

Swansea Bay City Region Joint Scrutiny Committee

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

Members Present:

13 February 2024

Chairperson: Councillor T.Bowen

Vice Chairperson:

Councillors: J.Beynon, G.Morgan, R.Sparks, J.Curtice, A.Dacey and M.Harvey

Officers In Attendance C.Moore, J.Burnes, L.Willis, N.Pearce and T.Rees

1. **Chair's Announcements**

The Chair welcomed everyone to the meeting and confirmed that Democratic Services have received apologies from Cllr C. Holley, Cllr V. Holland, and Cllr S. Yelland.

The Chair thanked officers for organising the site visit on the 26th of January 2024 to Pembroke Dock Marine and advised that members found it informative and helpful in understanding the scale and progress of the project. The chair also made members aware of two 'Meet the City Deal' events coming up in Swansea on the 20th of March and Neath Port Talbot on the 9th of April.

2. **Declarations of Interest**

Cllr Mike Harvey declared an interest in Item 8 as he provides advice on this project as part of his role as a sign of crime officer with South Wales Police.

3. **Minutes of the Previous Meeting**

Minutes of the meeting held on the 04.07.23 and the 24.10.23 were approved as an accurate record of proceedings.

4. **Audit of Accounts Report**

This item was not scrutinised.

5. **Joint Committee Statement of Accounts**

Chris Moore Section 151 Officer presented the report as included in the agenda pack.

Members sought clarification on the total investment package noting that £235 million is the UK funding investment and wanted to know how much has been drawn down so far for the City Bay Deal region and what was left to come.

Officers advised that over 6 years of funding it's been at £23million a year (£138 million in total so far). The funding is over a 15-year period and the mechanism that was originally agreed was that £241 million would be put out across the region. The report states £235 million presently as one project was slightly under at that time of writing, but that will have gone back up to £241 million as the expectation now.

Members were advised that the obligation to each constituent authority or project lead authority would be to upfront the funding of the project as the profiling can only be released across the 15-year period. Officers advised that Welsh Government did start paying a bit more in advance of the 15-year profile and UK Government have looked at reprofiling their funding and have submitted a profile where some of the money can be drawn down more quickly and means it is an advantage for local authorities would need to borrow less.

The report was noted.

6. **Update on GVA for Portfolio Monitoring & Evaluation**

Ian Williams, Swansea Bay City Deal Portfolio Development Manager presented the report as included in the agenda pack.

Members clarified that the abbreviation of SMART means Specific Measurable Realistic Achievable Time based. Officers confirmed this. Members acknowledged that GVA (Gross Value Added) is amorphous and difficult to quantify and understood where the decision had come from.

Members stated that they were disappointed that when the project started, that figures were used and now they can't be quantified. Members wanted to have confirmation on where GVA would be used as they noted that on a business case level it can be used but other areas it can't.

Members also asked what other markers are going to be used to give an overall understanding of how the whole project is doing rather than individual projects as individual projects can't be scrutinised unless members ask specifically, or if they have a presentation on them.

Members stated that the role of scrutiny is to understand the value to the whole of the Swansea area but felt the goal posts have moved.

Officers explained that GVA as a calculation will still be used in the business cases but what the calculation does in the economic appraisal is that it bases it on assumptions and multipliers, this means officers can't evidence and attribute a project and programme intervention directly to GVA. Officers explained that they can talk about the economic impact of a building and used Swansea Arena as an example and explained that they can talk about the economic impact of the direct consequence of having the arena, including the economic impact of it, ticket sales, footfall, support to the all the direct businesses associated with it, in and around the arena. Members were informed that officers would then use an evaluation model to look at any other evidence in the wider impact of the city centre and surrounding areas, for any economic impact. Officers explained however that it wouldn't necessarily be GVA used.

Members were also given the example of Yr Egin where economic assessments around phase one and there are economic impact indicators within that report. Officers explained that having S4C as an anchor tenant within Yr Egin with all the surrounding supply chain and all the companies involved in the building itself will have economic impact directly and indirectly to the supply chains and the surrounding area.

Officers explained that all the economic appraisals will happen once things are operational, but they will also do an economic impact of construction as well. Members were advised that there are approximately 120 different measurements of success indicators that all business cases have identified.

Members were advised that those were economic indicators that they are already using and that while it might not just be at the portfolio level for every single one, just because of the nature of what the what

the project or building may entail officers gave reassurance that they are measuring the economic impact. It's just not attributing GVA to the portfolio.

Members highlighted that on the City Deal website the figures are mentioned of £1.8 billion and that is what officers would consider GVA and then it's subsequently been uplifted £2.3 Billion. Members weren't happy that this information was still being put out, but officers can't verify it.

