

City Deal: Supporting Innovation and Low Carbon Growth

Full Programme Business Case (FBC)



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SECTION A

1.0 Executive Summary

- 1.1 The two reviews of the Swansea Bay City Deal, published in March 2019 by the two Governments and the Joint Committee, contained the following statements. The Deal “*should be managed as a Portfolio not as a set of predetermined and immutable projects.*” and “*in this scenario we would expect some individual programmes and projects to fall away as other more worthy programmes were identified and prioritised*”¹. We agree - and this business case acts upon those recommendations.
- 1.2 Moreover, on 29 April 2019 the Welsh Government declared a “Climate Change Emergency”. This proposal represents a first stage response to that declaration, largely absent previously. It is underpinned by a new Decarbonisation and Renewable Energy Strategy which is to be put to Members for approval in tandem with this business case. The business case also incorporates – but re-orientates – original City Deal projects to provide impetus towards actual delivery and the realisation of benefits.
- 1.3 This business case (and the Programme contained therein), split into four themes, seeks a net investment of nearly £47.7 million from the City Deal over five years, matched by Council and other funding streams. It aims to create/safeguard some 1,300 jobs (including construction) with a base assumption that at least 30% of the total will be new - and at least as many again to be safeguarded in sectors of the wider economy relevant to the Programme/projects. It will also develop over 18,000 square metres of business space, primarily to meet evidenced demand from small to medium sized businesses and provide the technological platforms essential for them to grow. The proposals also reinforce the policy direction set by the Welsh Government in terms of recent allocations to the Economy Futures Fund in support of the Economic Action Plan.
- 1.4 It is estimated that the Programme will deliver a positive cumulative NPV of £145 million over 15 years. This is based upon earlier quantitative assessments of both the City Deal itself and the

¹ Recommendation 6 and Paragraph 3.4.5 respectively.

Enterprise Zone as referenced in the economic case below. Both have previously been accepted by Government as valid.

- 1.5 The outputs/outcomes are described in the economic case and set out in more detail at Appendix 1.
- 1.6 The cost/benefit analysis is referenced in the economic case and set out in detail at Appendix 2.
- 1.7 An independent high level economic appraisal of the Programme successfully demonstrates that even under a range of highly conservative assumptions, the overall potential economic impact is positive and robust. The analysis estimates an annual GVA impact of £6.2 million once all projects are fully operational. The technical analysis is included at Appendix 3.
- 1.8 The financial/investment profile is summarised in Table 1 below and detailed in Appendix 4 as an adjunct to the financial case.

Table 1: Financial/Investment Profile

CAPITAL						
	2019/20	2020/21	2021/22	2022/23	2023/24	TOTAL
	£m	£m	£m	£m	£m	£m
<u>Project /Programme Costs</u>						
Swansea Bay Technology Centre	0.30	5.90	1.30	0.00	0.00	7.50
National Steel Innovation Centre	0.00	1.50	10.00	8.50	0.00	20.00
Decarbonisation	0.50	1.25	1.25	0.00	0.00	3.00
Industrial Futures Programme	0.00	9.25	13.25	1.25	1.25	25.00
TOTAL	0.80	17.90	25.80	9.75	1.25	55.50
Funded by:						
Neath Port Talbot Council	0.10	0.30	0.10	0.00	0.00	0.50
WEFO / WG Grant	0.20	3.20	0.60	0.00	0.00	4.00
NNDR Retained	0.00	0.00	0.90	0.90	0.90	2.70
Rental Income	0.00	0.00	0.00	0.30	0.30	0.60
Net requirement from City Deal	0.50	14.40	24.20	8.55	0.05	47.70
REVENUE						
	2019/20	2020/21	2021/22	2022/23	2023/24	TOTAL
	£m	£m	£m	£m	£m	£m
<u>Project /Programme Costs</u>						
Swansea Bay Technology Centre	0.00	0.00	0.20	0.20	0.20	0.60
National Steel Innovation Centre	0.00	0.00	0.00	0.20	0.20	0.40
Decarbonisation	0.00	0.00	0.00	0.00	0.00	0.00
Industrial Futures Programme	0.00	0.25	0.65	0.65	0.65	2.20
TOTAL	0.00	0.25	0.85	1.05	1.05	3.20
Funded by:						
Neath Port Talbot Council	0.00	0.25	0.85	1.05	1.05	3.20
WEFO / WG Grant	0.00	0.00	0.00	0.00	0.00	0.00
NNDR Retained	0.00	0.00	0.00	0.00	0.00	0.00
Rental Income	0.00	0.00	0.00	0.00	0.00	0.00
Net requirement from City Deal	0.00	0.00	0.00	0.00	0.00	0.00

TOTAL						
	2019/20	2020/21	2021/22	2022/23	2023/24	TOTAL
	£m	£m	£m	£m	£m	£m
<u>Project /Programme Costs</u>						
Swansea Bay Technology Centre	0.30	5.90	1.50	0.20	0.20	8.10
National Steel Innovation Centre	0.00	1.50	10.00	8.70	0.20	20.40
Decarbonisation	0.50	1.25	1.25	0.00	0.00	3.00
Industrial Futures Programme	0.00	9.50	13.90	1.90	1.90	27.20
TOTAL	0.80	18.15	26.65	10.80	2.30	58.70
Funded by:						
Neath Port Talbot Council	0.10	0.55	0.95	1.05	1.05	3.70
WEFO / WG Grant	0.20	3.20	0.60	0.00	0.00	4.00
NNDR Retained	0.00	0.00	0.90	0.90	0.90	2.70
Rental Income	0.00	0.00	0.00	0.30	0.30	0.60
Net requirement from City Deal	0.50	14.40	24.20	8.55	0.05	47.70

SECTION B

2.0 Introduction – Overview/Background

2.1 In addition to the two reviews and the Declaration of a “Climate Emergency” (see Executive Summary above), this Programme has been developed to inject momentum into the delivery of sustainable growth and job creation in Neath Port Talbot and the wider City Region. In doing so it promotes innovation, new technologies and a de-carbonised local/regional economy. It is also a response to recent job losses (and ongoing uncertainty) in the South Wales manufacturing base – see below - and contains a mix of more traditional interventions - where demand is evidenced - plus original proposals designed to help business meet 21st century challenges.

2.2 The Programme brings together two existing and complementary initiatives:

- The Swansea Bay City Deal (the “City Deal”) is billed as a £1.3bn investment across the region. Three projects from the original City Deal – the National Steel Innovation Centre, the Factory of the Future and the Centre for Next Generation Services (CENGS) - are led by Neath Port Talbot Council (the “Council”). However, progress has been limited more than two years on from the signing of the Deal. A review of the structure of the existing projects, and the verification (or otherwise) of the outcomes originally estimated, is therefore timely; and
- The Port Talbot Waterfront Enterprise Zone (the “Enterprise Zone”) is maturing. A Strategic Plan (2018-2021) was endorsed by the Enterprise Zone Board and the Council’s Cabinet in October and November 2018 respectively. The vision is to create a diversified and resilient economy whilst building upon local strengths in steel, energy and manufacturing. The Enterprise Zone is also a gateway to the whole of the region.

2.3 Both are closely aligned to the Welsh Government Economic Action Plan plus other programmes and strategies including the emphasis on the Foundational Economy. They are also tested against the requirements of the Well-being of Future Generations (Wales) Act. These links were previously identified in discussion between Welsh

Ministers and the Chair of the Enterprise Zone². More widely, what is proposed also complements other priorities for the Welsh Government and the Council including the Valleys Programme.

- 2.4 The region is home to a skilled workforce and a range of sectors - including advanced materials, energy and construction. Locally, the latest available figures suggest that the top 25 Neath Port Talbot companies posted an annual turnover of over £850 million between them. With access to deep water harbours plus good rail and road links (including new transport infrastructure), this is one of the most accessible business destinations in Wales including the Enterprise Zone itself and the Fabian Way corridor which is home to the Swansea University Bay campus and a growth “hotspot”.
- 2.5 This business case clearly defines the projected outcomes and benefits from the Programme and the funding profile necessary to deliver them - including funding sources - in line with the HM Treasury and Welsh Government Better Business Cases guide and the Five Case Model.
- 2.6 The Programme has been endorsed by the Council’s Cabinet **[subject to confirmation]**. The objective is to achieve early approval (during 2019) from both the City Region Joint Committee and the Welsh and UK Governments to enable the delivery phase to commence without further delay.
- 2.7 There is a renewed urgency given the position on Brexit and the necessity of measures to mitigate the announced closure of the Ford plant in Bridgend next year, which will have a significant impact on both the regional and local economies. Moreover, there is also a need to safeguard existing jobs in supply chains beyond Ford (e.g. the announcement that the Tata merger with Thyssen Krupp is not proceeding).
- 2.8 The Programme will be reviewed and updated regularly, in consultation with stakeholders, to ensure it is fit for purpose and to provide assurance that it is delivering to time and budget.
- 2.9 Specifically, this Programme of investment:

² Meeting between the Minister for Economy & Transport, Ken Skates AM and Roger Maggs MBE, Chair of the Enterprise Zone: 2 October 2019.

