

## Swansea Bay City Region Joint Scrutiny Committee

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

**Members Present:**

**8 October 2024**

**Chairperson:** Councillor T.Bowen

**Vice Chairperson:** Councillor D.Cundy

**Councillors:** S.Yelland, M.Bowen, G.Morgan, R.Sparks, V.Holland, C.Holley and A.Dacey

**Officers In Attendance** J. Burnes L.Willis and S.Aldred-Jones and T.Rees

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1. **Chair's Announcements**

The Chair welcomed everyone to the meeting. The Chair confirmed that Democratic Services have received apologies from Cllr R.Wood and Cllr J. Curtice.

2. **Declarations of Interest**

There were none.

3. **Minutes of the Previous Meeting**

The minutes of the meeting held on 25/07/24 as an accurate record of the proceedings.

4. **Supporting Innovation and Low Carbon Growth Progress Update**

Lisa Willis Strategic Funding Programmes Manager gave members an update on the progress of the support and innovation and low carbon growth programme (SILCG).

Members were advised that the previous programme manager had taken another role within Neath Port Talbot County Council and the

role has been advertised but not filled. Lisa Willis has taken over the role as programme manager with her programme office supporting her.

Members were advised that each of the projects has its own project manager who are reporting to Lisa Willis so there is no risk to delivery because of the change.

Members were given an overview of each of the 8 interlinked projects and the goal of them all is to deliver low carbon, sustainable and inclusive economic growth for the region.

### Bay Technology Centre

Members were advised that this is a hybrid energy positive building, and it is currently at 53% occupancy. Officers explained that there are three companies due to sign heads of terms and officers also due to issue another head of terms to another company. Officers are currently in negotiations with additional company, this would mean that there should be 5 more companies joining over the next two months.

Members were advised that promotion of the facility is being done via the website and through social media and that the most recent tenant to arrive is the High Value Manufacturing Catapult and they've set up office in the Bay Technology Centre. Members were informed that they have got state-of-the-art equipment supporting businesses across the region, Wales and the UK.

### The South Wales industrial transition from carbon Hub (SWITCH)

Officers advised that SWITCH is supporting the decarbonisation of the steel and metals industry and Swansea University are the delivery partner. Members were informed that the 12-month design phase concluded with Pre-Application Consultation (PAC) which is proposed to be submitted imminently and this will be followed by a 15 - 18-month construction phase and is due for completion at the end of 2026.

Officers felt that this was an exciting project, and it has also adapted to changes with the announcement with Tata Steel looking at decarbonisation of steel as well as the steel and metals industry across the region.

Advanced manufacturing production facility

Members were informed that there has been a delay with this project in terms of discussing land options and making sure it aligns with the innovation landscape.

Officers are talking to Welsh Government on the land areas and are engaging with partners on this. Members were also advised that there is a lot of interest in this in terms of diversification of industry across Neath the Talbot and the wider region.

#### Net Zero Skills Centre of Excellence

This is going to be Co-located with the advanced manufacturing production facility and officers are looking at where to site that with several land options that they are discussing.

#### Hydrogen stimulus project

Members were told this project was in two parts. The first is led by the University of South Wales and that is looking at increasing the capacity of hydrogen production at their site on Baglan energy Park. The second is looking at the concept of hydrogen powered vehicles, potentially looking at refuse collections or council fleet vehicles. Officers are working closely with several suppliers on this and working closely with the University of South Wales on the hydrogen stimulant project.

Members were informed that there is a lot of development currently in the hydrogen stimulus projects across Neath Port Talbot and the wider region and officers are ensuring that everything is aligned to that.

#### Low emission vehicle charging infrastructure project

Officers explained that this project was looking at mapping and ensuring coordination across the region. This is to ensure the project maximises the funding opportunities across the region and looking at a case study where there's on street charging. Officers are looking at linking up that with one of the homes as power stations projects in the in the valley's areas in Neath Port Talbot.

#### Air quality monitoring project

Officers advised this is coming to an end and there were some trials of low-cost mobile sensors, and they are waiting on the final reports to close that project and share the learnings from it.

### Property Development Fund

Members were informed that this is on the Port Talbot waterfront enterprise zone. In round one officers have awarded 3 contracts totalling just over £1,000,000 and with £1,000,000 private sector investment on top of that.

Officers also informed members that they are monitoring the benefits of SILCG such as private sector leverage and the gross number of jobs created, along with the benefits linked to the wider portfolio targets.

