

Swansea Bay City Region Joint Scrutiny Committee

(Remotely via Teams)

Members Present:

20 July 2021

Chairperson: Councillor R.James

Vice Chairperson: Councillor S.Rahaman

Councillors: A.Llewelyn, S.E.Freeguard, S.Rahaman,
P.Downing, J.Curtice, T.Baron, G.Morgan,
D.Price and J.Jones

Officers In Attendance R.Arnold, J.Lewis, P.Ryder, S.Curran, M.Shaw,
J.Burnes and A.Thomas

1. **Welcome and Roll Call**

The Chair welcomed everyone to the meeting.

2. **Declarations of Interest**

There were no declarations of interest received.

3. **Appointment of Vice-Chairperson**

It was proposed and seconded and agreed that Cllr Saifur Rahaman, from Neath Port Talbot Council, be the Vice-Chairperson for the Swansea Bay City Region Joint Scrutiny Committee.

4. **Minutes of Previous Meeting**

The minutes of the previous meeting held 2nd February 2021 were approved a true and accurate record.

5. **Skills & Talent Business Case**

The project lead for the Skills & Talent Programme, Jane Lewis, attended the meeting and provided an overview of the business case. Ms Lewis outlined briefly the remit of the Regional Learning and Skills Partnership. It is an independent organisation completely funded by Welsh Government to identify skills needs and skills gaps in the region. The programme aims to create new and sustainable opportunities that will generate prosperity for individuals and businesses in the Swansea Bay City Deal Region. This will be achieved through the development of a pathway of skills for all and the pilot delivery of demand drive high level skills and upskilling opportunities across the five key themes. The five key areas are construction, digital, smart manufacturing, health & wellbeing and energy. As the programme develops potential new areas may be identified. This programme will bring together all the skills required across the portfolio of the City Deal and maximise the economy. Currently the region does not have the skills required for investors within the deal. The programme will enable the skills to be developed and allow people to also earn higher salaries within the region. Whilst it is recognised that the programme will not resolve all the issues, it will assist with decreasing the gap between individuals with no skills and those with the higher skill levels.

The programme aims to deliver at least 2,200 additional skills and support the development of around 14,000 individuals with higher level (2-8)s skills in 10 years. To create 3,000 new apprenticeship opportunities to include level 3 to Degree apprenticeships. To work with schools and the new curriculum to develop a clear pathway from school education and increase the numbers of pupils following the STEM subjects. To create at least two Centres of Excellence within specific sectors to develop the region as being “the best” area for skills and development. Upskilling is key to ensuring that the City Deal Projects can be delivered.

In order to ensure that the aims of the Programme can be met, a skills gap analysis will be undertaken to identify new skills training not currently delivered in the region. The Programme will work closely with the projects to identify the skills required and new frameworks that will need to be introduced.

Ms Lewis went through the risks associated with the project. If the programme approval is delayed, this could result in the slippage of

the time scale that would impact the delivery of training. Workforce would then be brought in from outside the region.

The programme has a value of £30 million, with various elements of match funding within this. £10million from the City Deal and £4million private sector funding.

The Business Case is currently moving through the approval process. All four local authorities have approved it. The Business Case will go before Joint Committee on 29th July. The Programme Manager position is being appointed at risk. The Business Case will be submitted to Welsh and UK Government at the end of July.

Ms Lewis confirmed that the Regional Learning and Skills partnership is funded by Welsh Government, however they are being funded to undertake a piece of work, which makes recommendations to them. The partnership works to the four local authorities that make up South West Wales. The aim of the partnership is to make sure Welsh Government understand what the local issues are around skills. The Regional Learning Skills Partnership has 9 cluster groups that are led by the industry. The Board of the RLSP is led by the private sector. Members were advised that when information is being gathered, they are working with over 2000 organisations to understand what the issues are. What are the skills that these businesses are identifying that the RLSP needs to be highlighting to Welsh Government for funding in the future and for immediate funding?

When the Business Case was being prepared, two other City Deal Projects who have got Skills & Talent programmes were consulted with, namely Belfast and Edinburgh. They were helpful in identifying key areas that had not been covered within the business case. The RLSP also work regularly with the other three RLSP partnerships in Wales.

Ms Lewis confirmed that the pandemic has had a massive effect on some industries, and identified the tourism and hospitality industry as one largely affected. The RLSP has been working closely with those affected and trying to match them to alternative employment opportunities.