- Represents a strategic fit, supported by a compelling case for change through the **Strategic Case** (Section C below).
- Maximises social value through the selection of an optimal combination of projects and related activities, demonstrated through the options appraisal in the **Economic Case** (Section D below).
- Is commercially viable and attractive to the supply side and delivered over the short to medium term as evidenced in the **Commercial Case** (Section E below).
- Is affordable and fundable as evidenced in the **Financial Case** (Section F below).
- Can be delivered successfully by the Council and the wider partnership as set out in the **Management Case** (Section G below).

2.10 The purpose of the Programme is to prioritise funding for a number of interventions to provide a significant contribution towards jobs growth, investment leverage and GVA uplift (as identified in the appendices). Potentially, it is the first of a series of business cases over the fifteen year time frame of the City Deal.

2.11 The four themes/projects are described in greater detail in the Economic Case at Section D below.

2.12 It is evident that the Programme will deliver greater impact through this coordinated approach than single stand-alone investments.

2.13 The Council is also leading on a fourth project – Homes as Power Stations. This regional project is not covered by this FBC/ Programme as it is the subject of a separate business case submitted in August 2018.

SECTION C

3.0 The Strategic Case

3.1 The purpose of the Strategic Case is to demonstrate alignment with national, regional and local strategies and policies - as well as other current/planned programmes, and make the case for change.

3.2 It is in three parts as follows:

- The strategic context, providing an overview of the sponsoring organisation and a review of the relevant strategies and policies to demonstrate strategic fit;
- The case for change, namely the Programme rationale based upon on the outcomes and an analysis of what needs to change - the Investment Objectives and Business Needs respectively; and
- The programme scope (see section D also), how best to address the Business Needs (including service requirements, potential benefits/risks, constraints and dependencies) in establishing a preferred option.

Strategic Context

3.3 The Swansea Bay City Region consists of four local authority areas: Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea. It is formally constituted under statute as a Joint Committee. The wider partnership includes two Universities and two Local Health Boards plus the private sector through an Economic Strategy Board which is an integral part of the governance structure and makes recommendations to the Joint Committee.

3.4 The Council is the lead local authority for three existing projects identified as such in the context of the City Deal document signed by the then Prime Minister and then First Minister in March 2017.

3.5 Neath Port Talbot is located at the centre of the South Wales economy between the cities of Cardiff and Swansea. It benefits from direct access via the M4 corridor and therefore has a wider catchment area for employment. Analysis demonstrates that there is a working age population of 1.4 million and a million jobs within an

hour's drive of the Enterprise Zone³ which is one of eight designated areas across Wales, and one of only three continuing with a formal advisory board to assist the Welsh Government.

3.6 The Council has a proven track record of delivering large capital projects, on budget and on time, from a number of different funding sources including:

- PDR Harbour Way: **£111m**
- 21st Century Schools Programme: **£122m**
- Neath Port Talbot Physical Regeneration: **£15m**
- Vibrant & Viable Places: **£35m**

3.7 The Council also has extensive experience of lead body status for several collaborative regional projects including:

- South West Workways: **£23m**
- Workways+: **£7.5m**
- Engage: **£21m**

Table 2: Council - Key Facts:

- Formed in April 1996 after local government reorganisation;
- The local authority area is the 8th most populous in Wales, with a population of some 140,000; and
- 17 wards within the local authority area are in the top 10% most deprived in Wales.

³ Source ESRI

Welsh Government Strategies and Policy Drivers

3.8 There are a range of relevant strategies and policies:

Policy Drivers	Relevance to this Programme
<p>Prosperity for All: The National Strategy (Taking Wales Forward 2016 – 2021)⁴</p>	<p>Taking Wales Forward sets out how the Welsh Government will deliver more and better jobs through a stronger, fairer economy.</p> <p>The aim of the Welsh Government’s ‘Prosperity for All’ national strategy is to <i>‘build a Wales that is prosperous and secure, healthy and active, ambitious and learning, and united and connected’</i>. The projects proposed in this programme are aligned to the following components of this economic strategy:</p> <ul style="list-style-type: none"> • Prosperous and Secure - the programme will create high-quality jobs leading to individual and national prosperity, as well as creating the right environment for businesses to grow and thrive; and • Skills and employability – the Programme will attract new businesses and grow existing ones to improve prosperity. <p>All projects will work with the Regional Learning and Skills partnership to ensure there is an appropriate skills base to take advantage of this investment.</p>
<p>Prosperity for All: The Economic Action Plan⁵</p>	<p>The Action Plan was developed to support the delivery of the National Strategy. The Plan sets out a number of “<i>Calls to Action</i>”, including support for businesses focusing on decarbonisation, innovation, high-quality employment and R&D.</p> <p>The projects proposed in this Programme are aligned to the Plan as follows:</p>

⁴ <https://gov.wales/sites/default/files/publications/2017-08/taking-wales-forward.pdf>

⁵ <https://gov.wales/topics/businessandconomy/economic-action-plan/?lang=en>

	<ul style="list-style-type: none"> • Wales’ productivity – the Gross Value Added (GVA) gap - is the lowest of all UK nations and regions and this region is lower again. Investments in human capital, infrastructure; and innovation all have a part to play in addressing this; • There are too many people who are economically inactive. Thus the Programme aims to tackle barriers to employment; • The “spatial” difference in outcomes between our communities within, and between, the different regions of Wales is one of the most difficult structural problems; • More and more businesses in Wales are delivering services and utilising new digital technologies that impact on the labour market and present immediate challenges for employers and employees; and • The shift towards a low-carbon future offers huge opportunities for the economy to diversify and grow long term; but it is a transition which must start now.
<p>Wellbeing of Future Generations (Wales) Act 2015⁶</p>	<p>The Act aims to improve the social, economic, environmental and cultural well-being of Wales. It has seven well-being goals and this Programme will make direct/indirect contributions to these goals as follows:</p> <p>Prosperous Wales: providing new employment and the efficient use of resources through building design and the re-use of brownfield land;</p> <p>Resilient Wales: new business premises, with the necessary technological infrastructure, to promote diversification and reduce overreliance on traditional industries and public sector employment;</p> <p>Healthier Wales: long standing evidence clearly demonstrates the positive impact of employment on health and well-being;</p>

⁶ <https://gov.wales/topics/people-and-communities/people/future-generations-act/?lang=en>

	<p>A more Equal Wales: the Programme involves opportunities accessible to all to reduce societal inequalities, regardless of circumstances;</p> <p>Cohesive Communities: sustaining viable and well-connected communities through employment;</p> <p>Vibrant Culture and thriving Welsh Language: increased employment opportunities can only support the Language in the medium/long term contributing to Welsh Government 2050 targets; and</p> <p>Globally Responsible Wales: buildings will be developed and delivered in line with the sustainable development principles highlighted by the Act.</p> <p>In terms of the Act’s “Ways of Working”, the Programme is:</p> <ul style="list-style-type: none"> • considering a <u>long term</u> view of the economic, social and environmental needs to the area; • in terms of <u>prevention</u>, mitigating against economic challenges by diversifying the base; • contributing to the <u>integration</u> each of the well-being goals and complementing the goals of the Welsh Government and other partners; and • ensuring delivery is <u>collaborative</u> with relevant stakeholders involved in development/delivery.
<p>Innovation Wales⁷</p>	<p>The 2014 Strategy emphasises the need for “key investments” on the basis of clear strategic priorities. Of relevance to this Programme, the strategy identifies four priority for investment, one of which is low carbon energy and the environment.</p>
<p>The Environment</p>	<p>The Act requires the planning and management of Wales’ natural resources in a more sustainable and</p>

⁷ <https://gov.wales/topics/science-and-technology/innovation/innovation-wales-strategy/?lang=en>

(Wales) Act⁸	joined-up way. Part 2 (Climate Change) is particularly relevant to this Programme, where a range of interventions can contribute to the goals set by statutory emission reduction targets (by 2050).
Energy Wales: A Low Carbon Transition⁹	As above, the (2012) strategy aims to transition Wales to a low carbon economy; ensuring communities benefit from energy infrastructure developments; managing the relationship between energy development and the natural environment plus promote the use of renewable technologies in design and construction.
Green Growth Wales: Local Energy¹⁰	As above, this sets out the approach to local energy and the vision of communities and businesses using locally generated electricity from renewables to minimise dependence on central generation.

