



Neath Port Talbot
Castell-nedd Port Talbot

County Borough Council Cyngor Bwrdeistref Sirol

Date Dyddiad 15 February 2019
Direct line Rhif ffôn 01269 825767
Email Ebost cllr.a.n.woolcock@npt.gov.uk
Contact Cyswllt Councillor A.N.Woolcock
Your ref Eich cyf
Our ref Ein cyf

Cllr R Stewart
Chair of the Joint Committee for the
Swansea Bay Region City Deal

By e-mail

Dear Councillor Stewart

RE: Swansea Bay City Region

Can I once again thank you for attending the recent meeting of the Joint Scrutiny Committee. Please find attached a note of the findings and recommendations from the meeting that I would ask you to put before the Joint Committee.

I look forward to receiving your response to the recommendations we have made in the near future.

Yours sincerely,

PP. *John Davis*

Cllr A N Woolcock
Chair, Joint Scrutiny Committee Swansea Bay Region City Deal

continued overleaf...

CC Councillor Rob Jones, Leader, C/o Neath Port Talbot County Borough Council (by e-mail)

Councillor Emlyn Dole, Leader, C/o Carmartheshire County Council (by e-mail)

Councillor David Simpson, Leader, C/o Pembrokeshire County Council (by e-mail)

Councillor Rob Stewart, Leader, C/o City and County of Swansea (by e-mail)

Note of Findings and Recommendations arising from a meeting of the Joint Scrutiny Committee Swansea Bay Region City Deal, held on January 31st 2019

Summary and Findings

Scrutiny members received information from witnesses about the sequence of events that had taken place from 22nd November 2018 when three business cases had been endorsed by the Joint Committee, including the business case for Delta Lakes. The Committee was given a clear assurance by witnesses that the first time Members/officers involved with the Joint Committee became aware of the suspensions at Swansea University was the day the matter was made public. The Chair of the Joint Committee advised that he had subsequently met with the Registrar of Swansea University and his legal advisers in the period between the suspensions being made public and the Joint Committee's meeting of 14th December where information was shared under legal privilege concerning the matters under investigation. At the meeting, the Registrar also advised of the University's continued commitment to the Swansea Bay City Deal programme.

The Lead Chief Executive advised the Committee that Carmarthenshire Council had requested a review of the arrangements related to Delta Lakes by the Wales Audit Office. The initial discussion with the Wales Audit Office had taken place at the end of November involving Carmarthenshire Council's s151 Officer and WAO officials. Information pertinent to the review had been shared with WAO from early December 2018. An external legal review had also been

commissioned by the Executive Board of Carmarthenshire Council to seek assurance that the appointment of the development partner for Delta Lakes had been undertaken correctly. This external legal review has been completed and will be considered by the Executive Board in forthcoming weeks.

Additionally, the Chair of the Joint Committee explained that at the Joint Committee's meeting on 14th December, the Joint Committee had also decided to seek its own assurance that the processes established to govern the City Region Deal had been complied with and were appropriate.

In response to specific questions raised by Members of the Joint Scrutiny Committee, assurance was given that the suspensions at Swansea University had occurred after the three full business cases had been endorsed by the Joint Committee on 22nd November. The Joint Scrutiny Committee was told that at the time the Joint Committee had made a decision to endorse the business cases there was no information available to the Joint Committee about the investigations conducted by Swansea University. The Committee was told that the Joint Committee members had relied on the assurances provided with the reports at the meeting on 22nd November 2018 to come to their decision to endorse the three business cases. The Committee were also advised that the University had not approached Members of the Joint Committee or officers to make them aware that their internal investigations and the subsequent suspensions had some implications for the Delta Lakes project and the City Deal programme. The Chair of the Joint Committee advised that he had needed to take the initiative to seek out information from the University to assess if there

were implications for the Programme.

In relation to the review commissioned by the UK and Welsh governments, the Chair of the Joint Committee and Lead Chief Executive advised the Joint Scrutiny Committee that the events at Swansea University had not triggered the review commissioned by the UK and Welsh governments. Furthermore, they did not believe that Welsh Government officials or Ministers were aware of the investigations taking place at Swansea University until events were made public but were not in a position to confirm this. The reviews were to provide assurance to both governments that arrangements within the Programme are fit for purpose.

