

**SOUTH WEST WALES CORPORATE JOINT COMMITTEE  
OVERVIEW AND SCRUTINY COMMITTEE**

**23<sup>RD</sup> FEBRUARY 2023**

**REPORT OF THE CHIEF EXECUTIVE**

**Report Title: South West Wales Economic Delivery Plan**

<b>Purpose of Report</b>	To update Members on the progress being made to deliver the South West Wales Regional Economic Delivery Plan and provide an overview of those wider initiatives taking place within the region.
<b>Recommendation</b>	It is recommended that Members note the progress being made to deliver the 3 South West Wales Regional Economic Delivery Plan Ambitions and Complementary Missions.
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**Introduction:**

1. The South West Wales Regional Economic Delivery Plan (REDP) was endorsed as the regional strategy for the economic wellbeing strand of our work programme at the meeting of the South West Wales Corporate Joint Committee on [15th March 2022](#).
2. To help plan for the future, the REDP establishes three ‘Ambitions’ which set out the nature of the South West Wales economy that we want to work towards. These are:
  - Resilient and sustainable
  - Enterprising and ambitious
  - Balanced and inclusive
3. The ambitions are supported by three complementary Missions, which will guide activity over the next ten years:
  - Mission 1 – Establishing South West Wales as a UK leader in renewable energy and the development of a net zero economy: Taking forward the region’s major energy related projects and driving the benefits through the region (via industrial decarbonisation, supply chain opportunities, university-linked innovation, etc.).

- Mission 2 – Building a strong, resilient and embedded business base: Understanding and growing the business stock, supporting widespread social and commercial entrepreneurship, creating stronger supply chain and innovation networks, making public sector support sustainable; driving forward technology adoption and diffusion.
- Mission 3 – Growing and sustaining the ‘experience’ offer: Linking environmental quality, quality of life and community character to create a region that retains and attracts talent and investment, and to promote this consistently and powerfully to the outside world.

4. A copy of the REDP is attached at Appendix A.

### **Progress against the 3 REDP Ambitions and Complementary Missions**

5. A detailed schedule of projects and programmes currently progressing across the region to support achievement of the Ambitions and Missions is attached at Appendix B. Listed below are the key overarching Economic programmes for the region.

#### UKG Levelling Up Fund

6 Announced by the Chancellor in the 2021 Autumn Budget, UK government Levelling Up Fund invests in infrastructure to improve everyday life across the UK, including regenerating town centres and high streets, upgrading local transport, and investing in cultural and heritage assets. To date there have been 2 rounds of levelling up funding, with a total allocation of £328m to Wales to date. The South West Wales region has secured £92.1m (28% of the funding allocated to Wales), against the following projects:

- **Carmarthenshire** Tywi Valley Path - £16.7m
- **Carmarthenshire** and **Pembroke** Hwb - £19.9m
- **Pembrokeshire** - Heart of Pembrokeshire Rediscovering - £17.7m
- **Neath Port Talbot** – Vale of Neath Heritage Corridor Visitor Attractor - £17.8m
- **Swansea** – Regeneration of three industry heritage sites in the Lower Swansea Valley - £20m

#### UKG Shared Prosperity Fund

7 In Wales, UK government supports delivery of the Shared Prosperity Fund (SPF) across the four regional strategic geographies on the economic development footprint. Local government has been given responsibility for developing a regional investment plan for approval by the UK government, and for delivery of the Fund thereafter. A ‘lead local authority’ for the region will receive the Region’s allocation and have overall accountability for the funding and how the Fund operates. Swansea Council has been nominated to act as the lead Authority on behalf of the South West region.

8 It should be noted that Shared Prosperity Fund is one of the ‘levelling up funds’ alongside the capital Levelling Up Fund and Community Ownership Funds which operate on an annual competitive bidding basis. These funds represent a partial

replacement of previous EU funding programmes, and are considerably smaller in scale. Previous Innovation & R&D funds have not been replaced through SPF for example. Unlike Levelling Up funding, SPF is not the subject of a competitive bidding process. Individual Local Authorities receive an allocation of funding based on population, economic need and deprivation.

