

Swansea Bay City Region Joint Scrutiny Committee

(Remotely via Teams / Hybrid meeting in Council Chamber)

Members Present:

28 February 2023

Vice Chairperson: Councillor T.Bowen

Councillors: S.Yelland, R.Sparks, C.Holley, A.Dacey and M.Harvey

Officers In Attendance H.Mowbray, M.Shaw, J.Burnes, A.Thomas, and L.Willis, P.Austin, P.Ryder, C.Moore, T.Rees

1. **Chair's Announcements**

There were no Chairs announcements.

2. **Declarations of Interest**

Cllr. Mike Harvey - Item 4 – Personal, Non-Prejudicial - Cllr. Harvey is a Designing Out Crime Officer with South Wales Police, and he has given advice on several projects and is still involved with them.

3. **Minutes of the Previous Meeting**

The minutes of the meeting held on 6th September 2022 were approved as an accurate record of the proceedings.

4. **Swansea City & Waterfront Digital District Update**

Members were updated on the Swansea City Waterfront Digital District by Officer Huw Mowbray. The presentation focused on three projects.

- Digital Square Arena -Swansea
- 71-72 Kingsway - Swansea
- Innovation Matrix and Innovation Precinct – Trinity Saint David's

There were no questions from Members.

5. **Supporting Innovation & Low Carbon Growth Progress Update**

Lisa Willis Strategic Funding Programmes Manager for Neath Port Talbot Council gave members an update on the progress of the Supporting Innovation & Low Carbon Growth Program focusing on updates to the seven interlinked projects.

- Bay Technology Centre
- South Wales Industrial Transition from Carbon Hub (SWITCH) with Swansea University (delivery partner)
- Advanced Manufacturing Production Facility (AMPF)
- Property Development Fund (PDF)
- Low Emissions Vehicle Charging infrastructure.
- Air Quality Monitoring Project (AQMP)
- Hydrogen Stimulus Programme with USW

Members sought clarity on what parts of the Port Talbot Waterfront area were involved. Officers clarified that it would be the waterfront enterprise zone area, which includes Harbourside Park and Baglan Industrial estate.

Members also wanted to clarify if the Welsh Government owned the old BP site and if it was part of the plan. It was confirmed by officers that Baglan Energy Park land has been purchased by Welsh Government and the Authority is looking to locate the advanced manufacturing production facility there and are working closely with Welsh Government on that.

Members requested an update on the Hydrogen Stimulus Program on page 175 of the report.

Officers explained that the newly constructed Bay technology Centre is located on Baglan energy Park, which is near to the University of Wales Hydrogen Research Centre.

Officers explained that there is currently a small capacity to generate, hydrogen. The proposal is that the excess renewables generated by the renewable energy from the Baglan technology centre will be converted to hydrogen by the University of Wales Research Centre.

The University of Wales Research Centre are going to purchase a bigger electrolyser kit to convert green hydrogen. Due to several power issues on the Baglan energy park, a hardwire from the Bay Technology Centre to the University of Wales Hydrogen Centre wasn't possible.

Officers advised that the green hydrogen is being looked at being used for NPTCBC fleet but more research being done.

Officers explained that hydrogen is more useful for larger vehicles. rather than smaller vehicles. Refuse vehicles were given as an example of a more suitable option for hydrogen.

It was agreed that the Officers would provide a more technical note to members regarding this.

Members noted the challenges of infrastructure and deployment currently.

Following scrutiny, the Committee noted the report.

6. **Assessment of Increasing Construction Costs**

Peter Austin of Carmarthenshire County Council gave Members an update on the assessment of the increasing construction costs based on the report.

Factors contributing to the increased costs of construction were attributed particularly to the effect of the war in Ukraine on energy prices. Although other contributing factors highlighted were inflation, Brexit and Covid-19.

