

Cllr Rob Stewart
Chair, City Deal Shadow Joint Committee
City and County of Swansea
(By email)

Dear Rob,

SWANSEA BAY CITY DEAL

At the Shadow Joint Committee on 11 April I outlined this Council's position in relation to the City Deal. I now write to confirm it.

The first anniversary of the City Deal's signing has come and gone. On the one hand, we were encouraged that there seemed to be progress at official level recently; but we remain disappointed that despite all of your best efforts, the key financial issues outlined your numerous letters to UK and Welsh Ministers remain outstanding. The letter from the Cabinet Secretary for Finance (received shortly before last week's meeting) is a step forward on the NNDR issue; but this matter and the availability of Capitalisation Directions and/or a split between capital and revenue funding remain unresolved definitively. As I made clear at the meeting, they must be resolved and mirrored in the Joint Working Agreement before my authority will sign up.

A further report is being submitted by officers to my Cabinet later this month. It will contain our full analysis of position; but what is decisive is the calculations made on borrowing costs. Essentially, if we can secure agreement on the financial issues, the cost to this authority is just over £10 million over the life of the City Deal (which is manageable in our view); but if we cannot reach agreement that figure rises to approximately £31 million on the same basis (which is not). This figure could reduce if some of the permutations under discussion are brought to fruition; but the gap remains significant and the need for capitalisation/revenue

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remains.

You will appreciate that there are basic underlying issues of affordability and value for money here, particularly perhaps in terms of adding significantly to our budget savings requirement which currently stands at £58 million over the next four financial years and/or the risk to the delivery of our capital programme, particularly our Band B projects under the 21st Century Schools Programme.

This Council remains committed in principle to signing a Joint Working Agreement on the right terms; but only on the right terms. I fully expect my Cabinet to confirm support for this position shortly.

I am sending copies of this letter to the Leaders of Carmarthenshire and Pembrokeshire County Councils as well as directly to the Secretary of State for Wales and the Cabinet Secretary for Finance at the Welsh Government. I think it is important that no-one is under any illusions as to our position.

Yours sincerely,



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Leader of Council

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