- 9 In order to access their allocation, lead local authorities were asked to complete a Regional Investment Plan, setting out how the SPF funding would be used at a very high level. The investment plan was submitted to UK government in August 2022 and approved 5 December 2022.
- 10 Due to the short timescales involved, each local authority prepared a local investment plan which has fed into the wider Regional Investment Plan for South West Wales. The local Investment Plans were drafted in consultation with local regeneration boards in each local authority area, with reference to the Regional Learning & Skills Partnership as appropriate. The Regional Investment Plan is based on existing regional and local strategies and plans including the Economic Recovery Action Plans and the *South West Wales Regional Economic Delivery Plan*.
- 11 The UKSPF total for the region is made up of ‘core’ funding, which will fund most of the Fund’s Priorities and the Multiply programme which focuses on supporting adult numeracy initiatives. The allocation for each of the local authorities across the region is as follows:

<b>Total</b>	<b>Core UKSPF</b>	<b>Multiply</b>	<b>Total</b>
<b>South West Region</b>	£ 113,985,414	£ 17,970,430	£ 131,955,844
Carmarthenshire	£ 32,002,918	£ 5,045,437	£ 37,048,355
Neath Port Talbot	£ 28,448,295	£ 4,485,031	£ 32,933,326
Pembrokeshire	£ 19,125,971	£ 3,015,315	£ 22,141,286
Swansea	£ 34,408,230	£ 5,424,647	£ 39,832,877

12. This funding will be invested across three priorities of the UKSPF by 31 March 2025:
- Communities and place: to enable places to invest to restore their community spaces and relationships and create the foundations for economic development at the neighbourhood-level, to help strengthen the social fabric of communities, supporting in building pride in place.
  - Support for local businesses: enabling places to fund interventions that support local businesses to thrive, innovate and grow.
  - People and skills: funding to help reduce the barriers some people face to employment and support them to move towards employment and education. Places can also target funding into skills for local areas to support employment and local growth.

13. South West region is keen to design interventions to ensure that funding is directed to projects that make sense to people and businesses, with the focus on delivery and layering of bureaucracy as far as possible. Funding arrangements have been designed to ensure they follow the constitutional arrangements for organisations in receipt of funding and factor potential impact of administrative burden created by complex legal and financial arrangements and aim to keep these to the minimum required to ensure effective delivery and added value.
14. Whilst there is a need to accommodate transition from existing programmes to an extent, exit strategy remains a key question for any activity of any scale by any organisation, and organisations will be expected to articulate this point carefully in applications - the programme activity should be about enabling and supporting sustainable activities, not creating long-term dependencies.
15. The region consists of four partner local authorities with well over a decade of constructive and positive collaborative working, with individual local allocations. The understanding is that the allocations are fundamentally local allocations with a regional oversight to share good practice, consistency and good programme management, whilst allowing each local area the flexibility to adapt programmes to meet the subtle differences in local need, as well as addressing a large number of challenges and opportunities held in common.
16. The region intends to use 4% of the funds to secure robust governance and accountability between Swansea as lead authority, and each of the small teams in the four local authorities thereby ensuring seamless delivery of the programme. A collaborative approach has worked well between the partner authorities over a number of years on a range of programmes including most recently the Welsh Government Transforming Towns programme which follows the same basic model as proposed here.
17. The approach will be to deploy the following delivery methods in all cases being clear on local and regional benefit of activities proposed:
  - Carefully chosen grant schemes that enable businesses and communities to benefit from programme opportunities
  - Commissioned activity at local and regional where there is a direct benefit to the people in their communities and businesses across the region, with direct applicability during the programme period
  - Procured activity at local and regional level
  - Opportunities to work across regions where appropriate, adding value where there is specific evidence of local benefit
  - In-house delivery where appropriate and commensurate with organisational duties
  - Ensuring appropriate match funding input depending on scale and nature of activity and avoiding paper-chase distracting from project delivery
  - Ensuring genuine engagement from project deliverers and evidence of capacity to deliver
  - Ensuring project deliverers have sufficient capacity to manage and deliver projects effectively