Members noted the £2,000,000 investment in relation to the hydrogen stimulus programme and asked how much money from city deal has gone into that.

Officers advised that the £2,000,000 is the total city deal grants for the project and that has been split between £1.5 million for the University of South Wales for the infrastructure works and the purchase of the electrolyser for the University South Wales is to increase the capacity at the refuelling centre.

Currently officers are looking to develop a sleeving technique as they couldn't install a wire between Swansea Bay Technology Centre and the University of South Wales Hydrogen Centre on Baglan Energy Park due to various challenges. Officers are also looking at a power purchase agreement.

Members were concerned that there are only 300 hydrogen powered vehicles in the UK and less than 15 fuelling stations and wondered how much progress has actually been made with partners. Officers explained that there is a limited amount of hydrogen vehicles because there is a limited number of refuelling stations. Officers view it as a chicken and egg scenario and by creating several refuelling stations across the country, of which there are several developments in Neath Port Talbot and across the Swansea Bay City region. That will provide assurance to people that they can refuel their hydrogen vehicles.

Officers emphasised however that this project, is not looking at general commercial cars and instead looking at fleets and in particular, heavy freighters because that's where hydrogen is more suitable to be used as a vehicle and they are exploring several vehicles with NPT's fleet and their Streetscene teams.

Members were advised that the aim of Swansea City Deal project was to create hydrogen stimulus, and they have got the company Protium who have now invested along with the University South Wales and they're looking to expand further.

Members were informed that in terms of the hydrogen stimulus projects overall aim, it's doing what it says and that is encouraging more refuelling stations across the M4 corridor and across the wider area so that will increase the uptake of hydrogen vehicles on a commercial basis although officers are looking at the council fleet and not personal vehicles.

Officers advised that the additional half a million, is ring fenced to fund the gap between a standard vehicle and a hydrogen vehicle and it hasn't been spent yet.

Members noted that the vehicles are expensive and there's very few places you can run hydrogen vehicles because there isn't a network yet, and it seems like the project is more at a research level.

Officers advised that Protium has invested on the University South Wales area and officers can provide more details on that.

Members felt that they have a responsibility to ask about why this money has been spent on something that they believe is still very unproven and stated that there aren't many examples across the world where a hydrogen project is still being used. Members used the example of the buses at the Olympics in Atlanta and noted that once the stimulus has gone, projects don't seem to continue, although members noted that it is part the UK government energy strategy to have approximately 18% hydrogen vehicles in the future.

Members were sceptical about the technology and were worried that taxpayer's money is potentially wasted on it.

Officers advised that they are working closely with John Maddie from the University of South Wales and Swansea University in terms on the examples in Scotland of hydrogen vehicles that are used by councils and looking at lessons learned from across Scotland and the rest of Europe. Officers advised that it has been done elsewhere but

you need a concentration of refuelling stations. Currently there are potentially 4 being developed within the Swansea Bay City region for refuelling.

Officers added further context and advised that in relation to the hydrogen stimulus project within the portfolio of city deal, there's a regional and national context that they are working within. Members were informed that it is quite early on in hydrogen's use and there is still a lot of work to do in terms of getting policies and government approval particularly around vehicles and hydrogen use in homes.

Officers advised felt that for what is in the region between the production of hydrogen, hydrogen storage and usage of it, whether that will be in homes, industry or cars there is massive potential for hydrogen. Members were advised that there is a lot of businesses and interest around hydrogen, but they are in the earlier stages of it, but city deal have a high potential to make it successful within the region and the hydrogen stimulus project is part of that jigsaw for the region.

Officers stated that the aim of the project is a stimulus project and felt that having Protium investing in it shows that this project is doing what it says on the tin.

The project is not just about the Hydrogen vehicles but also linked to the SWITCH project and exploring opportunities in that area such as commercialisation.

Officers are looking at lessons learned and exploring opportunities with the rest of Europe.

Officers offered for John Maddie who they work closely with at the University South Wales to potentially come to another progress meeting and focus on the hydrogen aspect or for members to meet with University South Wales on the hydrogen work that they're doing and the linkages to commercialisation.

Members agreed that this was a good idea.

The report was noted.

## 5. **Swansea Bay City Deal Quarterly Monitoring Portfolio**

Johnathan Burnes gave members an overview of the Swansea Bay City Deal Quarterly Monitoring portfolio report as included in the agenda pack.

Members noted that the target for jobs is currently 9700, but the report states that there are now 615 jobs. Members asked when officers think it would get closer to the target.