UK Government Strategies and Policy Drivers

3.9 Again, the Programme is aligned to a range of UK-wide strategies:

Policy Drivers	Relevance to this programme
Industrial Strategy – Building a Britain fit for the future¹¹	The overall vision, as set out in the 2017 Industrial Strategy, is to ‘ <i>create an economy that boosts productivity and earning throughout the UK</i> ’ across five ‘ <i>foundations</i> ’ (ideas, people, infrastructure, business environment and places) and four ‘ <i>grand challenges</i> ’ (Artificial Intelligence & Data, clean growth, future mobility and an aging society).
Clean Growth: Leading the Way to a Low-Carbon Future	Of direct relevance, this strategy highlights the BEIS Energy Innovation Programme to accelerate the commercialisation of clean energy technologies and investment in smart energy systems.
Climate Change Act	The Climate Change Act is the basis for the UK’s approach by committing the Government to reduce

⁸ <http://www.legislation.gov.uk/anaw/2016/3/contents/enacted>

⁹ <http://gov.wales/topics/environmentcountryside/energy/energywales/?lang=en>

¹⁰ <http://gov.wales/topics/businessandconomy/creating-a-sustainable-economy/green-growth-wales/?lang=en>

¹¹ <https://www.gov.uk/government/publications/industrial-strategy-building-a-britain-fit-for-the-future>

2008¹²	emissions by at least 80% of 1990 levels by 2050, with five yearly interim targets. The Welsh Government has set a more ambitious target of reducing carbon emissions in Wales by at least 40% by 2020 from 1990 levels, with a 3% per annum target. This Programme will be energy positive and it is proposed to develop a Smart Energy Systems Demonstration Zone in Port Talbot.
Clean Growth Strategy¹³	This strategy sets out the UK Government's proposals for decarbonising all sectors of the UK economy through the 2020s. This Programme will demonstrate the benefits of buildings as power stations in a commercial/industrial settings.
Foundational Economy¹⁴	This proposal will support and grow the foundational economy through a model of business support that will challenge the conventional way of providing business support.

Regional and Local Strategies and Policy Drivers

3.10 Alignment with a range of strategies are relevant at this level:

Policy Drivers	Relevance to this Programme
Swansea Bay City Region: Economic Regeneration Strategy¹⁵	<p>This underpins the City Deal to 2030. The Programme delivers against the five strategic aims:</p> <ul style="list-style-type: none"> • Business growth, retention and specialisation: By supporting indigenous companies and start-ups; • Skilled and ambitious for long-term success: Working closely with the Skills and Talent initiative to ensure the region's workforce has the skills to maximise employment opportunities in growth sectors; • Maximising job creation for all: Supporting economic diversification through value added jobs and removing barriers to employment; • Knowledge economy and innovation: Establishing the City Region as a knowledge

¹² <https://www.legislation.gov.uk/ukpga/2008/27/enacted>

¹³ <https://www.gov.uk/government/publications/clean-growth-strategy>

¹⁴ <https://gov.wales/foundational-economy>

¹⁵ <https://www.swansea.gov.uk/swanseabaycityregioneconomicregenerationstrategy>

	<p>economy where innovation thrives; and</p> <ul style="list-style-type: none"> • Distinctive places and competitive infrastructure: Providing infrastructure assets to support business as a regional gateway.
<p>Swansea Bay City Deal ‘The Internet Coast’ 16</p>	<p>This Programme is also aligned to the four ‘internet’ themes within the City Deal programme:</p> <ul style="list-style-type: none"> • The Internet of Economic Acceleration: next generation digital infrastructure; • The Internet of Life Science and Wellbeing: expanding research and innovation; • The Internet of Energy: energy innovation and sustainable housing; and • Smart Manufacturing: supporting manufacturing.
<p>Enterprise Zone¹⁷</p>	<p>Please see above.</p>

The Case for Change

3.11 This follows HM Treasury and Welsh Government guidance, establishing a robust case for change with a clear understanding of:

- What we are seeking to achieve – the Investment Objectives;
- What is currently happening – the Existing Arrangements; and
- What is required to close the gap between the two - the Business Needs.

3.12 So, the case for change is established on the basis of **need**, rather than simply a contention that a project is a ‘*good thing to do*’.

Investment Objectives

3.13 The Investment Objectives below describe what we wish to achieve in terms of targeted outcomes as follows:

	Investment Objective	Measures
1	Strengthen and diversify the	<ul style="list-style-type: none"> • Ratio of jobs to

¹⁶ <http://www.swanseabaycitydeal.wales/about/>

¹⁷ <https://businesswales.gov.wales/enterprisezones/zones/port-talbot-waterfront>

	regional/South Wales economy, building resilience for the longer term future.	capital investment <ul style="list-style-type: none"> • Local GVA uplift • Jobs created
2	Stimulate a cluster of companies by providing a well-connected, competitive, carbon reducing, business environment.	<ul style="list-style-type: none"> • Jobs created in: <ul style="list-style-type: none"> ❖ Advanced manufacturing ❖ Energy ❖ Engineering ❖ Technology
3	Work with Welsh Government and other partners to encourage investment and innovation in the steel sector and wider supply chain to ensure a long term future.	<ul style="list-style-type: none"> • Investment attracted (£) • GVA uplift

Existing Arrangements

3.14 In order to consider the added value of the Programme and its impact, this section describes the current situation in terms of:

- The state of the Swansea Bay City Region economy;
- Decarbonisation: strengths and weaknesses; and
- Innovation, entrepreneurship and other relevant factors.

3.15 It provides an overview of the existing arrangements i.e. current levels of service provision, asset availability, demand and utilisation.

The current state of the Swansea Bay City Region Economy

3.16 The City Region has a population of 688,000, supporting 302,000 jobs and 22,000 businesses. The region is a major, if under-performing, driver of the Welsh economy. Economic inactivity remains stubbornly high across the region with overall productivity (GVA) growth in the region consistently (and well) below that of other regions in the UK and the Cardiff Capital region over the past two decades.¹⁸

3.17 This is illustrated in Table 3 below:

¹⁸ <https://www.walesonline.co.uk/business/business-news/shocking-economic-figures-wales-regions-14260311>

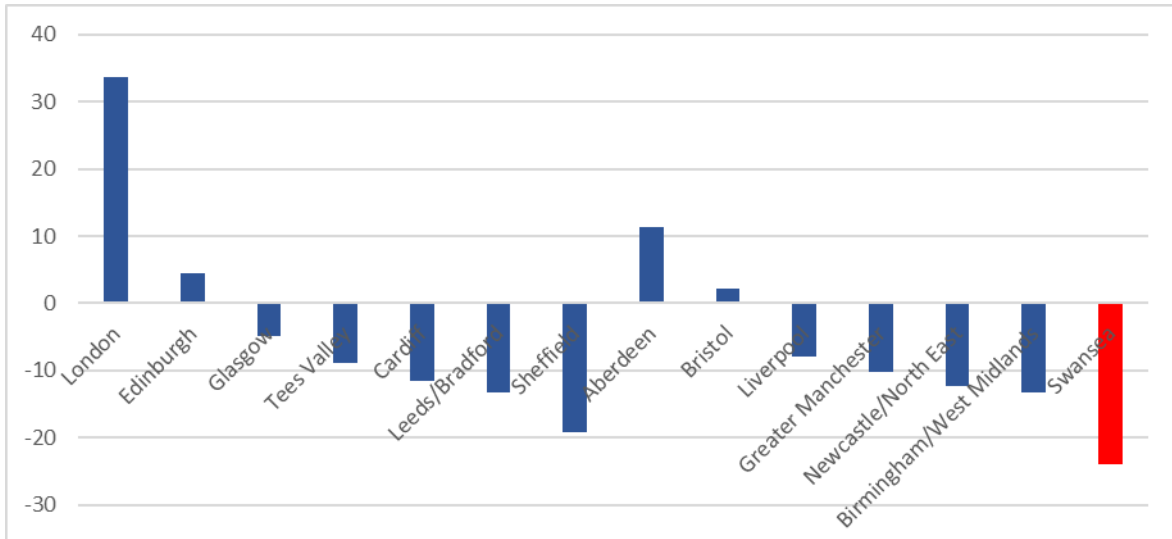


Table 3 – City Region productivity per hour relative to UK average (2016)

3.18 The economic landscape is characterised by:

- Gearing towards lower value sectors, compared to the UK;
- Low quality regional commercial and retail property, attracting low rents¹⁹ (see Table 4 below); and