- Multi-agency approaches where appropriate and ensuring sufficient administrative capacity to operate projects effectively.
18. Guidance-permitting these approaches will be used individually or in combination subject to the needs of particular activities and projects.
  19. Four modes of delivery are being progressed. In order of implementation these are:
    - I. Anchor projects: These are major projects run primarily in-house that will deliver significant parts of the investment strategy. They will focus on specific DLUHC themes (Communities and Place, Supporting Local Business, People and Skills including or excluding Multiply), and may also tackle themes that run across the DLUHC themes (e.g., poverty), or a mixture of the two. There is no assumption that the same anchor projects will run across the region. Anchor teams will comprise of both new and existing staff to ensure these are properly resourced to reduce delivery risk. Each Anchor project will be co-ordinated through a local board to include organisation(s) involved in delivery.
    - II. Grant schemes: For the most part these will be thematic and integrated into the anchor projects, but can stand alone if necessary. It is envisaged that these will provide:
      - a) Grants to voluntary and community groups (also town and community councils) under the Communities and Place theme.
      - b) Grants to businesses under the Supporting Local Businesses theme for capital equipment and innovation, to support start-ups and achieve decarbonisation.
      - c) Grants primarily to the third sector and private sector to support activity previously supported by the WCVA Active Inclusion programme, or similar, where there is evidence that funding will prove an effective and efficient use of resources.
    - III. Standalone projects: These will be invited by competitive bidding rounds to fill clear gaps in strategy delivery that are not being met by 1 and 2 above.
    - IV. Procured projects: These will be specified and procured to deliver precisely defined activity that is not being fulfilled by 1, 2 and 3 above.
  20. Constructive dialogue has taken place with Welsh Government officials across a range of departments to ensure that SPF activity is designed to complement WG provision and pick up areas that are not funded. This is particularly important in areas such as grant support for small businesses and community organisations to ensure seamless provision. Anchor teams are part of this design to ensure a central point of contact in each local authority area, and these anchor teams meet on a regional basis to ensure consistency of approach.

## WG Transforming Towns

21. The region has been working constructively for several years now on the range of town centre funding instruments that form the Welsh Government Transforming Towns programme. Swansea Council acts as regional lead in supporting management of the programme, with a strong and mature working relationship between all four local authorities having developed over the course of more than a decade of regional working.
22. The current 3 year funding window from Welsh Government amounts to £27m of funding for the region over 3 financial years to 2024/25. Funding spread across the region is broadly even, but a longer term view is taken on the range of quality schemes coming forward and the range of timing and delivery issues that impact capital schemes. Teams meet on a monthly basis to review progress, update on new schemes, both regionally as local authorities, and on a bilateral monthly basis with the Welsh Government Regeneration Team.

23. The programme comprises the following elements:

### Placemaking grants

- max £250k for smaller scale public realm and small buildings (public, private and community)

### Strategic projects

- usually around £2.5m grant subject to viability gap
- usually commercial/community/market rent gap
- Example projects – Castle Square Swansea, Riverside Haverfordwest, Neath Town Centre, Tyisha/Goods Shed Llanelli
- Public sector grant can go up to 70% but usually considerably lower
- Private sector intervention rates usually 45% or less against proven viability gap – new subsidy control regime impacts this
- engagement with WG Regeneration team to get projects agreed and submitted for approval
- Strong pipeline of demand from private sector

### Town Centre Loan Fund

- 0% interest loan over 5-7 years
- Targeted at under-utilised, derelict sites or premises
- Commercial or market rent schemes
- Usually up to £1m per project aimed at private sector
- Available for SME developers (could perhaps work as partnership)
- Very popular as bridging for acquisition and development of larger private sector projects
- Strong pipeline of demand from private sector.

24. The programme works successfully in the region, and the emerging SPF programme follows a similar style of working. A growing range of successfully delivered projects in the region is testament to this, carefully aligned to the Regional Economic Delivery Plan.

25. Future opportunities include closer alignment with UK Government Levelling Up Fund future rounds and increasing levels of interest from private sector developers as viability gaps begin to close as a result of the impact of this programme.

#### The Celtic Freeport Bid

26. The Celtic Freeport Consortium comprising Associated British Ports (ABP), Neath Port Talbot Council, Pembrokeshire County Council and the Port of Milford Haven, combined with support from private sector and other stakeholders, has submitted a bid for a Celtic Freeport with the UK and Welsh governments. A decision on this bid is expected in March 2023.
27. If successful, the Celtic Freeport will deliver significant inward investment which will accelerate investment in green energy industries and skills. Such investment will support the roll-out of floating offshore wind (FLOW) in the Celtic Sea, in addition to supporting the region's ambition to create a green investment corridor. It is expected to support over 16,000 jobs and generate up to £5.5 billion of new investment in the region.