Officers advised that they can't evidence it directly, but they still estimate that figure and when business cases evolve and if a plan changes of any significance, the economic evaluation would need to be redone but officers haven't done one yet because everything that they planned to do is, in the same direction of travel.

Members were informed that the only project that is different, is floating offshore wind, but an economic appraisal is being done on that new element of the project within the programme and officers will continue to evaluate it and it still is the target, but as officers can't evidence directly attributable to the portfolio. Officers will still monitor GVA, but there are so many moving parts with it that they may find that GVA could go down for the region because it's not just the portfolio that's in play for the region for economic activity. Officers advised that the portfolio would generate economic impact and they will demonstrate that through other indicators.

Members acknowledged the difficulties that the project management board identified in terms of GVA being amorphous and difficult to quantify but members highlighted that using those numbers to promote the city deal activity despite officers saying that it's hard to do that because of other factors and asked that the committee highlight this to the City Deal board as an area of concern. Members also commented that because effectively the scrutiny on this item has been removed with permission, but GVA figures are still being used to promote it.

The chair confirmed he'd like to write to the Swansea Bay City Region Joint Committee Chair to highlight this inconsistency. Members also expressed the view that if economists at Welsh Government and UK Government have looked at GVA and are recommending that it is a flawed measuring tool and to use other methods then the committee should listen to it.

Officers confirmed that WG and UK Government Economist confirmed that advice. Officers advised that GVA can remain as a

headline figure in modelling terms in the economic appraisals, but it's on their advice that it's not possible to evidence to monitor on that level.

Following scrutiny of the item, the Chair resolved to write to the Swansea Bay City Deal Board to highlight the inconsistency that effectively scrutiny of this has been removed (with permission), but GVA figures are still being used to promote City Deal activity. The report was noted.

7. **Supporting Innovation & Low Carbon Growth Programme - Change request to incorporate the National Net Zero Skills Centre of Excellence (Now approved by Government)**

Nicola Pearce Director of Environment & Regeneration Neath Port Talbot County Borough Council gave members a presentation on the Supporting Innovation & Low Carbon Growth Programme including the change request to incorporate the National Net Zero Skills Centre of Excellence as per the report included in the agenda pack.

Members enquired about the hydrogen stimulus programme and what proportion of this whole project is based around that. Members noted that there is only really a market for large vehicles using Hydrogen with only 300 Hydrogen cars in the UK.

Members asked why City Deal funding is being put into hydrogen when it's not it's not working as an alternative apart from for heavily subsidised large vehicles.

Members also asked if officers are encouraging partners to look at overnight tariffs for energy when charging EV's as well with the infrastructure because of the significant savings that organisations can have if they have an overnight tariff.

Members sought clarification on what was meant by the term 'hybrid building' as referred to in the presentation.

Officers advised that the Hydrogen Stimulus Project and the Bay Technology Centre are part of the original 7 projects that were given approval. Members were advised that the Bay Technology Centre facility has been built and it is currently operational and is an energy positive building, meaning that it generates more energy than it requires to operate. Officers advised that it is over 50% let.

Officers explained that the project is connecting the surplus energy to the hydrogen research facility which is within 100 metres of the facility. This spare electricity is being utilised to generate hydrogen.

Members were advised that the project paid for an additional electrolyser within the hydrogen research facility which is operated by the University of South Wales to enable the increased generation of hydrogen. Officers highlighted that it was always envisaged that hydrogen would be utilised within Neath Port Talbot's large freighter fleet and they anticipate that hydrogen is considered to be the future for the larger vehicles such as waste and recycling freighters and there is provision within that hydrogen stimulus project to pay towards one vehicle just demonstrate the effectiveness of that Co-location of Neath Port Talbot's (NPT) fleet with the hydrogen stimulus project.

In relation to EV charging, officers explained that electric vehicles are linked to the smaller pool cars that NPT as an authority and the public's domestic vehicles will be utilising more of going forward. NPT are investing across the region in infrastructure and charging facilities. The market is also providing charging facilities where it makes business sense.

Officers are delivering a project under Supporting Innovation and Low Carbon Growth called 'The Electric Vehicles Charging Infrastructure Route map', which will establish where the 'not spots' of large areas of the region are, where the market will not intervene to install infrastructure as they will not get a return on their investment.

Members were made aware that there are significant numbers of the population that require access to that charging infrastructure and many of these areas have got high density residential developments without off street parking facilities. Officers explained that they are looking at ways they can support people living in those communities who aspire to own an EV.