The Joint Scrutiny Committee noted that in addition to the review commissioned by the UK and Welsh governments, a number of other reviews were underway: a review commissioned by the Joint Committee; the Wales Audit Office review of the Delta Lakes project; an external legal review of the procurement of the development partner commissioned by Carmarthenshire County Council. The Chair of the Joint Committee gave scrutiny members an assurance that the Joint Committee would give full consideration to the findings of the four reviews, including making a challenge to conclusions reached and recommendations made, if appropriate. The Chair of the Joint Committee also gave an assurance that the Joint Scrutiny Committee would be provided with the reports arising from the review, including the associated terms of reference at an appropriate time. Members of the Joint Committee would be pleased to discuss the findings of the review with scrutiny members in due course, should

the scrutiny members request that. Scrutiny members welcomed these assurances and underlined the importance of the Programme operating on a principle of transparency. Scrutiny members were unhappy that some of the documents requested had not been provided when requested.

In relation to the Delta Lakes project specifically, the Chair of the Joint Committee gave an assurance that no funds had transferred from the City Deal programme to Swansea University or the individuals subject of the suspension. The Lead Chief Executive confirmed this and added that neither had any land transferred or any companies been established. The Committee were advised by the Chair of the Joint Committee and the Lead Chief Executive that they expected all reviews to be completed in February 2019.

The Chair of the Joint Committee gave scrutiny members an assurance that the UK and WG governments' money is safe. Additionally, the Committee were advised that flexibility had been provided for in the City Deal terms and conditions in the event there should be a need to adjust projects, substitute projects or make changes to lead bodies for the projects within the Deal. It was explained by the Chair of the Joint Committee that the UK and Welsh governments were not withholding funding while their review was in train as there had been no timetable for releasing the funds. The governments' review had not changed the position on programme funding. Scrutiny members were assured that all partners remained committed to the Deal and relationships between partners to the Deal were on a strong footing.

In response to questions about the risk register that had been circulated to the Joint Scrutiny Committee, the s 151 Officer advised that the financial risk

attached to projects is borne entirely by individual agencies. Governance arrangements within the Programme expected individual agencies to sign off the financial elements of individual projects, amongst other things. Scrutiny members were advised there is no financial risk at programme level. Scrutiny members observed that the circulated risk register did not detail the financial exposure of agencies and asked the Chair of the Joint Committee to consider if the risk register was complete. In response, scrutiny members were advised that the risk register circulated had not been seen by the Joint Committee but there would be a standing agenda item to consider programme risks at future meetings of the Joint Committee

Scrutiny members also sought assurances about the management of reputational risk and investor confidence. The Chair of the Joint Committee advised that he had put a range of communications activities in place but he was not able to control statements made by the individuals who had been suspended by Swansea University. Programme communications were being supported by partners, co-ordinated by the central programme office. In relation to commercial risks, the s151 officer advised scrutiny members that there was no detriment to the Programme as investors had indicated continued confidence in the Programme.

Scrutiny members asked about the status of projects within the programme. The Chair of the Joint Committee advised that projects continue to be developed in parallel with the reviews. In relation to the Wellbeing Village at Delta Lakes, this is being reconsidered by Carmarthenshire County Council to

identify an alternative delivery model. Once the alternative model is available, Members were assured that the project would be subject to all of the Joint Committee sign off and assurance processes.

Members of the Joint Scrutiny Committee thanked the Chair of the Joint Committee and officers for attending the meeting to provide information and to answer questions, however, scrutiny members pointed out that they were unhappy that the Joint Committee had not proactively shared information about developments following the suspension of individuals at Swansea University with them, nor had the Joint Committee been consulted about the reviews and associated terms of reference. The Chair of the Joint Committee explained that the Joint Scrutiny Committee had not been consulted about the reviews and associated terms of reference as he had expected the Joint Scrutiny Committee would want to determine its own programme of review. Scrutiny members made it clear that it was reasonable to have expected the Chair of the Joint Scrutiny Committee to have been consulted as a minimum.