#### Swansea Bay City Deal (SBCD)

28. The SBCD is now in its fifth year of operation with all nine programmes and projects approved by December-21 by the Region and UKG / WG.
29. The SBCD complements the work of the SWW CJC, through the promotion of regional collaboration and through the delivery of its portfolio of programmes and projects. The portfolio activities directly contribute to the first well-being objective of the CJC, to the Ambitions and Missions of the Regional Economic Delivery Plan and to the strategic priorities of the Regional Energy Strategy.
30. The portfolio is on target to achieve its investment objectives of:
- Jobs - To create over 9,000 skilled jobs aligned to economic acceleration, energy, life sciences and smart manufacturing across the region within 15 years (2017-33). To date 524 jobs have been created across the programmes and projects of the SBCD
  - GVA - To contribute £1.8-2.4 billion GVA to the Swansea Bay City Region by 2033 and contribute to the region achieving 90% of UK productivity levels by 2033. Economic impact to be measured in evaluation processes for projects and programmes e.g., S4C based in Yr Egin generated an economic impact of £18.2m in the economy of Carmarthenshire in 2019-20
  - Investment - To deliver a total investment in the region of £1.15-1.3 bn in the South West Wales Regional economy by 2033. As at the end of 2022-23 financial year it is estimated that £18.55m of private sector investment has been drawn down, which aligns with the profiling for the overall portfolio.
31. A detailed list of SBCD Projects / programme highlights is attached at Appendix C.

## Regional Energy Strategy

32. The South West Wales Regional Energy Strategy (RES) was endorsed as the regional energy strand of our work programme at the meeting of the South West Wales Joint Committee on 15 March 2022. The RES is supported by an energy and economic modelling analysis, and the baseline assessment (as of 2017) identified that:
- South West Wales consumes around 36% of all energy in Wales, more than its 22% share of the population, partly due to the concentration of very large industrial sites in the region
  - The region's total energy demand is dominated by the commercial and industrial sector, which makes up 68% of the total demand (with domestic demand accounting for 17% and transport accounting for 15%)
  - Renewable assets located in South West Wales currently generate the equivalent of 44% of the region's energy consumption
  - South West Wales hosts 27% of Wales' renewable energy capacity
  - 46% of renewable generation in South West Wales is from on-shore wind projects and 45% from solar photovoltaics
33. The RES vision for South West Wales is as follows:  
*'Harnessing the region's low carbon energy potential across its on and off-shore locations, to deliver a prosperous and equitable net zero carbon economy which enhances the well-being of future generations and the region's eco-system at a pace which delivers against regional and national emissions reduction targets by 2035 and 2050'.*
34. The RES priorities for delivering this Vision are as follows:
- Energy efficiency
  - Electricity generation
  - Smart and flexible systems
  - Decarbonise heat
  - Decarbonise transport, and
  - Regional coordination.

### Alignment with Regional Economic Delivery Plan

35. As outlined in section 1 of this report, the REDP sets the vision for the broader regional economy; more specifically identifying three 'Ambitions' supported by three complementary Missions. Mission 1 refers to 'Establishing South West Wales as a UK leader in renewable energy and the development of a net zero economy: taking forward the region's major energy related projects and driving the benefits through the region (via industrial decarbonisation, supply chain opportunities). The underpinning analysis of the region's economy identifies a number of highlights including '...the region has a number of distinctive strengths and opportunities...linked with the regional energy potential (and) university-industrial links...there is a 'window of opportunity' in relation to green energy and net zero...'



36. The synergy between the regional economic and energy agendas is most clearly demonstrated through a number of major projects such as the proposed Freeport (and focus on floating off-shore wind, hydrogen and carbon capture; paragraph 2.5 refers) ), the suite of Swansea Bay City Deal projects (para 2.6 and Appendix 2 refers) and nascent schemes such as the Global Centre of Rail Excellence (UK's first net zero railway), the Blue Eden tidal lagoon project , the proposed South Wales hydrogen pipeline ('Hyline Cymru') and the (RWE) Pembroke Net Zero Centre.
37. Underpinning this programme of pan-regional energy projects is a suite of smaller scale local and regional projects – from ULEV roll-out (in the transport sector) to local authority and broader public sector net zero (2030) programmes, through to collaborative Public Service Board and community schemes that support the decarbonisation, climate change and nature emergency agendas.

### Managing the regional energy agenda

38. The region has a well-established structure for supporting and coordinating energy activities and interventions. An Energy Core Group (local authorities, Welsh Government Energy Service and SBCD Portfolio office) meets regularly and is supported and informed by a wider stakeholder advisory group of representatives from across the energy spectrum. Critically, the local authority representation involves senior officers from both economic and energy disciplines, with support also being provided by the EARTH (regional institutional capacity building) team; Appendix B refers.
39. The Energy Core Group work programme is delivered through four 'Task' groups – Domestic energy; Renewable energy generation; Transport and active travel and Commerce and Industry – and a dynamic action planning process that maps activities and interventions across the region.
40. Additional capacity has recently been confirmed following a Welsh Government award of £305k to recruit staff to help accelerate both local and regional energy plans and coordinated delivery. A recent regional application to the UK Innovate Launchpad programme will, if successful, provide a grant pot (c£6m) to assist small businesses in the region who are involved in the renewable energy space. Further support for local and regional energy businesses and projects should also be available from the Shared Prosperity Fund (paragraphs 7:20 above refers).
41. Updates on progress against the Regional Energy action plan will be presented to the CJC Energy Sub-Committee.