Officers reminded members that in the last meeting there was an evaluation framework put forward and in that was indicative time scales of when every project will evaluate elements of their projects.

Officers advised that they will be looking at the wider impact of the buildings not just the construction of the building. When those evaluations are produced and put through the system then members will start seeing the job numbers jump up.

Members were advised that in terms of when they will be getting the reports, the first one will be from Yr Egin phase one and that will go to joint committee in December for their economic evaluation. Swansea Marina would be next, followed by Swansea Arena. After that there will be a whole series of things that will happen over the next few years.

Officers advised that they do an economic evaluation of projects at least a year or two of operation and gave the example of the SWITCH project which won't be completed the end of 2026. This illustrates that the evaluations could be going up to 2028/2029 approximately.

Members sought clarification on the figures on the report. Members highlighted that the total investment target hasn't changed from the previous report, which stands at £1262.19 m and the total investment to date is £318.23m. Members highlighted that if you read the financial outturn for quarter four of last year and the annual update report, the total investment target is a different figure, it stands at £1278.27m for quarter four of last year and the total investment to date is £354m. Members clarified if they were reading the figures incorrectly or if the figures are incorrect on the report.

Officers advised they would double check the reasons behind the variance and advised that they would get a formal response to members in writing via the chair as to why there is a variance in value.

Members advised that Pembrokeshire County Council is very concerned currently with Celtic Freeport and asked what impact the Freeport is having on city deal, or if it will make any impact on City Deal's plans.

Officers advised that they have found that with the Swansea Bay City deal that a lot of the partners involved in both the city deal and the freeports. The senior responsible owners, like Nicola Pearce, who is director of Environment and Regeneration in Neath Port Talbot and Rachel Moxie in Pembrokeshire County Council who are both senior responsible owners for the city deal projects.

Officers advised that Pembroke Dock Marine and Supporting innovation and low carbon growth helped catalyse the bid for freeports. Officers stated that there are lots of other things that are going on and partners involved wider than the City Deal, but those were part of the application process.

Members were advised there is a connection between the people and the objectives of what city deal and Freeport are trying to do such as creating jobs, investment and collaboration. Officers informed members that all the things are mirrored across the two initiatives because there's a lot of other things that happen across the region that are also impacted by the city deal, both in terms of input and output. Officers used the example of Swansea Arena that has also helped catalyse other things across the city centre.

Officers feel that they could probably pick every single project and look at what's happened around them and that is what they are hoping to be doing through the evaluations by looking at the wider impact evaluation of what these projects have leveraged and brought in for the region.

Johnathan Burns offered to talk to the councillors about these issues if they had any additional questions.

The Chair let members know that the first Freeport scrutiny committee meetings were held for the scrutiny and Cabinet members, and they have just authorised the 1st £25,000,000 funding to take the Freeport forward with £10 million for Pembrokeshire County Council and £15,000,000 for Neath Port Talbot to start everything moving.

Members asked when they would be having the evaluation reports. Officers explained that there are a lot of time scales across the portfolio, but the first evaluation report will be Yr Egin and hopefully



by the next meeting. The next report after that will be Swansea Arena, which is scheduled for next year.

Members stated that they would like to see what specification the evaluation is, how it's being evaluated and who is doing the evaluation.

Officers explained that for Yr Egin it will be clear when it's reported, but what will be asked for in the evaluation and who will be appointed to do it is yet to be determined. All the future evaluations must go through a procurement process.

Members used the example of Swansea Arena and said that in the evaluation you can ask how the arena benefits the whole of the region, or you can ask how it benefits just the area where the arena is located. Members felt that it is the methodology that is going to give comfort to people who want to know what they've had from their investment.

Officers explained that part of that methodology is in the evaluation framework, but it wouldn't specify every single detail, but it would say in the evaluation framework that anything that is a portfolio objective such as jobs, economic impact and investment would be evaluated. This would be evaluated locally, regionally and potentially nationally.

Members were advised that in addition to this, every project and programme has a benefit realisation plan, those benefits should be tested against the evaluation of the project or programme and that's what should be the focus for those although it is up to the lead delivery organisations to stipulate what they will evaluate. Officers stated that they have evaluation profiles for every single project detailing what they plan to evaluate and at the point in time of when they've estimated when they hope to get these done.

Members said that in all the business plans there are a lot of projections there which must be tested against and felt that it is an important issue about the methodology and how that is going to be constructed and who's going to do that.

The report was noted.

6. **Financial Monitoring Report 2023/24 - Provisional Outrun Position Q4**

Stephen Aldred-Jones gave members an overview of the report as included in the agenda pack.