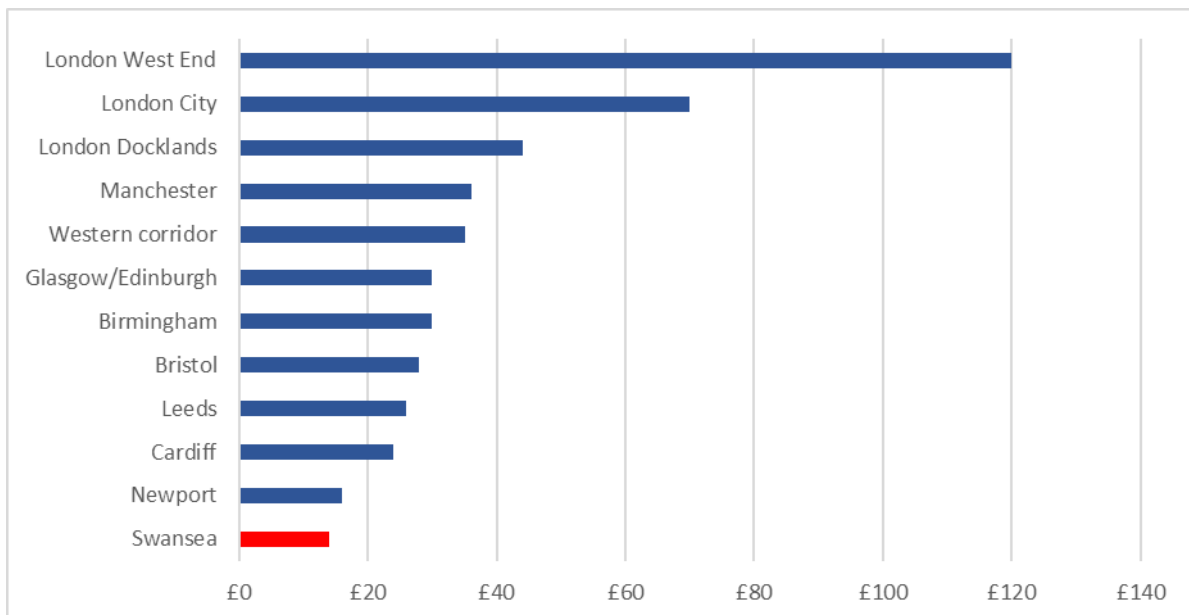


Table 4 – UK Office rents - £ per square foot (2016)

¹⁹ www.jll.co.uk/.../South%20Wales%20Report%202016%20web.pdf

- Relatively poor broadband capacity and digital connectivity, (perhaps exacerbated by the delivery of 5G services in Cardiff)?
- 3.19 There are also a number of other negative externalities which are inherent to the region including:
- Over reliance on the ‘heavy industries’ (and the public sector): resulting in previously low demand for modern business premises; **but** that is changing in the Enterprise Zone; and
 - Due to a perceived lack of opportunities, the region has struggled to retain its innovators and entrepreneurs (“Leakage”).
- 3.20 There is existing demand for employment sites and premises in the region. This is evidenced in a number of ways (see below).
- 3.21 The Economic Action Plan recognises the importance of matching the demand and supply for/of business premises. Specifically, the Plan recognises the need for the *‘provision of employment sites and premises to house growing indigenous business and attract investment’* to meet the gaps in the property supply through a demand-led approach.
- 3.22 This is a longstanding issue. In 2007, analysis conducted by DTZ estimated there to be a shortfall in office supply of more than 47,000 m₂ across the Swansea Bay City Region over the subsequent five years.²⁰
- 3.23 The same report described the age profile of the region’s office stock at that time as “*poor*”, with over half of the stock in Swansea, Neath Port Talbot and Carmarthenshire built before 1980 (at the time of writing). More recent analysis suggests that not enough has been done and the same issues of older stock and an undersupply of new, high-quality premises remain.
- 3.24 A report by Rowland Jones (2015) stated that “*the supply of ready-to-occupy office space [in the region] is beginning to reach critically low levels. ... Many of the Grade A Offices are 100% occupied, while some of the older stock remains vacant.*”²¹ The South Wales Report by JLL (2018) stated that “*the lack of Grade A floor space in*

²⁰ Employment Property Demand Study for the Welsh Assembly Government, DTZ, August 2007

²¹ Viability Study for Plot 4 Baglan Energy Park, Rowland Jones, 2015

*Swansea is a weakness that must be addressed.*²² The Enterprise Zone Strategic Plan similarly concluded that *“there is a clear shortage of available commercial premises and strong evidence of occupier interest.”*

- 3.25 There is also compelling evidence that demand has strengthened and is increasing. In the last twelve months, the Council has received nearly 30 enquiries from companies looking for high-quality office and R&D accommodation, totalling over 12,350 m² of business space. The existing small scale flexible office space, of the type and quality likely to attract high-growth start-ups and high-value anchor tenants, at Harbourside and the Baglan Bay Innovation Centre are 100% and 97% let respectively.
- 3.26 Moreover, data from the South Wales Property Development Fund (PDF) – one of two European Regional Development Funds to stimulate private sector investment – shows that a cost/value gap exists across the region of some 55%. Thus neither Harbourside nor the Brunel Park development at the Energy Park would have been built had the public sector not covered 45% of each project’s building costs, despite both projects going on to achieve full occupancy rates. Moreover, since the withdrawal of the PDF no further commercial developments of this kind have come forward. This demonstrates the necessity of public sector intervention to meet demand.
- 3.27 The opportunity exists (through what we have termed “Industrial Futures” – see below) to change that as the Enterprise Zone is a key site for growth and is identified as a Strategic Regeneration Area (SRA) in the Local Development Plan (LDP)²³.

Decarbonisation

- 3.28 Recent figures²⁴ show that Neath Port Talbot is the local authority area with the highest total renewable energy capacity (358 MW) and the highest level of renewable energy capacity at an estimated 1122 Gwh. The region also has an array of conventional and renewable energy production assets already present including:²⁵

²² South Wales Report 2018, JLL

²³ <https://www.npt.gov.uk/7328>

²⁴ Welsh Government Energy Generation in Wales report - 2017

²⁵ *ibid*

- Marine Energy: e.g. the South Pembrokeshire Demonstration Zone;
- Wind Power Generation (region-wide);
- Solar Power Systems (e.g. Saron/Ammanford and Baglan);
- Fresh Water Micro Generation systems;
- Over £1.5bn of biomass projects in Port Talbot and Milford Haven;
- Pembroke Power Station (2000MW – enough electricity for 1 million homes); and
- The LNG plants (South Hook and Dragon) meeting circa 20-25% of the UK's needs plus the refining capacity at Valero.

3.29 These are strong foundations upon which to build. The FLEXIS programme will model energy production, usage/flows and deploy data to explore improved efficiency, storage and alternative fuel use.

3.30 CO₂ emissions will also be modelled and captured to determine any net emission reductions and to assess the potential implementation of carbon capture and CO₂ storage techniques.²⁶ A demonstration area has been established stretching around the coast from Tata to Swansea University's Bay Campus; the Swansea SA1 development and incorporating Neath (see Figure/Table 5 below).