Members queries how improvements to the area would be measured and if there would be regular updates to the Scrutiny Committee. Ms

Lewis advised that there would be regular reporting back to both the Joint Scrutiny and Joint Committee.

Members queried what format the engagement with the private sector took place and how the skills gap was measured. Ms Lewis advised that there was formal engagement through the 9 cluster groups. There were also forums held which were industry specific i.e. engineering, to allow more details information to be gathered from those sectors. Regular surveys are undertaken with the businesses to inform the employment and skills plan which is prepared for Welsh Government. The RLSP have been reporting quarterly to Welsh Government during the pandemic, so it is vital that the industries have a voice to reflect where the pandemic has affected them and where upskilling is required.

Members discussed the Gateway Review that had been undertaken and the four recommendations that had been outlined. It was acknowledged that three of the recommendations had been met fully. However, the fourth recommendation was outstanding. Members queried what steps need to be taken to ensure that the fourth recommendation is met.

Members queried if the stakeholders will also be involved closely with the process, including being available to meet with the committee to speak with them directly about being part of the project and as the key milestones are met. It was suggested that the committee speak with the Skills Solution Group who will be measuring the impact of the project and the development of new skills within the region. Members thanked Jane Lewis for attending the meeting.

6. **Internal Audit**

The audit was conducted by Pembrokeshire Council. The outcome of the audit was an assurance rating of substantial. There were five recommendations from the audit report.

The first recommendation is around formal agreements. It was noted that the four authorities have signed the Joint Committee Agreement. Swansea Bay Health Board and Swansea University have not formally committed to the City Deal via this agreement. Whilst there are no concerns about their commitment, it needs to be formalised.

The second recommendation concerned anti-fraud and anti-corruption strategy. These items have been drafted but will now need to be approved by the Programme Board and Joint Committee. The third recommendation concerns the residual risk score. This is now present in the Portfolio Risk Register and has been cascaded down to all projects and programmes.

The fourth recommendations related to the reporting on achievements of outcomes, outputs and impacts. This ensures that performance targets are monitored and they are achieving what they set out to do, both at project and portfolio level and showing that they add value. Part of the reporting will also include community benefits. The fifth recommendation is around private sector funding and ensuring that the risk is mitigated in relation to drawing in the funding from the sector over the next 10-15 years.

Members queried the time frame for the formal agreements being signed by the Swansea Bay Health Board and Swansea University. It was explained that the update to the JWA is part of a wider update. In order for the update to be put into place it needs to be approved by the Programme Board and subsequently the Joint Committee. Members queried if the updates on progress on the five recommendations would be reported back to the Scrutiny Committee, and what would be the deadline for this reporting. They were advised that an update would be provided in September on the progress of the recommendations from the Internal Audit.

Members queried the financial management and the release of the £54 million to the regions. In order for funding to be release there needs to be a funding agreement in place between the relevant bodies. This ensures that those responsible for delivering the project can be held to account. Some of the funding agreements have taken longer than expect to put in place, however at the current time there is a flow of funding.

Officers advised that UK Government will be releasing their funding over 10 years and Welsh Government are releasing their funding over 15 years. Welsh Government have agreed to front load their funding over the first 10 years. This effectively means that the City Deal will not have to borrow as much funding. However the exact amounts that this transpires to are yet to be determined.

Members queried what happens if private sector investment doesn't materialise. It was recognised that there are contingencies built into

each project and that the four authorities have all committed to providing respective funding. However, if the full private investment didn't materialise then the project would fail. There is a change control procedure in place which would assist to try and mitigate any risks that can be foreseen.

Mr Burnes briefly explained how the benefits realisation figures are presented. However, it was recognised that some of the figures may take a couple of years to be fully realised. They will be regularly reported.

Business cases are reviewed to ensure that they are still fit for purpose and that costs are still relevant and appropriate.

7. Swansea Bay City Deal Change Control Procedure

Phil Ryder, went through the Change Control Procedure. The majority of change will be approved at project level. The procedure has been devised for the reporting of change back to the various governance committees. Mr Ryder presented a flow chart outlining the various stages of the process that must be gone through as part of the procedure. Currently, thresholds for implementing the procedure is based on the type of change. However, it is envisaged that metric thresholds will be put into place. Various levels of approval can be given to various levels of change.