Members asked what 'the overall estimate investment position is demonstrated at £1.278 billion' meant. Officers explained that the figure includes the city deal grant from Welsh and UK governments of £241m and it also includes the money other public sector bodies are putting into it and the private sector investment as well. This £1.278 billion is the grand total.

Members drew attention to the overall investment budget and noted that City Deal owe money centrally which it earns interest on and asked if that money is operational money for the core of the city deal operation.

Officers explained that it is interest earned on the balances they hold from the grant received and that has been paid over to each local authority partner based on the value of the money officers hold for them, which they haven't yet claimed.

Members clarified if this was pro-rata to what they are entitled to have.

Officers clarified that those payments have been made and the local authorities have received that interest payment. Officers advised that the money will be paid out to partners when they claim it.

Members were informed that the balance at the end of 23/24 was £54.4 million. Officers explained that there is some slippage but once the projects catch up, this money will then be paid over to the partners.

Members asked if now there is a new government in Westminster will all the funding still be secured for the Swansea Bay city deal and is there any risk that any of it might be clawed back?

Officers advised that they have been reassured several times that it is all ring fenced and is safe, assuming everything goes ahead as planned in the way that the business cases have been written. Officers advised that if not, then they will have to go through a change request and that could go to the governments for approval depending on what those changes could entail. Officers reiterated that at the status of where things are, the money is ring fenced and they are in delivery across the portfolio.

Officers noted that other city and growth deals across the country, particularly Scotland and Northern Ireland have been advised that unless they have started their delivery, they must wait until the comprehensive spending review later in the year to determine whether that money is released for those city and growth deals. Swansea Bay City Deal is not in that current situation. Members were reassured by this information.

The report was noted.

7. **Pre - Audit Annual Statement of Accounts**

Stephen Aldred-Jones introduced the report as per the agenda pack and gave members context that Carmarthenshire County Council is the accountable body is responsible for the financial stewardship of the Swansea Bay City deal and it's the fourth-year officers had to compile a statement of accounts in line with accounts and Audit Wales regulations.

Members were advised that the pre-audit statement is currently being audited by Audit Wales in line with their detailed audit plan and any amendments noted will be made noted in the ISA 260 report.

Members thanked officers for the report but had no questions.

The report was noted

8. **Swansea Bay City Deal Annual Report**

The Chair reminded members that they had Supplement 8A, which is the Swansea Bay City deal Annual Report 2023/24, which relates to this item, and they will therefore take Item 8 and Supplement 8A at the same time.

Jonathan Burns gave members an overview of the report as contained in the agenda pack. Members were advised that this is the third iteration of the Swansea City Deal annual report and explained that the report aims to summarise and celebrate all the key achievements and milestones between April 23 to March 24, reinforcing everything that officers would expect around City deal alignment, importance to the regional economy, making sure that there's insight for stakeholders to read of what is happening or happened in the last year and what is planned to happen in this financial year.

Officers work with all the project teams, the senior responsible owners, key delivery partners and programme board, etc. to make sure they collate as much information as they can and process it as succinctly as possible.

Members highlighted that it is positive to see all the good work that's happening across the region and all the projects and noted that it's quite positive to see all the all the changes and development and commended the whole team for the work that they're doing.

The report was noted.

9. **SBCD - Annual Report 2023-24**

The report was noted.

10. **Construction Impact Assessment Review Report**

Jonathan Burnes gave members an overview of the Construction Impact Assessment Review report.

Members were advised that the construction impact assessment is a quarterly report that officers produce.

Members were informed that there's no change from the previous quarter in terms of the construction impact assessment.

Officers explained that the overarching funding gap is £43.5 million and there has been a series of mitigations to plug that gap.

Officers advised that it is now down to £12 million residual gap, which is again being worked on by projects.

Members were advised that there is only one risk being added for Pentre Awel, which relates to delays to construction.

Officers reminded members that the key mitigations are either to identify additional sources of funding to the gaps, to revisit the design brief or the scope and to enter longer negotiations with Tier 1 and supply chain contractors around increasing costs.

Members asked if there had been any value engineering done as well?

Officers advised that fabrication of buildings has been one of the mitigations along with the choice of the location of where the buildings are sighted and the size of the buildings.

Members were advised that in terms of the scope, officers have identified that through any change brief, change of design brief or scope changes, it doesn't change the outcome of what will happen consequently.

