

SWANSEA BAY CITY REGION JOINT SCRUTINY COMMITTEE

DATE 4th July 2023

Provisional allocation of £5.3m SBCD Funds and SBCD Supporting Innovation & Low Carbon Growth (SILCG) - Advanced Manufacturing Production Facility (AMPF) Project Amendment Summary

RECOMMENDATIONS/KEY DECISIONS

To note Joint Committee's decision to:

1. Support the updating of the Supporting Innovation and Low Carbon Growth (SILCG) business case in order to include enhanced Advanced Manufacturing Production Facility (AMPF), namely inclusion of a National Net Zero Skills Centre of Excellence.
2. Approve the £5.3m unallocated SBCD funding is in principle allocated to Neath Port Talbot Council for the purposes outlined in the enhanced Advanced Manufacturing Production Facility Project Summary attached at Appendix A.
3. Approve the Business Case proceeding through the business case approval and change process as outlined in Appendix B.

REASONS

1. Introduction

1.1 Since the introduction of the Supporting Innovation and Low Carbon Growth programme into the SBCD portfolio, following the removal of Centre of Excellence in Next Generation Services (CENGs), Factories of the Future and Steel Science Centre projects by Neath Port Talbot Council (NPTC) there has been £5.3m of the SBCD £241m funding unallocated to any Programme or Project.

2. Background

2.1. NPTC replaced their standalone Centre of Excellence in Next Generation Services (CENGs), Factories of the Future and Steel Science Centre projects with the Supporting Innovation and Low Carbon Growth (SILCG) Programme of seven interlinked projects in 2019.

This was in response to a number of key drivers: the two reviews of the Swansea Bay City Deal in 2019, Welsh Government climate change emergency, the macro-economic situation, and current strategies in the region, in particular the Port Talbot Waterfront Enterprise Zone Strategic Plan. As a result, it was approved for inclusion in the City Deal portfolio by NPTC's Cabinet in July 2019 and subsequently approved by the SBCD Joint Committee.

- 2.2.** The SILCG programme met the original Critical Success Factors and subsumed relevant parts of the CENGs and Steel Science Centre projects. Factory of the Future was also no longer supported as one of the prioritised projects. The total investment of the initial three projects was £53m.

At the Strategic Business Case stage (JCA Schedule 7) the sum of £53m was allocated to Neath Port Talbot led projects to deliver the stand-alone projects.

The SILCG Programme Business Case was developed and approved through the SBCD governance between January 2020 and March 2021. The SILCG Business Case required £58.7m of total investment, of which, £47.7m was funded from the City Deal, £5.5m from other public sector funds and £5.5m from private funding.

- 2.3.** The Welsh Government and UK Government approved the SILCG Programme on 20th August 2021 for the requested £47.7m.
- 2.4.** Consequently, a residual of £5.3m City Deal funds, originally allocated to NPTC led projects remains unallocated to a specific project within the Portfolio. There is no record of the £5.3m being committed within the SBCD Portfolio. Noting that the £5.3m was originally allocated to NPTC led projects when the SBCD was originally agreed and formed.
- 2.5.** NPTC have subsequently raised the prospect of an amendment to the existing SILCG Business Case with the PoMO. The amendment accounted for the unallocated £5.3m funding, linked to the Advanced Manufacturing Production Facility project (AMPF) with the prospect of creating a National Centre of Excellence for Net Zero Skills which will support the projects within the SILCG programme, Homes as Power Stations project in addition to complementing the regional Skills and Talent project which aims to create a Centre of Excellence for Skills. The facility would also support the wider region e.g. Freeports, Floating Offshore Wind (FLOW), Blue Eden Project and Pembroke Dock Marine (PDM). The Project Amendment Summary is attached at Appendix A.
- 2.6.** The Joint Committee Agreement does not provide any specific mechanism for the allocation of unallocated funding, however Section 12 of the Joint Agreement deals with the process of funding projects and section 12.6 sets out the process for withdrawal and replacement of projects, which is useful guidance as to what to do with the unallocated funding or amendments in projects.

2.7. The process provides that if a Project Authority Lead informs the PoMo of the need for a project to be withdrawn that Authority may then propose a new project to replace the project withdrawn. Clause 12.6 (e) provides that it is the Joint Committee who would decide (if following the 12.6 process to replace a project) whether the new project proposed should replace the previous one or whether there should be a bidding process for a new project or reallocation of funding to another project.

2.8. The Programme Board recommendation is that NPTC are given the opportunity to amend and develop a business case based on that attached at Appendix A and to proceed through the Business Case approval and change process as outlined in Appendix B. This was endorsed by Joint Committee in May 2023. The funding and allocation was originally agreed for NPTC projects and should be retained for NPTC projects subject to approval of the amended business case by Joint Committee and UK/WG.

2.9. The PoMo will continue to work with NPTC officers to update the Business Case ready for submission for formal approval later this year. In the meantime NPTC will develop a timeline for Business case approval.

Appendices:

A: SBCD Supporting Innovation & Low Carbon Growth - Advanced Manufacturing Production Facility Project Amendment Summary

B: Business Case update and approval summary

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