²⁶ <http://www.flexis.wales/demonstration-area/>

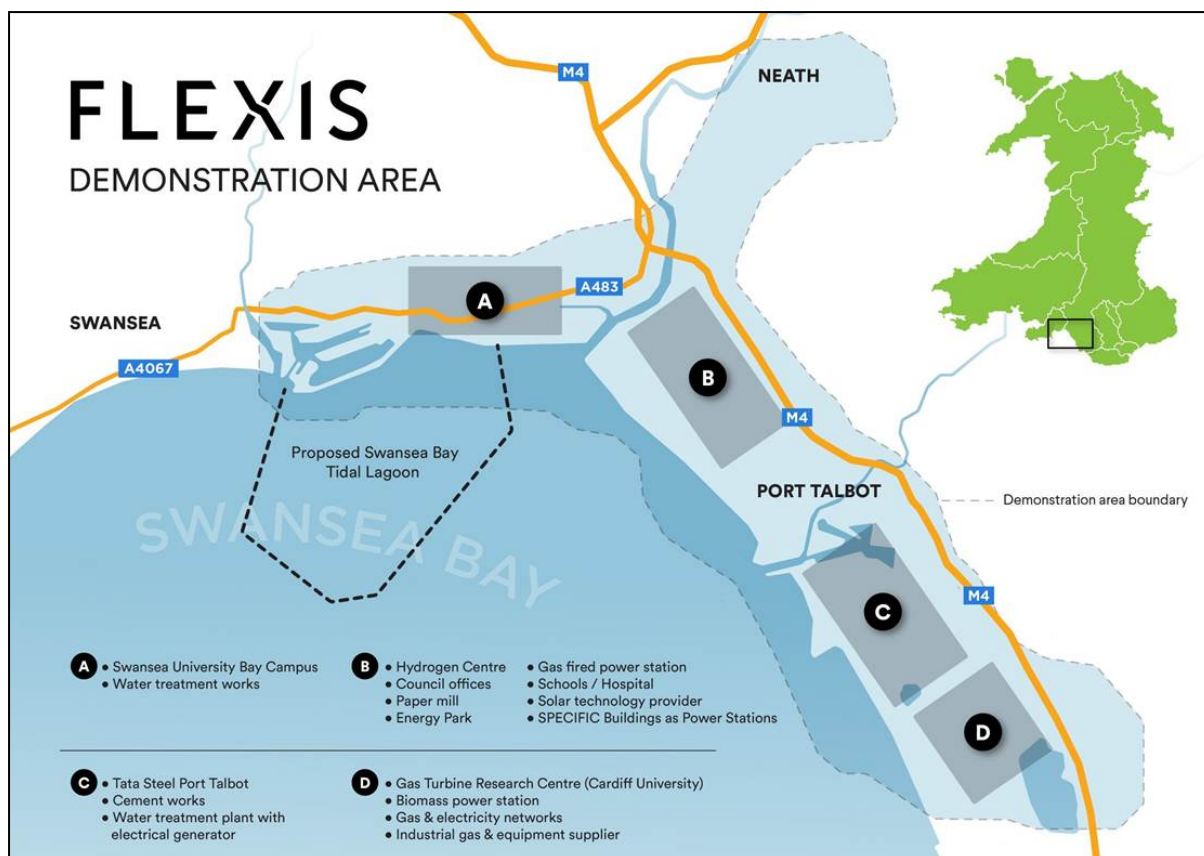


Figure 5: FLEXIS Demonstration Area

3.31 In addition, the Renewable Hydrogen Research and Demonstration Centre is the first of its kind in Wales. The Centre aims to demonstrate the viability of producing hydrogen from a range of renewable energy sources, with a view to evaluating the potential benefits of using hydrogen as a medium of energy storage.

Innovation, entrepreneurship and other relevant factors

3.32 There are research and innovation clusters in the region around the Baglan Energy Park; Swansea University's Science and Innovation Bay Campus and University of Wales Trinity St David's (UWTSU) 'Waterfront Innovation Quarter Campus' at SA1.²⁷

3.33 Moreover, a growing number of research and development initiatives are now operational in the region. Existing Centres of Excellence in the region include:

- The Renewable Hydrogen Centre (above);

²⁷ <https://www.uwtsd.ac.uk/sa1/sa1-news/work-starts-on-foundations-for-65m-construction-wales-innovation-centre-at-sa1-swanea-waterfront.html>

- The FLEXIS programme (also above);
- The Sustainable Product Engineering Centre for Functional Innovative Coatings (SPECIFIC) run by Swansea University, with strategic partners Akzo Nobel, NSG Pilkington and Tata;²⁸
- The Steel & Metals Institute (SaMI);
- The Advanced Engineering & Materials Research Institute (AEMRI);
- The TWI Technology Centre at Harbourside;
- The Engineering Research Centre of Excellence (Swansea Bay Campus);
- The Welsh Centre for Printing & Coating (Swansea Bay Campus);
- The Wales Centre for Advanced Batch Manufacture (UWTSD);
- The Construction Wales Innovation Centre (UWTSD); and
- The Creative Industries Research and Innovation Centre (UWTSD).

Business Needs

3.34 Critically, this is the gap between the status quo and the desired outcomes.

The needs of the Swansea Bay City Region economy

3.35 The Welsh Government Economic Action Plan identifies increasing productivity as key. But despite an array of initiatives, the reality is that the regional economy is underperforming (see above). By 2015, GVA per employee was 74% of the UK average²⁹ – down from 77% in 2010 and 90% in 1981.³⁰

²⁸ *ibid*

²⁹ Swansea Bay City Region City Deal Heads of Terms

³⁰ Swansea Bay City Region Economic Regeneration Strategy, 2013-2030

3.36 This decline in economic performance is stark.³¹ Only 71% of the working age population is classed as economically active compared to 76% for the UK as a whole.³² Moreover, there are not enough people with higher level qualifications - and too many with none at all.³³ By 2016, the situation had deteriorated to the point where productivity per hour was the lowest of all UK City Regions, as shown below in Table 6 below.

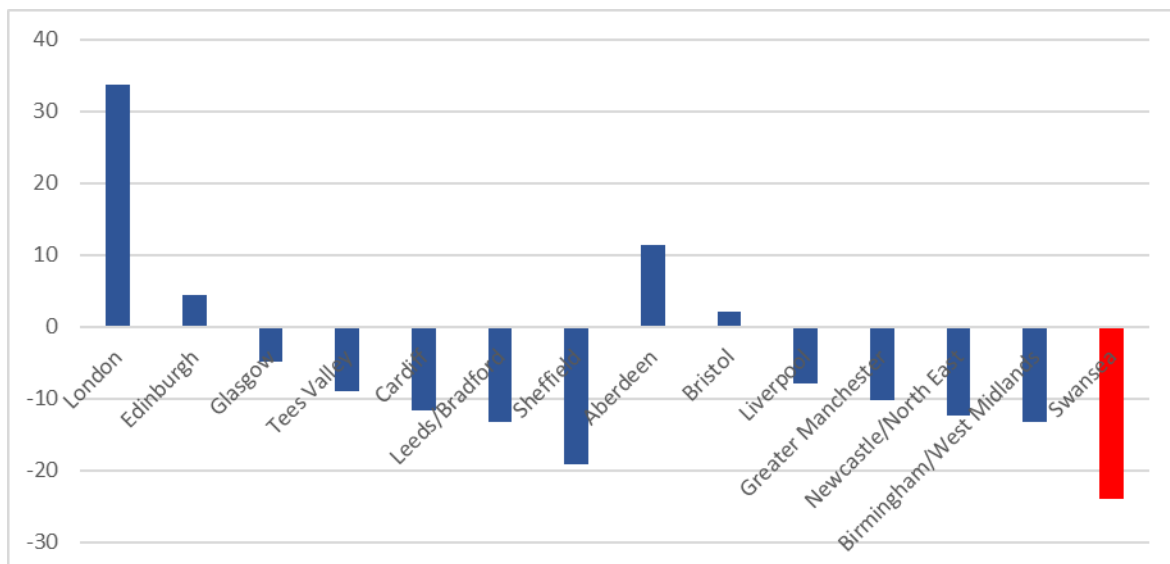


Table 6: Productivity per hour (Source: ONS)

3.37 The region therefore needs targeted investment to arrest this decline. The overriding aim of the City Deal is to boost regional GVA per head to 90% of the UK average by 2035 returning to the relative position it held in 1981.

The needs of the Decarbonisation agenda

3.38 National (Welsh and UK) strategies and legislation are well documented and this Programme addresses them. But it is a series of interventions where early action is required. Fundamentally this Programme starts the process of decarbonising the economy by addressing the needs of industry (cleaner processes); communities (cleaner air) and interventions to promote sustainable travel, buildings and economic growth.

³¹ Swansea Bay City Region City Deal Heads of Terms

³² Data from 2010. Source: Swansea Bay City Region Economic Regeneration Strategy 2013-2030

³³ Swansea Bay City Region: A City Deal 2016-2035, The Internet Coast

The needs of the innovation, entrepreneurship

3.39 The development of the region's research, development and innovation sectors will be critical to meeting these objectives. The range of regional assets (listed above) demonstrates the potential of our applied research output; but the key to turning this into productive economic activity will be the rate at which this research can be commercialised and spun out into new companies with any resulting economic activity retained in the area. We have made a start: for example, the tenant-base of the Harbourside R&D Village, where 100% of the jobs are paid more than the Welsh average, and 90% are above the UK average.³⁴

3.40 However, facilitating this process of commercialisation, spin-out and product development is not straightforward and will require:

- The availability of flexible office space at discounted rents with laboratory space where fledgling businesses can grow;
- The provision of incubation and business support/mentoring services for new firms (as of 2016, Swansea had four incubators accordingly to official research conducted by BEIS.³⁵ However, with the exception of TechHub, support for spin-outs and potential high-growth start-ups is limited);
- Access to angel investor, venture capital, private equity and public sector funding across all technology readiness levels (TRLs) working with the Development Bank of Wales and building upon the existing EZ Seed Investment Programme (SIP) launched in December 2018 for three years;
- Opportunities for these firms to test new ideas and products in a real-world environment (i.e. test-bed facilities); and
- Small-scale industrial plots for manufacturing once new product is ready for production, preferably with room for expansion.

