaluate the different designs and technologies to ensure ongoing learning and evaluation of the programme. The budget for this is £1m. This will ensure a comprehensive and accurate set of data and results to inform the project as it progresses. Areas included in the evaluation include performance, environmental conditions, fuel costs and poverty, environmental behaviour, costs and health and wellbeing improvements. The information obtained will be shared through the open access knowledge hub.

Ms Gavigan went through the project pilot scheme development located in Neath. The scheme was one of the earliest projects, funded by Welsh Government innovative housing programme. It include a number of partners and created 16 homes to store and create solar energy.

The completion of the project was delayed until November 2020. Sero have been appointed to continue to collect data from systems and tenants.

Ms Gavigan gave an update on the overall project to date. The Project Manager has been appointed. Discussions have now begun with IT experts to determine how the data will be best shared and how a sharing hub will be created which will be accessible to interested parties. Currently a map of initiatives is being decided to add value and improve the HAPS concept. Officers are also currently mapping a supply chain to support applications to the supply chain development fund.

The next steps are to recruit the rest of the team and to establish and gain legal approval to disseminate the funding streams. The team will also commence the procurement of the monitoring and evaluation early next year.

Members queried where the funding in terms of private and public investment is currently at. From the public sector there is significant interest in the project. From the private sector, particularly small to medium enterprises, it is difficult to get them involved until they need to be, as they are often quite accountancy drive and costs will need to be driven down.

The monitoring and evaluation is a key part of the project and officers are keen to ensure there is a standardised process in place so that data can be compared across the south west region. There's monitoring in terms of cost, use and carbon. Also, there is monitoring on the effect on people's lives and other aspects across the region i.e. health.

The monitoring of the pilot project is currently being undertaken. As this is being done, the processes to collect data are being finely tuned to ensure that it captures the required data. This will be done across the four seasons of the year.

Members queried in terms of the knowledge transfer and intellectual property, is there an opportunity of any value being attached for the region and any opportunity for income to be derived from it? The supply chain development is a key strand. There are three keys in this – intelligent energy system, heat pumps and battery storage. The officers are working with various organisation to do this. It is important a good supply chair is established and this is a key point in the strategy to bring income into the region.

Member queried how many new jobs will be created, specifically apprentice roles? Officers acknowledged that the region, or indeed the UK does not have the skills required to develop the project at the pace that it needs to be developed. It is often difficult to recruit. The project are working with the colleges and universities to bridge the gap that is required.

Members queried if the estimate of jobs is solely for this development? Members expressed a cautious approach with regards to how many jobs are going to be attributed to the project. With

regards to funding, if it is a standardised project Member expressed their concern that it could be a deterrent to the private and possibly public sector to invest.

A large part of the jobs will come from the development of the supply chain. A number of companies across the region have started to diversify and officers are considering how they can fit into the supply chain. Whilst they may not develop the overall end product, they may assist with the development of the various elements to achieve the end result.

Members asked for timelines and milestones to indicate progress on the project. Members also asked for a risk analysis in relation to anticipate problems and any mitigation taken in relation to this. Officers confirmed a risk analysis was part of the business case and this will be updated as required. Further, more in depth information will be provided to Members at the next update on the project.

Officers discussed sharing information and it was noted that it should not only be shared within the public sector but it is important that it is disseminated into the private sector also. This will ensure that the project grows at the speed that it needs to, in order to be successful.

Members queried if there was any remit to be involved in the processes prior to decisions being taken. Officers advised that this would be welcomed and they would await further information from the Committee in terms of what they wished to consider.

With regards to the 15 year time scale of the project, officers advised that much of the work would be attaching the developing technology to the construction. They were keen to ensure that the project was delivered within the outlined timescale.

Members thanked officers for attending the meeting.

5. **Financial Monitoring Report**

Richard Arnold went through the report.

The report related to Quarter 1. Members were advised that Quarter 2 should be ready for the next meeting (following approval at the Joint Committee).

Mr Arnold outlined the financial structure. The Joint Committee includes the support functions and the portfolio investment fund is the grant to be drawn down over 15 years.

An independent financial statement is prepared for the City Deal which is independent of the host authority, Carmarthenshire, and the statement is also independently audited.

Appendix A is based on the forecast outturn position for the year. There is a five year agreed operational budget for the Deal in place, which is currently operating in year 2. However, the City Deal is in year 4, as the Joint Committee existed in shadow form to appoint and there was a six month translation period into the formal accounting structure to deal with it.

Mr Arnold went through the year end projection for the Joint Committee, Joint Scrutiny Committee and also the Portfolio Management Office.

Funding contributions are made up of grant revenue contributions and the eight partner contributions.