### **Developing an integrated approach to CJC functions**

42. Whilst this report has focussed on the CJC's economic well-being 'mandated function' (economic development and energy), there are clear and strong linkages across both the 'regional transport' and 'regional land use planning' functions too.
43. Indeed, the development of a new Regional Transport Plan will identify the infrastructure and systems needed to satisfactorily deliver the region's economic and energy ambitions. Similarly, the development of a regional Strategic Development Plan

will – together with Local Development Plans – ensure that sufficient land is identified and allocated to accommodate the business growth and complementary housing, educational, social and recreational activities which will both ensure that the region grows sustainably and help reverse the leakage of skills and investment.

44. In summary, building an integrated approach to the CJC’s ‘mandated functions’, regional plans and programmes will be key to maximising our ability to deliver on the joint ambition.
45. The SWW CJC has limited influence on current and proposed project / programme activity required to support the delivery of the REDP ambitions. It should also be noted that there is no dedicated regional resource available to support delivery of the CJC’s economic well-being ‘mandated function’. Use where appropriate is currently being made of the EARTH Programme (Appendix B refers), although funding for this programme ceases summer 2023.

### **Timescales**

46. This report sets out an overview of the considerable activity across the region, much of which is at various stages however all offer potential to align and contribute to the Corporate Objectives of the CJC as outlined within its emerging Corporate Plan 2023-2028.

### **Financial Impacts:**

47. There are no new financial related to this report. This report has set out the range of funding sources and proposed investment frameworks which have the potential to align and contribute to the Corporate Objectives of the CJC as outlined within its emerging Corporate Plan 2023-2028.

### **Integrated Impact Assessment:**

48. The CJC is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:
  - Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
  - Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - Foster good relations between people who share a protected characteristic and those who do not.
  - Deliver better outcomes for those people who experience socio-economic disadvantage
  - Consider opportunities for people to use the Welsh language
  - Treat the Welsh language no less favourably than English.

- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

49. It is not considered that an Integrated Impact Assessment (IIA) is required for this report as it does not seek a substantive policy decision from Members. Members will note that the formulation of the Draft Corporate Plan has allowed for the identification of a draft equality objective, which is set out below for ease of reference:

*“To deliver a more equal South West Wales by 2035 by contributing towards:*

- (a) The achievement of the [Welsh Government’s long-term equality aim](#) of eliminating inequality caused by poverty;*
- (b) The achievement of the [Equality statement set out in Llwybr Newydd](#) which is to make our transport services and infrastructure accessible and inclusive by aiming to remove the physical, attitudinal, environmental, systemic, linguistic and economic barriers that prevent people from using sustainable transport; and*
- (c) The achievement of the [Welsh Government’s long-term equality aims](#) of cohesive communities that are resilient, fair and equal and where everyone is able to participate in political, public and everyday life.”*

**Well-being of Future Generations (Wales) Act 2015 (and emerging CJC Corporate Plan and its identified well-being objectives):**

Alignment with CJC Corporate Plan 2023-2028 (draft/emerging at the time of writing) and the identified CJC Well-being objectives:

- 50. The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the ‘well-being goals’.
- 51. Members will note that the formulation of the Draft Corporate Plan has allowed for the identification of well-being objectives for the CJC. It is considered that this report aligns to the emerging corporate policy framework of the CJC , most notably in terms of Draft Well-being objective 1 which is outlined below for Members ease of reference: *“To collaboratively deliver the Regional Economic Delivery Plan and Regional Energy Strategy thereby improving the (decarbonised) economic well-being of South West Wales for our future generations.”*

**Workforce Impacts:**

- 52. There are no new workforce impacts for Members to be concerned with in relation to this report.

**Legal Impacts:**

- 53. There are no specific legal impacts for Members to be concerned with in relation to this report. The CJC is able to exercise economic well-being powers.

**Risk Management Impacts:**

54. There are no specific risk management impacts for Members to be concerned with in relation to this report.

**Consultation:**

55. There is no requirement for consultation in respect of this report.

**Reasons for Proposed Decision:**

56. To ensure that the Committee is fully aware of the progress being made.

**Implementation of Decision:**

57. This decision will be implemented following the three day call in period.

**Appendices:**

Appendix A – Copy of the REDP.

Appendix B - Schedule of projects and programmes.

Appendix C - SBCE Projects / programme.

**List of Background Papers:**

There are none