Members were advised that the only time that the Joint Committee would not be able to approve any recommended change would be whereby the change effects the overall portfolio benefits i.e. GVA, job, private sector funding.

Member briefly discussed the threshold for a change to affect the wider City Deal. Members queried if even a small change would have an impact on the whole Deal. Members were advised that if there was going to be an impact on the headline figures then the change would need to be approved by Welsh/UK Government. If the change affects anything else it can be approved regionally by the Joint Committee.

Members queried why re-profiling a project would not show an effect on the number of jobs created. Members queried if the figures were being considered in detail. It was clarified by officers, that at the point in time of the change request, it would be too early to determine the

level of change to jobs. However it would be reported as soon as the level of benefits change becomes apparent.

Mr Ryder went through the difference between a procedure change request and a benefits change.

8. **Benefits Realisation - Benefits Profiles**

All of the templates have been drafted for the portfolio level benefits, which include the GVA, the jobs and the investment. These have been sent to the respective project leads and SRO's for their agreement and sign off of the portfolio level benefits. There will be quarterly reporting for benefits. There will also be an annual report on the benefits delivered within that 12 month period.

The templates for the individual project and programme level benefits are currently being worked through. Mr Ryder went through a completed template for the benefits realisation for jobs at Yr Egin and highlighted specific elements when benefits would be changed. Members queried when concerns would be raised if the jobs were under the amount that were expected. Officers indicated that at the Annual Review, this would be raised with project leads and appropriate strategies would be put in place.

Members raised concerns about terminology used to reflect the benefits. Members asked that it be consistent throughout the reporting mechanisms. Mr Ryder agreed to look at this and report back to a future meeting.

Members asked what was meant by mechanism of measurement. This would be down to the individual project lead to determine. It would be a way for the number of jobs created to be measured. Members queried if the 102 new jobs created for Yr Egin were brand new jobs. Mr Ryder confirmed that they were 102 new jobs created within the region, however if they were displacement from another region Mr Ryder could not advise.

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

Members queried the investment figure, which would be discussed under the Financial Monitoring Report.

There were no further comments.

10. **Swansea Bay City Deal Highlight Report**

Phil Ryder went through the various projects outlined in the Highlight Report.

During the development of the Pembroke Dock project, quite a lot of focus was on the heritage aspect of it, Members queried if there is any mitigation that can be considered in the project to safeguard the historic heritage aspects of it. Officers confirmed that planning has now been approved for the project with an agreement that if the historic site needs to be accessed, or opened back up in future years, this can be easily done within the agreed planning. There were no further questions.

11. **Financial Monitoring Report**

Richard Arnold went through the Financial Monitoring Report. Members were advised that due to the delay of Joint Committee Meetings there was a delay in considering the year-end outturn position. This will be provided to Members at a later Scrutiny Committee meeting.

Members were provided with information concerning the Portfolio Investment Fund, which consists of the City Deal Grant Awards. To date they have received £54million. The next receipts are due in October 2021. To date £11.2million has been paid out, on one project. Funding agreements have been signed with four projects in the last three months, so further funding is due to be released imminently.

The original Heads of Terms were set up to leverage investment of £1.24billion, however the current 15 year portfolio forecast is looking at achieving investment of £1.147billion. This works out at a 9% variance.

Mr Arnold referred to the Joint Committee which is the administrative function of the City Deal. Members were advised that any underspend is not lost, but is transferred to a City Deal reserve fund, for use in future years.

Members queried the variation on the public investment, which the report indicated was 16.5%. Mr Arnold advised that the majority of the variance related to a revised project put forward by Neath Port Talbot. Members queried at what point any variances would be flagged up to the programme management teams and any interventions be required to take place. Mr Ryder advised Members that the change to the investment had essentially been approved.

Members asked if the detail of the public investment could be broken down further for a future meeting.

The meeting was stopped and further discussion postponed due to quorum not being met.

12. **Minutes and Forward Work Programme Swansea Bay City Region Joint Committee**

This item to be deferred to the next meeting of the Swansea Bay City Region Joint Scrutiny Committee.

13. **Forward Work Programme 2021/2022**

This item to be deferred to the next meeting of the Swansea Bay City Region Joint Scrutiny Committee.

14. **Urgent Items**

This item to be deferred to the next meeting of the Swansea Bay City Region Joint Scrutiny Committee.

CHAIRPERSON

This page is intentionally left blank