Scrutiny members also pointed out that whilst the Joint Committee and some of the associated governance structures had been established in shadow form since 2017, there had been no similar mechanisms for conducting joint scrutiny in this phase of the programme development. By waiting until the Joint Working Agreement was signed to put the joint scrutiny mechanisms in place, scrutiny members felt that a number of key decisions had already been made and the committee members were on a steep learning curve. Members of the Joint Scrutiny Committee noted that scrutiny committees within individual

authorities would have had the opportunity to scrutinise individual projects as they were developed by the respective local authorities. However, scrutiny members were of the view that the reliance placed on scrutiny at individual authority level alone during the shadow period had been insufficient.

Recommendations

Recommendation 1

The Joint Committee should reinforce with City Deal partners that they have an obligation to disclose material events to partners in a timely way to ensure good governance and to ensure attendant risks to the wider programme are managed effectively

Recommendation 2

The Joint Scrutiny Committee believes that it can operate most effectively when there is a good flow of information between the Joint Committee and its own arrangements. The Joint Scrutiny Committee would like a formal assurance from the Joint Committee that any further material developments that are not set out in the Joint Committee's Forward Work Programme are notified to the Chair of the Joint Scrutiny Committee in a timely and appropriate way.

Recommendation 3

The Joint Scrutiny Committee believes that all of the work of the Joint Committee should be visible to Joint Scrutiny Committee members and that there should be no delay in information being shared with the Joint Scrutiny Committee. The presumption should be that there is transparency across the Programme. The Joint Committee is therefore asked to revise the existing information sharing arrangements to ensure all papers (both public and private) are available to scrutiny committee members and support officers.

Recommendation 4

The Joint Scrutiny Committee notes and welcomes the standing invitation issued by the Chair of the Joint Committee to attend and observe meetings of the Joint Committee. The Joint Scrutiny Committee recommends that this suggestion be formally reflected in governance arrangements so that the Chair and/Vice Chair of the Committee and supporting scrutiny officers can attend and observe both public and private meetings of the Joint Committee.

Recommendation 5

The Joint Scrutiny Committee welcomes the encouragement provided by the Chair of the Joint Committee for the terms of reference set out in the Joint Working Agreement to be operated in a more flexible way. The Joint Scrutiny Committee does not believe that neat boundaries can be drawn around the

scrutiny of individual projects and scrutiny of the programme as a whole. The Joint Scrutiny Committee acknowledges and agrees that some matters at project level are more appropriately scrutinised at individual agency level, however, there may be situations where issues related to individual projects may have a bearing on the programme more broadly and the Joint Scrutiny Committee would want the ability to scrutinise those matters. The Joint Scrutiny Committee agrees that where appropriate the Joint Scrutiny Committee should be able to explore project activity.

Recommendation 6

The Joint Scrutiny Committee notes that the Joint Committee intends to review the Risk Register at each of its future meetings. The Joint Scrutiny recommends that the Joint Committee considers whether the current Risk Register is comprehensive and up to date and is sufficient to support the Joint Committee in taking all of the actions needed to ensure the Programme delivers the outcomes required. In particular, the Joint Scrutiny Committee recommends that the Joint Committee considers whether the programme Risk Register is adequately informed by project risk to ensure that significant project risks are visible and enable the Joint Committee to assess whether they have the potential to impact on the delivery of the overall Deal.

Recommendation 7

The Joint Scrutiny Committee was told that the Risk Register circulated for the

meeting had not been seen by the Joint Committee. The Joint Scrutiny Committee recommends that the controls in place within the Programme Office be reviewed to ensure appropriate release of programme information.

Recommendation 8

The Joint Scrutiny Committee was pleased to receive assurances about the lack of impact flowing from the suspension of individuals at Swansea University and subsequent events on reputational risk and investor confidence. However, the Joint Scrutiny Committee was not convinced the full impact of current events on reputational damage was being identified and recommends that the Joint Committee gives further consideration to the impact of events on reputational damage and the measures in place to mitigate associated risk.