The report highlighted that these increasing costs have been estimated at a £30,000,000 shortfall across the portfolio if circumstances continued as they were at the time of the report. Officers explained the options they have looked at to mitigate the situation.

There was a discussion relating to the issue of inflation and the already agreed fixed price contracts in the report. It was discussed that with inflation, there is every possibility that the contractors may not be able to absorb the cost increases and the challenges around how to deliver the projects at the price agreed originally. Officers

explained that it would be a case of looking at what could be mitigated by alternative procurement of materials or alternative design.

It was discussed that the projects may well end up requiring additional money being spent to meet the project minimum expectations or 'value engineering' may be required to reduce what is being done.

Officers advised that other discussions will be looked at with contractors about what can be done, an example was discussing not having a fixed price contract and mutually agree a price realistic to the market.

Officers advised that all infrastructure projects in the UK are experiencing these issues and mitigations. Identifying further funding has been looked at for some projects to plug the gap and officers are vigilant and monitoring the situation of any changes to costs and quality to mitigate where they can.

Following scrutiny, the Committee noted the report.

7. **Swansea Bay City Deal Financial Monitoring 2022/23 - Provisional Outturn Position Quarter 3**

Members received an update on the Swansea City Deal Financial Monitoring 2022/23 Provisional outturn position for quarter 3 from Anthony Parnell Treasury Pensions Investment Manager for Carmarthenshire County Council.

Members wanted clarity on what was meant by 'the annual provision underwinding PMO'.

Officers explained that it is an accounting treatment, the intention is that the PMO is a fixed term for around 5 years. There is a provision for redundancies if they ever came about.

Members also wanted to know whether the underspends are transferred to other projects.

Officers advised that the underspends remain with the projects for now but are regularly reviewed by the project officers. Following that discussion, members also queried that the report stated that the

Arena was reappportioning. Officers advised that a better terminology for this would be slippage as they are having to move things because of contracts, recruitment funding etc. The money is still intended to be used.

Members asked if there was an idea of when the Portfolio Management Office will be wound down. Officers advised that it is too early to say but there is a finite amount of money available. At present the officers believe there is enough money to complete all projects in terms of infrastructure as they have money banked to extend it. The section 151 officer is looking at what is needed.

Following scrutiny, the Committee noted the report.

8. **Swansea Bay City Deal Quarterly Monitoring Report**

Members received a summary of the Quarterly monitoring report from the , Programme Director of Swansea Bay City Deal.

Members had questions relating to benefits realisation on jobs. Members wanted to know when it was likely jobs would be created. Officers advised that majority of jobs will be created in and around construction as well as created in businesses around the projects.

Officers used Pembroke Dock Marine as an example where there are jobs created already but have not been reported through the system yet. Officers also explained that there are businesses that are attracted by the project that will help to generate jobs. Officers explained that job creation will be a long process.

Members wanted clarity on whether job creation is on track based on the timeline. Officers said they were behind based on the signing date of 2017 for City Deal, however, the officers believe they are on track when you consider the delayed start to City Deal.

Officers also suggested that economic appraisal for the Arena would provide more understanding on the impact on jobs. The Arena acts as a magnet for businesses, jobs, and economic growth and this may be helpful to be done after a year. Officers advised that they are in a process of getting those economic appraisals done for projects they can once they are built.

Following scrutiny, the Committee noted the report.

9. **Portfolio Carbon Reduction Assessment Report**

This item was not scrutinised.

10. **Forward Work Programme 2022/23**

Officers advised that Pentre Awel and The Skills and Talent Program may be worth the Committee considering in line with the Forward work Programme. This is because Pentre Awel will be presenting at the next board meeting and the Skills and Talent Programme had just gone through an External Gateway review.

The Chair noted the information from the officers.

That the Committee noted the Forward Work Program. Members requested an update on digital infrastructure regional projects which will be added to the Forward Work Program and officers will be advised accordingly.

11. **Urgent Items**

There were none.

CHAIRPERSON