Officers advised that the reason that there is a deficit is due to a timing issue. This was due to a delay in the business cases being approved. The project is currently being supported from the reserves. However there were no concerns about this and it is anticipated that the funding would even out.

The portfolio investment fund is an outturn position based on 15 years and is based on the original head of terms. Against these the deal is demonstrating a deficit on investment of about £37m (3%). The investment package at year 15 is projected £1.237billion.

The Programme Investment Forecast table outlines specific project level information. There are estimated 4% revenue costs within the budget.

In terms of the Portfolio Investment Fund members queried if this could be broken down annually. How much have private companies invested and how much have the individual authorities put in through their borrowing powers to date? Officers advised that this could be brought before a future meeting. Members were keen to ensure that forecast projects of income and spending were being met.

The benefits realisation profiles will split down the benefits at the portfolio level for the 15 years. They will provide GVA jobs and investment anticipated up to the end of the portfolio. They will also provide the wider programme and project benefits being delivered. Mr Burnes advised Members that GVA is a macroeconomic indicator and they are seeking clarity from Welsh and UK Governments with regards to how to attribute it to a project and build it up to a wider regional setting. Further how it should be presented to Governments.

Members discussed the funding gap created by the anticipated project completion dates and the drawdown of funding from Government. Members acknowledged this is where authorities will need to borrow to support the funding gap.

6. Internal Audit Recommendations - Update

Mr Jonathan Burnes provided a verbal update on the Internal Audit recommendations. There were four key recommendations from the audit – one is near completion, two are closed and one will be ongoing.

The first recommendation was around formal agreements. They involve the four organisations – two health boards and two universities. It was confirmed they are not signed partners on the Joint Committee Working Agreement, but they are partners within the City Deal. Agreements have been sent to all four bodies, three have been received back and the fourth one is expected imminently. With regards to the declarations of interest, a process is now in place. There has been a 93% response rate and officers confirmed that they are awaiting clarification with regards to the interest forms suitability for the Economic Strategy Board.

Secondly, in terms of the risk scoring methodology, this was required to be reviewed as part of the Internal Audit recommendations. It required consideration of the inherent and residual risk. This is now complete.

The third recommendation was in relation to capturing the achievement of outcomes, outputs and impacts. The aim is to ensure that detailed benefits realisation monitoring is in place for the next quarter (Q3). At the end of the financial year, the outturn position should be clear and this can then be monitored against the business

case projection. From this point and ongoing there should be a fully operational benefits realisation plan in place.

The last recommendation related to private sector funding. The recommendation required careful monitoring of this funding and ensuring that contingency planning was in place should the funding not materialise. In response to this there is quarterly monitoring, a framework has been created for engagement of commercial business activity which needs to be approved by the four local authorities.

Members queried the access of the public to the declarations of interest. In respect of this, at the time there are ongoing discussions with regards to whose declarations are going on i.e. members and/or officers. Declarations will be placed on the website when this has been determined. Members suggested that officers should also be included.

Concerning the risk management, Members queried if the new flood maps been included on the risks as they pose a significant risk to some projects. Officers confirmed that this has been cascaded down to project level and taken into account. Projects are proceeding as planned.

Members asked officers, in relation to the risk assessment, if the ones that have changed can be brought to members' attention as opposed to just providing the full risk assessment. Officers confirmed that this model was already in place and would be presented at the next meeting.

7. Swansea Bay City Deal Meeting Protocol

Jonathan Burnes provided a brief outline of the document.

Members drew officer's attention to 5.1 agenda setting. Members asked for clarification on the wording as it suggests that the PMO are largely setting the scrutiny agenda. Member confirmed the scrutiny committee sets the agenda, but will work with the PMO on the collation of the information required for the agenda. Members agreed draft wording in relation to the agenda clause and send it across to the PMO for consideration.

Members also noted the quorum on 3.8 indicated 8 members, however the quorum was in the process of being reduced to 6. This

would be amended when the new quorum was approved by all four authorities.

The Committee agree to send draft wording to the PMO to for suggested changes to the wording in terms of agenda setting.

8. **Gateway Review and Action Plan**

The Gateway Review is a strategic review carried out by external officers. It's a three day review which considers how the programme can move forward. The review took place in July and had an amber/green rating on delivery.

There were eleven recommendations from the review. Four were key recommendations and six were advisory recommendations. Mr Burnes briefly went through the recommendations and updates as outlined in the reports provided. All recommendations will be considered equally by the Programme Board.

Members advised that they will be interested to learn how this committee will fit into local governance arrangements in view of the Corporate Joint Committees that will be coming forward in the future.

9. **Forward Work Programme 2021/2022**

Members expressed an interest in viewing the Joint Committee forward work programme.

Members noted this item.

10. **Urgent Items**

There were no urgent items.

CHAIRPERSON