³⁴ Based on primary data gathered by NPTCBC.

³⁵ TechHub, the International Institute for Creative Entrepreneurial Development, the Centre for Nanohealth and the Institute of Life Science. Source: Business Incubators and Accelerators: The National Picture, Department for Business, Energy and Industrial Strategy, April 2017.

SECTION D

4.0 The Economic Case

Potential Scope and Service Requirements

- 4.1 This considers the scope of the Programme (based upon four themes) and identifies how it has been arrived at. It is based upon the City Deal Impact Appraisal previously submitted to the UK and Welsh Governments³⁶ and the Enterprise Zone Strategic Plan (referenced in Section B above), which both remain valid, having been accepted by Government previously.
- 4.2 This Economic Case demonstrates that a range of potential options have been considered and that the chosen solution demonstrates value for money (VfM) through an ‘options framework’ which examines a range of less ambitious through to the more ambitious against the following criteria:
- Service scope (the ‘what’ in terms of services and coverage - below);
 - Service solution (the practical approach to ‘how’ services will be delivered – below also);
 - Timing and phasing of delivery (the ‘when’ – see the Financial Case);
 - Funding of the investment (sources of funding – see also the Financial Case); and
 - Service delivery (‘who’ will deliver the required services – see the Management Case).
- 4.3 The two incorporated City Deal projects were products of an earlier options appraisal/long-listing exercise which led to their inclusion in the City Deal signed off by Government. The remainder were generated through a similar exercise in the context of the (now endorsed) Enterprise Zone Strategic Plan and were divided into options for ‘Spatial Priorities’ and ‘Key Actions and Investment’:

³⁶ 13 February 2017

4.4 Spatial priorities:

- Port-centric and advanced manufacturing: deep water port;
- R&D Innovation and Growth: Harbourside Innovation Village; and
- Energy Intensive Manufacturing and Engineering: Baglan Energy Park.

4.5 Key Actions and Investment:

- Improving market visibility of the potential of the Enterprise Zone;
- Commissioning an Infrastructure Masterplan;
- Establishing an Enterprise Zone business network;
- Targeting business support and advice;
- Supporting UK Sector Deals;
- Facilitating business growth through investment;
- Investing in the development of specialist business space;
- Forming a dedicated infrastructure and property fund; and
- Driving a distinctive programme of decarbonisation in manufacturing.

4.6 The essential options considered were:

- **Do nothing/minimum:** in all areas, this option demonstrated neither an ability to achieve the outcomes nor value for money (or even a case for investment in the first place);
- **Intermediate Scope:** in all areas, this option preserved a balance between the availability of resources; Programme deliverability and meeting the Critical Success Factors discussed below; and
- **Maximum Scope:** in all areas, whilst desirable in many respects, this option was questionable set against factors such as affordability, deliverability and the consequential pressures on existing infrastructure.

Critical Success Factors

4.7 HM Treasury's best practice guidance suggests using the following list of standard Critical Success Factors (CSFs):

No.	Critical Success Factor	Questions – How well does/Is the option ...?
1	Strategic Fit	Satisfy the investment objectives and business needs? Optimise the identified benefits? Align with and support the national, regional and local strategies?
2	Value for money	Optimise available resources and provide value for money?
3	Potential achievability	Acceptable to key stakeholders? Politically acceptable? Operationally and physically achievable?
4	Supply side capacity and capability	Attractive to potential suppliers to deliver the requirements?
5	Potential affordability	Affordable within the forecasted capital and revenue of the organisation?

4.8 This process resulted in an assessment of each option against each Investment Objective and the CSFs. They are assessed as either:

DISCOUNT Does not meet the Investment Objectives and CSFs	CARRY FORWARD Weakly meets the Investment Objectives and CSFs	CARRY FORWARD Broadly meets the Investment Objectives and CSFs	PREFERRED Strongly meets the Investment Objectives and CSFs
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4.9 The results were as follows (Table 7):

	Do nothing	Intermediate	Maximum
Investment Objective			
Strengthen/ diversify the economy			
Stimulate a cluster			
Work with Government/partners			

CSF			
Strategic Fit	Red	Green	Green
Value for Money	Red	Green	Orange
Potential achievability	Red	Green	Yellow
Supply side capacity and capability	Red	Yellow	Green
Potential affordability	Red	Green	Red

4.10 All identified projects listed above strongly meet the Investment Objectives and Critical Success Factors.

4.11 A cost benefit analysis (CBA) on the short-listed options to determine the preferred option/chosen approach is at Appendix 2.

Preferred Options

4.12 Against the background of this analysis, the following preferred options emerge:

Theme 1 - Swansea Bay Technology Centre

4.13 This is a further iteration of the Centre for Next Generation Services (CENGS). The original concept was a private sector subscription-based open access model aiming to bridge, through data analytics, the gap between research and the commercialisation of products and services for the next generation of communication services.

4.14 However, whilst some of the objectives remain; it seems unlikely that the project can be delivered in this form as it does not “fit” with the City Deal governance requirements (based on the public sector). Instead, the Swansea Bay Technology Centre, at the Baglan Energy Park will provide flexible office space to support start-up companies and indigenous businesses.

Theme 2 - National Steel Innovation Centre

4.15 In the region alone, some 5,000 people are employed by Tata Steel. It is a core sector as a wide range of consumer goods are

made with steel; but it is also an energy intensive industry. The sector has made great strides in recent years to reduce its carbon footprint (e.g. carbon capture/storage and the use of hydrogen as reducing agent instead of coal); but there is much more to do. Steel is also almost 100% recyclable and has a key role in the circular economy.

- 4.16 This project therefore aims to support the industry as well as anchoring research and development from the sector in the region (the numbers employed in steel R&D in the UK have declined sharply in recent years). The Centre would provide an open access facility for the steel industry and its supply chain, helping forge links between industry and academia.
- 4.17 However, we have not been able to secure the transfer of the preferred site (at Fabian Way) from the Welsh Government following some eighteen months of discussion. Originally, the University wished to secure the site for a nominal sum; but (understandably) Welsh Government declined. Thus we are now considering alternative sites in consultation with Tata and others (including Harbourside).
- 4.18 The Council's approach is also conditioned by the need to lease the facility on commercial terms to provide a revenue stream to service any Council borrowing for the project. It is also proposed to defer consideration of the Factory of the Future project until a subsequent phase of the City Deal so that the originally projected outcomes can be verified in terms of contributing to job creation/increased local/regional GVA. This project was also to be originally sited on Fabian Way, so the prospects for immediate delivery are uncertain anyway. Overall, we have concluded that whilst research is an important component part of the overall approach, there is a certain imbalance towards it in the original City Deal projects and there needs to be a greater emphasis on key economic indicators including job creation in the short to medium term.

Theme 3 - Decarbonisation

- 4.19 This theme will act as a pathfinder for achieving an increasingly decarbonised economy. It aims to help deliver future carbon targets and contribute to the promotion of new industries; low emission transportation, tackling fuel poverty and reduce carbon intensive energy costs.

4.20 To assist in the delivery of decarbonising the region, the following three core projects will be undertaken in partnership with FLEXIS. These are:

- Swansea Bay Technology Centre to Hydrogen Centre Link;
- Electrical Charging Infrastructure Strategy Route Map; and
- Air Quality Modelling and Real Time Monitoring.

Swansea Bay Technology Centre to Hydrogen Centre Link

4.21 The core aim of this project is to construct an energy positive building i.e. one that generates more energy from onsite generation than it consumes on an annual basis. This will be achieved through a combination of energy efficiency, integrated renewable energy generation and energy storage. The excess energy will be exported as electricity to the Hydrogen Centre where it will be used to create zero-carbon fuel for vehicles used by the Council.

4.22 Funding will support the connection of a hard-wired electrical link between the Technology Centre and Hydrogen Centre, as well as the necessary upgrades to the Hydrogen Centre infrastructure required to fuel a full fleet of vehicles. The initial target will consist of 20 to 30 commercial vehicles.

4.23 Future planned developments in the use of hydrogen produced at the Centre include a bus corridor connecting Port Talbot Parkway Rail Station to the Swansea University Campus.

Electrical Charging Infrastructure Strategy & Route Map

4.24 This project will have an immediate impact on transport decarbonisation and emissions reduction within the area by encouraging the uptake of electric vehicles through initiatives and public engagement. It requires the development and implementation of an electric vehicle charging network that meets the demands of residents, businesses and visitors, in line with changes to national planning policy.