It was clarified by officers that in relation to hybrid accommodation, officers want to develop the integration of the Net Zero Skills Academy within the advanced manufacturing facility and are going to be co-located within one building. This means that the students in the academy have access to the high technology equipment housed within the advanced manufacturing facility. This will allow students to work on the equipment that they are likely to have access to when they pursue those types of career opportunities. Students wouldn't just be sitting in a classroom and will be

spending time in a manufacturing environment as well. Members were advised that this will give students the best hands on, aligned experience to working in manufacturing that officers can possibly develop for them. That is what is meant by a hybrid facility.

Members noted that the completion of the building is listed as 2027 and hoped that the time scale isn't too tight to be workable as local businesses are concerned that the money or the potential earnings through offshore wind is going to pass them by if we don't act quickly. Members raised concerns of the need to get people trained and into the industry rather than bring people into the area to work and then move back out to the area. Members highlighted the need to replace the important jobs that will be lost to the Tata announcement.

Officers agreed that it is a very tight timescale and that while it is ambitious, they believe that they can do it. Officers explained that they have been working with Welsh government for a significant period to utilise part of the Energy Park which they have recently purchased and there are parts of the energy Park that are still subject to contamination associated with BP chemicals which used to occupy the site. Members were advised that there are parts of the site, where officers have interest that are capable of being developed in the short term and they are working with Welsh Government to secure that land and they are supportive of this project in principle and want it to happen.

Officers noted that it is important given the Tata situation that they need to do everything they can to support the workforce who are potentially at risk of losing their jobs as well as ensuring that the workforce of the future that previously aspired to work in Tata have alternative economic opportunities available for them and alternative job opportunities. They would need to have the skills to access those jobs going forward which officers want to be able to provide them with.

The report was noted.

8. **Innovation Matrix & Precinct Update**

Ian Walsh (Innovation Matrix SRO) and Geraint Flowers (Innovation Matrix Project Lead) presented an update to members on progress on the Innovation Matrix Project and the outcomes of the recent external Gateway Review.

Members commented that they thought whole project looks good and that they could see that it is comprehensive. Members welcomed the fact that so many partners have signed up before its ready. Members congratulated officers on all the hard work involved and look forward to hearing an update that on Yr Egin Part 2 in in March.

The report was noted.

9. **SBCD Quarterly Reporting Q3 2023/24**

Jonathan Burns Director of the Swansea Bay City Deal gave a summary of the Swansea Bay City Deal Quarterly Monitoring Reports for Quarter 3, covering dashboards, summary of risks and issues and benefits, procurement, pipeline change notifications and the audits of Gateway Assurance review and the internal audit action plan.

Members noted that in previous meetings that an independent review had been mentioned and that it had been discussed in the meeting today that GVA as an overall statistic is not going to be needed and asked if an independent review will go forward and what sort of things will be looked at in terms of reviewing whether the Swansea Bay City Deal overall is a success.

Officers advised that yes, there will be reviews and that there will be evaluations across the portfolio both at project programme level and at portfolio level. The intention was this would happen this coming financial year, but buildings need to be in operation for at least 24 months, if not 2 years depending on what the buildings are to properly evaluate them. Officers can't answer if it will all happen on a particular date or particular year.

Officers explained that Ian Williams is coordinating with all the projects on what will be evaluated, when will it be evaluated and how will it be evaluated. Those three questions will be answered in the evaluation framework officers are developing. Officers haven't agreed with joint committee yet that they will do a portfolio evaluation next financial year or the year after. But as projects progress, Officers will be evaluating at project level and they can share that with the Joint Committee and at Scrutiny Committee level to have a look at what is being evaluated more locally, with individual projects.

Members were advised that these would need to be done at an appropriate time, otherwise officers would be doing evaluations and paying an

excessive amount of money for external views on this. Officers gave reassurance that they are internally monitoring and know that the job numbers are higher than what they are currently, but they must be formally reported.

Officers gave the example that Swansea arena has been in operation for two years and officers haven't put in the operational roles of what the arena has into those numbers. Swansea council may want to look at a wider evaluation, not just the direct jobs because of the arena being there. Officers are working with all partners to identify those, and they hope to bring back through governance is a summary of all the different indicators not just at portfolio level, but the next level down with the projects and programmes across 120 indicators.

The report was noted.

10. **Financial Monitoring Q3 2023/24**

Members did not have any questions on the report.

The report was noted.

11. **Carbon Reduction Assessment of the SBCD Portfolio Report**

Peter Austin Business Engagement Manager made members aware that the Carbon Reduction Assessment of the Swansea Bay City Deal Portfolio Report was a piece of work officers did back in 2022 at the request of the programme Board and was a point in time exercise.

Members were advised that the presentation by Nicola Pearce earlier in the meeting showed that here in 2024 the projects are adapting to the demand and the need for net carbon actions.

The report was noted.

12. **Forward Work Programme 2022/23**

The Members of the Committee noted the Forward Work Programme.

13. **Urgent Items**

There were none.

CHAIRPERSON