

SWANSEA BAY CITY REGION JOINT SCRUTINY COMMITTEE

DATE 8th October 2024

Supporting Innovation and Low Carbon Growth Programme Update

RECOMMENDATIONS/KEY DECISIONS

To inform Joint Scrutiny Committee of the progress made and status of the SBCD Supporting Innovation and Low Carbon Growth Programme

1. Introduction

The Supporting Innovation and Low Carbon Growth Programme vision is: ***to deliver low carbon, sustainable and inclusive economic growth for the region.***

The Supporting Innovation and Low Carbon Growth (SILCG) programme aims to deliver sustainable jobs and growth in the Swansea Bay City Region by creating the right environment for innovation and new technologies to support the creation of a decarbonised and innovative economy.

The programme's Investment Objectives include:

1. To build resilience, diversify and grow the regional economy
2. To support innovation and new product development in science, technology and manufacturing sectors - strengthening industry, academia and government collaboration
3. To support innovation to influence a shift in the use of high CO₂ energy usage to low CO₂ energy usage in economic activities (industry, commercial buildings and transport)
4. To demonstrate the link between GHGs from economic activities and air quality improvements in the targeted area.

The £64m programme funds the following eight interlinked projects:

- Bay Technology Centre
- South Wales Industrial Transition from Carbon Hub (SWITCH)
- Hydrogen Stimulus Project
- Air Quality Monitoring Project
- Low Emission Vehicle Charging Route map
- Advanced Manufacturing Production Facility, including open access equipment for industry
- National Net Zero Skills Centre of Excellence (new project approved December 2023)
- Property Development Fund

2. SILCG Programme Status

Business Case

The SILCG programme underwent a Peer Review in January / February 2020, a Gateway Review Project Assessment Review (PAR) in June 2020, followed by a Gateway Review Critical Friend Review (CFR) in October 2020. An internal audit was also undertaken in October/November 2022.

Governance

- The SILCG Programme Governance is fully established and functioning. The governance structure ensures robust, effective decision making and accountability.
- The SILCG Programme Board has been fully established. Membership of the Board comprises senior representation from the Programme's key partners with the opportunity to co-opt representation from additional key stakeholders as and when required. Terms of reference are in place, agreed upon and reviewed at regular intervals.
- A Senior Responsible Officer (SRO) for the Programme is in place.
- The Programme Risk Register is fully operational and scrutinised regularly by the SILCG Programme Board.
- The Programme has a comprehensive Integrated Assurance and Approval Plan (IAAP) and Risk Potential Assurance (RPA) Matrix in place which follows regional and national formats and requirements. Both the IAAP and RPA are regularly reviewed in consultation with the City Deal PoMO.

Funding

- The SILCG Programme Business Case was approved in August 2021
- The primary funding agreement for the SILCG Programme has been signed under seal.
- An additional £5.3million (originally allocated to Neath Port Talbot Council but not attributed to any activity) was approved at the end of 2023 to fund the National Net Zero Skills Centre of Excellence.

3. SILCG Programme Delivery Summary

The eight interlinked projects are at various stages of delivery.

Bay Technology Centre

Developed in response to well-evidenced demand for high quality, flexible business premises. A hybrid building on Baglan Energy Park providing a range of high quality, flexible, speculative office and laboratory space to support start-up businesses and indigenous business growth.

The design of the building has established it as Wales' first commercial 'building as a power station' (energy positive) with a link to the University of South Wales Hydrogen

Centre providing a proof of concept to use renewables to create hydrogen and fuel vehicles demonstrating the potential to decarbonise vehicle refuelling.

Current occupancy of 53% with a pipeline of interested parties. Recent tenants include High Value Manufacturing Catapult (Baglan Office) and UK Shared Prosperity Fund (UKSPF) Strategic Projects collaboration.

SWITCH (South Wales industrial Transition from Carbon Hub) Harbourside

SWITCH will provide a specialist facility on Harbourside, Port Talbot to carry out research to support the steels and metals industry and supply chain to improve competitiveness by increasing product capability and reduce carbon emissions to meet legislative requirements.

This will be achieved by strengthening collaboration between industry and academia and increasing the level of applied research to accelerate the adoption of improved products and processes. The City Deal funding will be used to construct a purpose built facility and purchase specialist equipment.

12 month design phase concluded with Pre Application Consultation (PAC) proposed to be submitted in Spring / Summer 2024, this will be followed by a 15 - 18 month construction phase.

Advanced Manufacturing Production Facility (AMPF)

This project has been developed in response to the well evidenced need for business sites and premises, including industrial premises. The project is to develop a hybrid building based on the 'proving factory' concept, providing a range of production units incorporating a pilot line with office space to support start-up companies and indigenous business growth in the innovation and manufacturing sectors.

Currently exploring options for delivery models to align to the existing local ecosystem. Convening a group of key stakeholders in Spring / Summer 2024 to explore delivery model options.