4.25 The project will consist of three main phases:

- First, consulting with industry partners and academics to produce an effective and future-proof electric vehicle charging strategy;

- Second, a focus on the physical implementation of smart charging stations and the grid infrastructure required to support them; and
- Third, using information gathered from the smart charging stations, to build a detailed dataset of electric vehicle charging behaviours within the area. This will be used to promote vehicle-to-grid transfer for flexible energy systems, virtual power plants, and future economic/business models for charging stations.

4.26 New charging stations will contribute toward solving Wales' lag in electric vehicle charging infrastructure and coverage compared to the rest of the UK.

Air Quality Modelling and Real Time Monitoring

4.27 We recognise that we have an issue with air quality and the focus of this project is to achieve a greater understanding of levels of pollution by adopting community focused area wide monitoring and analysis. This will enable better informed decisions on the selection and implementation of mitigation and intervention measures and strategies, to reinforce policy initiatives at an all-Wales level.

4.28 The core components are:

- Verified sources of air quality data;
- Area wide, real-time data with significantly more geographical resolution/detail than is currently available;
- Evaluation of air quality mitigation and intervention measures; and
- Data analytics to identify correlation with factors such as pollution sources (both internal and external to the area).

Theme 4 - Industrial Futures

4.29 The purpose of this theme is to address the gap between demand and supply to business units and available land within the Enterprise Zone. We wish to make the most of the sites contained in the Enterprise Zone and its current status, rather than entertain alternative proposals such as the Prison which provoked strong opposition locally. The objectives include:

- a hybrid building providing production units with office space to support start-up companies and indigenous business growth in the innovation and manufacturing sectors;
 - supported incubator/laboratory space (supported by Industry Wales) for spin outs to increase commercialisation of R&D; and
 - land remediation, flood defence work, construction of access road and upgrading existing highway to adoptable standards.
- 4.30 It will be supported and refined by a joint Welsh Government/ Enterprise Zone infrastructure which Mott MacDonald has been commissioned to undertake.
- 4.31 This theme also aligns to the Welsh Government '*Employment Sites & Premises in Wales Property Delivery Plan*' and will deliver investment to meet demand as identified in the Plan.
- 4.32 Following a high level review of risk (on delivery) and value for money in securing leverage and programme outputs and outcomes, the preferred way forward is the third option, 'do something'; but in a phased approach taking account of projected funding availability to meet the Investment Objectives and Critical Success Factors of the Programme.
- 4.33 As noted above, an independent high level economic appraisal of the Programme successfully demonstrates that even under a range of highly conservative assumptions, the overall potential economic impact is positive and robust. The analysis estimates an annual GVA impact of £6.2 million once all projects are fully operational. The technical note is included at Appendix 3.

Preferred Way Forward

- 4.34 As identified above and in the Strategic Case at Section C.

SECTION E

5.0 The Commercial Case

Commercial Strategy

- 5.1 This section outlines the proposed arrangements in relation to the preferred way forward described in the Economic Case plus the risks, dependencies and constraints. These include procurement activity and liaison with other parts of the organisation(s) and stakeholders.
- 5.2 The investment outlined in the programme will accelerate the pace of development of a number of sites across the area for regional and local benefit. The objective is to unlock/realise those benefits at the earliest possible stage.
- 5.3 The programme aims to encourage private sector investment to add value to the public sector investment to maximise leverage and sustainability, in line with the original objectives of the City Deal and the Enterprise Zone Strategic Plan. There are a number of options for delivery including direct investment, property development fund, Joint Venture.
- 5.4 The State Aid implications of each project/investment will be assessed as part of the ongoing process.

Procurement Strategy

- 5.6 As lead local authority for the Programme, the Council will ensure compliance with public procurement relating to supplies, services and works for the public sector.
- 5.7 The Council has its own Contracts Procedure Rules (CPRs) for the procurement of goods, services and works, addressing the requirements of best value. The rules are aligned to the Public Contracts Regulations 2015. The rules ensure a system of openness, transparency and non-discrimination to ensure the accountability and probity of the procurement process.
- 5.8 Where appropriate and compliant, construction works will be procured through the South West Wales Regional Construction

Framework, likewise, engineering works will be procured via the South West Wales Civil Engineering Framework.

5.9 Any requirements for project evaluation(s) will be procured through Sell2Wales via an open and transparent tender exercise, or appropriate frameworks.

Required services

5.10 The preferred way forward described in the Economic Case proposes a programme of activity across the Port Talbot area focused on the following elements:

- Capital Build projects;
- The Infrastructure Master Plan (in train);
- Energy projects and Infrastructure;
- Construction, land remediation and ancillary works; and
- Monitoring and Evaluation.

Community Benefits Statement

5.11 The Council and its partners will work in partnership with appointed contractors and their supply chain to deliver 'targeted recruitment and training' outputs as a 'core' requirement of tenders to support the delivery of social, economic and environmental objectives. This involves encouraging:

- training and the recruitment of the economically inactive by offering apprenticeship;
- traineeships or work experience opportunities;
- maximising opportunities for SMEs to tender or bid for sub-contract opportunities;
- adopting measures to ensure prompt and fair payment terms;
- encouraging environmental initiatives;
- engaging with Third Sector organisations; and
- supporting educational and community initiatives.

5.12 In addition, there are collaborative arrangements to coordinate the delivery of community benefits. This leads to adult employability initiatives such as Workways+ and Communities for Work working closely together with organisations such as the local authorities, Department of Work and Pensions, the Further Education sector to

identify opportunities to support disadvantaged individuals and help them tackle barriers to employment.

Benefits, Risks, Dependencies and Constraints

Potential Programme Benefits

5.13 These are as follows (a non-exhaustive list):

Social and Environmental Impacts

- Reducing regional disparities through agglomeration, improving regional connectivity and improving accessibility, particularly for deprived communities; and
- Reducing emissions and improving environmental quality and improving health and wellbeing.

Demand Side Impacts

- Infrastructure construction is a valuable source of employment of itself providing wider benefits in the short to medium term, although planning is essential to avoid creating capacity constraints which could drive up prices and displace activity.

Supply Side Impacts

- Infrastructure spending enhances productivity through the supply side. For example, a positive impact on the labour market is realised if the outcomes are delivered.

Wider Impacts

- Investment facilitates the development of new industries. Likewise, investment which supports the early adoption of new technologies provides a region/country with a head start in new industries;
- Improving competitiveness by driving down prices and increasing the quality and availability of services; and
- Unlocking private capital. Infrastructure is a catalyst for private sector investment which would unlock the full potential of the City Deal.

5.14 The main risks associated with the potential scope for this Programme include:

<p>Development Risks</p> <ul style="list-style-type: none"> • Resource and capacity of the programme team, especially during project definition/development stage; and • Tender exercises fail to generate sufficient viable interest.
<p>Implementation risks</p> <ul style="list-style-type: none"> • Programme slippage including delays in business case approval, procurement or funding; • Planning delays; and • Any land ownership issues.
<p>Design Risks</p> <ul style="list-style-type: none"> • Technological advancements.
<p>Change management/programme management</p> <ul style="list-style-type: none"> • Failure to achieve agreed outputs/outcomes; and • Risk averse procurement procedures that fail to stimulate the market.
<p>Operational</p> <ul style="list-style-type: none"> • Land costs and availability.
<p>Financial</p> <ul style="list-style-type: none"> • Capital costs affect scheme viability; • Dependence on multiple funding sources increasing risk should one fall through; • Short term Welsh Government and other funding sources; • Complexity of design resulting in significant cost increases; • Capital costs will determine viability; and • Failure to attract tenants would create a financial/operational cost burden on the public sector and loss of revenue.
<p>Non-financial</p> <ul style="list-style-type: none"> • Reputational risks of failing to deliver intended outcomes.

Constraints

5.15 This programme could be affected by the following constraints:

- Availability of development sites;
- Private sector engagement;
- Funding availability for capital schemes;
- Limited ability for public sector to cover possible recurrent revenue deficits; and
- Planning and development parameters.

Dependencies

- These risks, dependencies and constraints will be managed through comprehensive programme governance arrangements.

SECTION F

6.0 Financial Case

6.1 The Financial Case provides assurance that the short-listed options (with particular focus on the preferred way forward) are affordable, taking into account all potential funding sources.

6.2 It should be noted that the costs are evidence-based projections and can be refined during the business case development stage for each individual project.