Officers used the example of the SWITCH production facility, the decarbonisation steel facility within Neath Port Talbot and Swansea University. The size of the building is smaller because it was an approximate size, but it can still house what they have planned to house originally. Officers explained that they are cutting the fat without affecting the delivery outcomes.

Officers also gave the example that Pentre Awel having a facade of glass on the plan that they have halved in size to reduce the cost of producing and transporting the glass to site. The matrix project also changed their fabrication.

Members were reminded that materials, costs, fuel and energy prices are higher than when the business cases were developed. While there will be an increased cost, through the mitigations, officers are reducing that and closing that gap.

Members were advised that the Programme Board had asked officers to reassess and reshape the Construction Impact Assessment and asked them to look at 4 areas.

- Value for money when allocating public funds.
- Flexibility in procurement, especially in frameworks.
- Informing a review for the regional procurement strategy.
- Partnership solutions to address the skills issues affecting the Construction industry.

Members stated that in relation to procurement they aren't a big supporter of having a list of contractors to call from to assist in the programmes. Members asked if there is any loading done to local companies?

Officers explained that in relation to tier 1 contractors they are unfortunately hampered by the number of tier one contractors that reside within Wales, let alone within the region.

However, they always try within the frameworks to have a more preferential treatment towards local supply chain that sometimes works well because there are local suppliers of steel and timber, but other times like in the case of Pentre Awel, the timbers that they needed for that, nobody could produce them in Wales, and they had to be acquired from elsewhere.

Officers explained that there are certain specialist materials that aren't many suppliers of even across Europe, let alone within the region but they will always try push towards using local.

All the tier 1 contractors are required to work with lead delivery partners to identify and summarise how much went through local supply chain and they use SA post codes to identify how many businesses and how many contracts were awarded to local supply chain.

Members noted that there isn't any cement manufacturers left in Wales now and cement often has to come from elsewhere and explained that in Swansea there is a beyond bricks and mortar scheme which has been implemented right across the region. Members were glad to see the way that officers are pushing forward on procurement.

Officers added that if the region is developing and building, then that should attract more people, particularly around tier one contractors and supply chain to start looking at how they supply them from Wales or from the region across the UK, Europe as well.

Officers showed that this links to part of what the skills and talent programme will do which is to look at new construction methods, sustainable construction methods and upscaling people to work in those areas so that there is a talented workforce which is working within and outside of the region for future building construction needs.

Members noted that with the building of highly energy efficient houses that city deal has built needs a lot of the insulation materials and some of the windows etc. are to be brought over from the continent because they won't be made in the UK. Members hoped that at some stage that somebody locally or in the UK will start doing it.

Officers noted this and gave the example that when members visited the HAPS site, they were talking about using wool for insulation and using local supply chains for that.

Officers acknowledged that it is a mix between always needing to import and bring things in but balancing that with what they can use with local natural resources or workforce as well.

The report was noted.

11. **Report on the delivery of local Meet the City Deal Events 2023/24**

Jonathan Burnes advised members that it was a positive report and explained that in 2022 it was celebrated that the Swansea Bay City deal was in full delivery with an event held at Parc y Scarlets. Officers found that even though it went well, and they had a lot of attendees, they considered the attendees as the 'usual suspects' in terms of government officials, government offices and businesses and various other key stakeholders for the city deal.

The feedback officers received from the event was that they should go out to the four local authority areas and do a 'meet the city deal event', which is what they have conducted and that's what the report was based on.

Members were advised that there were four locally focused events last financial year. Of which they had over 30 exhibitors. Officers partnered with many organisations that help support businesses, which all had a presence at the four events.

There were over 500 registrations, of which approximately 58% of those registrations attended. Officers felt that was fantastic and were glad that approximately 3/4 of the attendees were from the private sector and they found that the attendees were meeting projects that weren't necessarily within their locality. This allowed them to talk about synergies and opportunities and have cross conversations between the projects and the exhibitors that supported the event.

Members were advised that 80% of attendees said that they found it useful or very useful, which officers felt showed that those events were successful and were working. Officers explained that they are going to look at what the next series of events they could do and that will be coming through the pipeline within the next quarter. Members requested that the Scrutiny committee be invited to the new Meet the City events to see what's happening.

The chair and officers agreed that would be a good idea as they would get to meet the teams on the ground across the things across the portfolio.

The chair noted that some members did attend the events including himself previously.

The report was noted.

12. **Forward Work Programme 2024/25**

The Members of the Committee noted the Forward Work Programme

13. **Urgent Items**

There were none.

**CHAIRPERSON**