National Net Zero Centre of Excellence for Skills (new project approved in December 2023)

To deliver industry led, green skills training and development by upskilling the local, regional and national labour markets with appropriate green skills to enable transition to a net zero economy, whilst supporting the development of local and regional low carbon projects.

The aim is to establish the facility as a central hub for national Research Development & Innovation activity, using the state of the art facilities to increase the number and quality of low carbon businesses in the region, promoting further investment and innovation. The skills provision will be collocated with the Advanced Manufacturing Production Facility.

- Support from PoMO with Outline Business Case (OBC) preparation
- SILCG Programme Board sign off (11/10/23)
- City Deal Economic Strategy Board (ESB) Test & Challenge (13/10/23)
- Briefing with UK and Welsh Governments (23/10/23)
- SBCD Programme Board sign off (31/10/23)
- SBCD Joint Committee sign off (16/11/23)
- UK & WG sign off (19/12/23)

- Approval email received on (09/02/24)

Hydrogen stimulus programme

This project has been developed to demonstrate the viability and commercial opportunities to the creation of hydrogen from renewable sources.

The project will establish a link between the Swansea Bay Technology Centre and the University of South Wales Hydrogen Centre on Baglan Energy Park, including necessary upgrades to the equipment including an electrolyser to create smart energy systems and to use excess electricity to convert to hydrogen to fuel vehicles for council use which will also be purchased with City Deal funding. There is potential to replicate this activity on a commercial scale which will be explored during the delivery of this initial project.

Air quality monitoring programme

This project has been developed in response to air quality issues and the need to understand levels of pollution to make informed decisions on mitigation and intervention measures. The project will incorporate a monitoring and analysis system to provide verified sources of air quality data. The data analytics generated by the project will help to identify correlation with factors such as pollution sources, both internal and external to the area. The funding will be used to purchase air quality monitors and the data analytics side of the project. There is potential to replicate this activity across the region, Wales, the UK and worldwide.

Electric vehicle charging infrastructure route map project

This project has been developed in response to the need to decarbonise transport, and address the new challenges posed by the increasing number of electric vehicles. The project consists of three phases:

Phase 1 – to consult with leading academics, industry partners and the public sector to produce an effective, impactful and future-proof electric vehicle charging strategy / coordination of activities.

Phase 2 - will focus on the physical implementation of smart charging stations and the grid infrastructure required to support modern charging technologies.

Phase 3 – To use information gathered from the implemented smart charging stations to build a detailed dataset of electric vehicle charging behaviours within the area. This will be used to fuel research into topics including vehicle-to-grid transfer for flexible energy systems, virtual power plants, and future economic/business models for electric vehicle charging stations.

Property Development Fund

This project has been developed to support the viability of private sector schemes to develop bespoke and speculative buildings in the Port Talbot Waterfront Enterprise Zone (Harbourside, Baglan Energy Park and Baglan Industrial Estate). The fund will be administered by Neath Port Talbot Council as a £10million fund (£4.5million gap funding non-repayable finance / £5.5million Private Sector investment).

Projects from round 1 are currently being notified and Grant Agreements issued. Round 2 Expression of interest projects have been notified and invited to submit stage 1 applications.

NPTCBC Internal Audit of SILCG Programme

During October and November 2022 the SILCG Programme was subject to an internal audit. This involved a series of interviews and analysis of programme documentation, claims, governance, procurement etc. The outcome from the audit published on 15th November 2022 was the project demonstrated '**Substantial Assurance**' which is the highest rating available.

Forward Plan

- Additional tenants to be secured for Bay Technology Centre
- Agreement and signing of Heads of Terms and Agreement for Lease between Neath Port Talbot Council and Swansea University in relation to SWITCH
- AQMP activities to continue with additional sensors deployed
- Scoping exercise to explore delivery models with key stakeholders for the AMPF
- PDF issue Grant Agreements for projects to start delivery.
- Appoint a new programme manager.

4. SILCG Programme Risks

The SILCG Programme has a comprehensive risk register which is used to identify, record, monitor and mitigate against all Programme and individual Project risks. There are currently 15 live risks being managed across the Programme, of which the following 2 are classified as red:

Title	Risk description	Control actions
TAN 15 Revised Flood Maps	Revised TAN 15 flood maps could potentially affect SWITCH, AMPF, and any PDF projects.	Potential impact is currently being assessed and will need to be closely monitored.
Increasing capital costs	Further funding could be required i.e unforeseen costs, changing requirements, COVID etc.	<ol style="list-style-type: none"> 1. Effective programme management / budget monitoring 2. Capital costs around construction - if build costs increase could impact on fittings which could impact on outputs.

Appendices:

None

OFFICER CONTACT

Name:
Lisa Willis

Email:
l.willis@npt.gov.uk