Cost Profile

6.3 The estimated costings, funding profile/sources for each of the proposed projects are detailed at Appendix 4. The summary position is reproduced below for ease of reference:

Financial/Investment Profile

CAPITAL						
	2019/20	2020/21	2021/22	2022/23	2023/24	TOTAL
	£m	£m	£m	£m	£m	£m
<u>Project /Programme Costs</u>						
Swansea Bay Technology Centre	0.30	5.90	1.30	0.00	0.00	7.50
National Steel Innovation Centre	0.00	1.50	10.00	8.50	0.00	20.00
Decarbonisation Industrial Futures Programme	0.50	1.25	1.25	0.00	0.00	3.00
	0.00	9.25	13.25	1.25	1.25	25.00
TOTAL	0.80	17.90	25.80	9.75	1.25	55.50
Funded by:						
Neath Port Talbot Council	0.10	0.30	0.10	0.00	0.00	0.50
WEFO / WG Grant	0.20	3.20	0.60	0.00	0.00	4.00
NNDR Retained	0.00	0.00	0.90	0.90	0.90	2.70
Rental Income	0.00	0.00	0.00	0.30	0.30	0.60
Net requirement from City Deal	0.50	14.40	24.20	8.55	0.05	47.70

REVENUE						
	2019/20	2020/21	2021/22	2022/23	2023/24	TOTAL
	£m	£m	£m	£m	£m	£m
<u>Project /Programme Costs</u>						
Swansea Bay Technology Centre	0.00	0.00	0.20	0.20	0.20	0.60
National Steel Innovation Centre	0.00	0.00	0.00	0.20	0.20	0.40
Decarbonisation	0.00	0.00	0.00	0.00	0.00	0.00
Industrial Futures Programme	0.00	0.25	0.65	0.65	0.65	2.20
TOTAL	0.00	0.25	0.85	1.05	1.05	3.20
Funded by:						
Neath Port Talbot Council	0.00	0.25	0.85	1.05	1.05	3.20
WEFO / WG Grant	0.00	0.00	0.00	0.00	0.00	0.00
NNDR Retained	0.00	0.00	0.00	0.00	0.00	0.00
Rental Income	0.00	0.00	0.00	0.00	0.00	0.00
Net requirement from City Deal	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL						
	2019/20	2020/21	2021/22	2022/23	2023/24	TOTAL
	£m	£m	£m	£m	£m	£m
<u>Project /Programme Costs</u>						
Swansea Bay Technology Centre	0.30	5.90	1.50	0.20	0.20	8.10
National Steel Innovation Centre	0.00	1.50	10.00	8.70	0.20	20.40
Decarbonisation	0.50	1.25	1.25	0.00	0.00	3.00
Industrial Futures Programme	0.00	9.50	13.90	1.90	1.90	27.20
TOTAL	0.80	18.15	26.65	10.80	2.30	58.70
Funded by:						
Neath Port Talbot Council	0.10	0.55	0.95	1.05	1.05	3.70
WEFO / WG Grant	0.20	3.20	0.60	0.00	0.00	4.00
NNDR Retained	0.00	0.00	0.90	0.90	0.90	2.70
Rental Income	0.00	0.00	0.00	0.30	0.30	0.60
Net requirement from City Deal	0.50	14.40	24.20	8.55	0.05	47.70

Affordability

6.4 Subject to approval by the City Deal Joint Committee, the Programme will be a priority for the Council and for the region. A number of identified projects have already secured funding from one source or another and the Council is committed to the use of Prudential Borrowing (as per the original City Deal).

Balance Sheet Impact

6.5 The Council's balance sheet will increase by the value of the investment in the fixed/property assets. These assets will depreciate over their lifetime and Council match funding will be paid over the same period. There is no impact on the Council Tax base.

SECTION G

7.0 Management Case

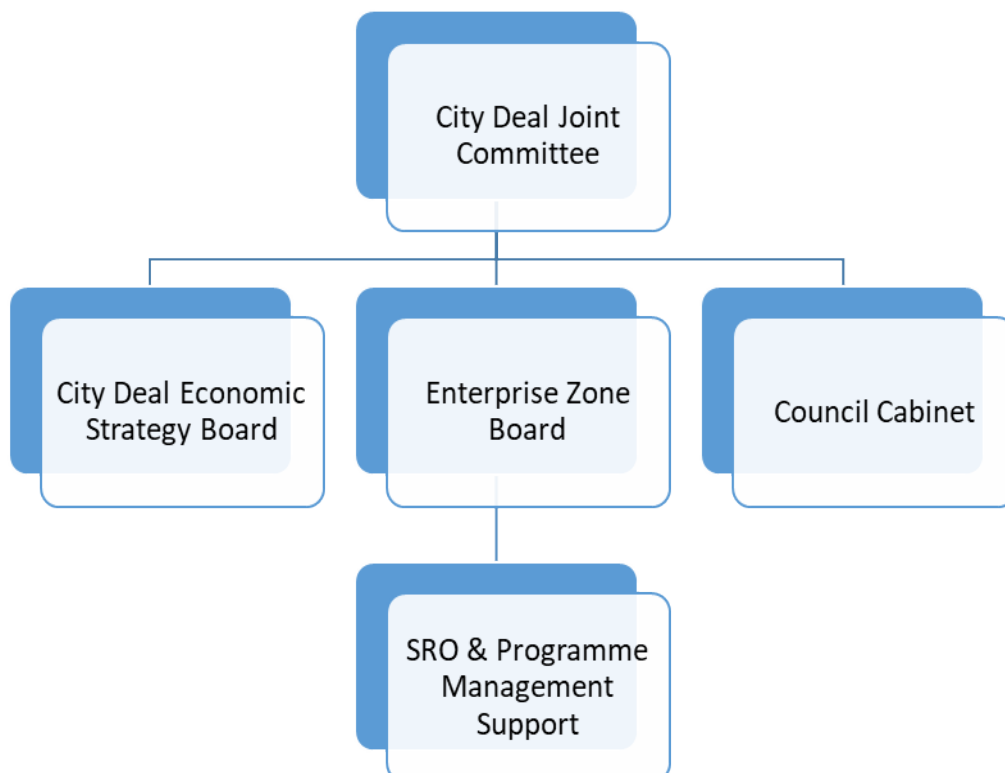
7.1 The Management Case addresses the achievability of the programme and planning arrangements required to both ensure successful delivery and to manage programme risks.

Programme Plan

7.2 The programme focuses on short to medium time lines for delivery; but with the option of phasing some projects over a longer period (up to the 15 years envisaged in the City Deal). A detailed programme plan is being developed.

Governance Structure

7.3 This is illustrated in the table/figure 8 below. The structure below is also subject to comprehensive local and regional scrutiny arrangements as set out in the Joint Working Agreement:



Programme Management and Programme Initiation

7.4 Defining a Programme in accordance with Managing Successful Programmes (MSP) involves the following activities, which have been/will need to be undertaken once approval is secured:

- Establish the infrastructure for defining a programme: This has been done;
- Establish the team to define the programme: The SRO for this programme is Gareth Nutt, Director of Environment. The Programme Manager is Simon Brennan, Head of Property and Regeneration;
- Identify and analyse the stakeholders: An outline stakeholder plan is being prepared. The Programme team will have access to specialist advisers and subject matter experts;
- Refine the vision statement: Note: minimal change, if any, is envisaged to the City Deal and Enterprise Zone visions;
- Develop Blueprint: This is under development;
- Develop Benefit Profiles: High level benefits are described in the Strategic Case and the project team will develop benefit profiles during the programme definition stage, which will be monitored and evaluated;
- Validate the Benefits: As the programme progresses and the benefits start to be delivered, the process will be validated and measures tested. The Programme Board will be advised if the programme is not delivering the anticipated level of benefit, so that remedial action can be taken as necessary;
- Design the Project Dossier: There will be an appropriate branding, marketing and communications strategy.
- Identify tranches: Done;
- Design the programme organisation: Done;
- Develop the governance arrangements done: see diagram above.

- Develop the Programme Plan: Also under development;
- Consolidate programme definition: The project team will generate appropriate logs, plans and policies; and
- Prepare for the first tranche (ongoing – subject to approvals).

Programme Milestones

7.5 To be developed, upon Programme approval.

Programme Assurance

7.6 The Programme will be subject to rigorous programme assurance arrangements, including:

- Programme validation reviews;
- Programme assessment reviews;
- Gateway Reviews;
- Ongoing reviews in relation to strategic fit;
- Regular programme reporting, including key milestones and progress monitoring.

Other Reference Documents:

Port Talbot Integrated Territorial Strategy (May 2015)
LDP Policy SRA2 Harbourside – an extract from the LDP showing the strategic regeneration area policy for Harbourside.
LDP Policies EC1 & EC2 – an extract from the LDP showing the two key employment related policies.
PT Harbourside & Town Centre SPG (DRAFT Sept'14) – the now dated draft version of the SPG which was included in the package of LDP submission documents for the LDP.
Matter 7 Policy SRA2 – dealt with the Action Points that emerged from the LDP Examination in Public which culminated in the agreement of the revised Masterplan (refer to page 12).
Baglan Energy Park SPG – adopted by the Council in October 2016.