

Executive Board Meeting

4th June, 2018

Subject: Swansea Bay City Deal

Purpose:

To approve the establishment of the Swansea Bay City Deal Joint Committee and the associated funding streams.

Recommendations / key decisions required:

- Members to approve the establishment of the Swansea Bay City Deal (SBCD) Joint Committee and associated governance structure
- Members to endorse the draft Joint Committee Agreement and grant delegated authority to the Chief Executive, in consultation with the Leader, to make such minor amendments to the Agreement as are required and agreed between the partner Authorities and the UK and Welsh Governments to finalise the agreement.
- Members to endorse the establishment of a Swansea Bay City Deal Joint Scrutiny Committee.
- Members to endorse the proposal that Carmarthenshire County Council contributes £50k per annum over 5 years to jointly cover operating costs for the Joint Committee, Economic Strategy Board, Programme Board, Joint Scrutiny Committee, Accountable Body and Regional Office functions and approves the principle that further funding is provided equivalent to the 1.5% top slice of the City Deal funding allocation. The agreement of the basis of the provision of this funding to be delegated to the Director of Corporate Services in consultation with the Executive Board Member for Resources.
- Members to authorise the Director of Corporate Services (Section 151 officer) to explore and implement the most appropriate proportionate borrowing to fund Regional projects delivered in Council respective areas.
- Members to authorise the Director of Corporate Services to negotiate with colleague Directors the most appropriate allocation basis for the regional non domestic rate retention in respect of the 11 projects.

Reasons:

To establish governance structures in order to progress the Swansea Bay City Deal. It should be noted that the other three local authorities, Pembrokeshire County Council, Neath Port Talbot County Borough Council and the City and County of Swansea, are taking similar reports to their Cabinets and Councils at this time.

Relevant scrutiny committee to be consulted: NA

Exec Board Decision Required	YES
Council Decision Required	YES

EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER: Cllr Emlyn Dole - Leader		
Directorate: Chief Executives		
Mark James	Designation: Chief Executive	Tel No: 01267 224110
Report Author: SBCD Regional Office		Email: mjames@carmarthenshire. gov.uk

EXECUTIVE SUMMARY

Executive Board

4th June, 2018

Swansea Bay City Deal

1. BRIEF SUMMARY OF PURPOSE OF REPORT

Council approval was received from each of the four local authorities of Swansea, Neath Port Talbot, Carmarthenshire and Pembrokeshire to sign a City Deal agreement (Heads of Terms), worth a total value of £1.3bn. This was subsequently signed with UK and Welsh Governments on the 20th March, 2017. The signing of the document confirmed joint commitment by all four local authorities to implement the Swansea Bay City Deal proposals along with other specific areas namely wider economic development matters including planning and transport.

Since the signing, the Swansea Bay City Deal has been operating in Shadow form in order to maintain momentum and develop the necessary governance arrangements that will enable the region to deliver the Swansea Bay City Deal programme. This has involved the development of the Joint Committee Agreement (JCA) which provides the legal framework within which the Swansea Bay City Deal will operate

Detailed discussions with the WG have also taken place and it has been agreed that:

- SBCD Local Authorities are able to retain 50% of the additional net yield in the non-domestic rates generated by the 11 projects which are to be delivered by the Deal.
- That the SBCD Local Authorities are able to utilise funding flexibilities in respect of the revenue based project expenditure, details of which are now included with the Joint Agreement.

The attached report sets out governance proposals and related financial requirements as well as key functions that need to be formally established.

2. OTHER OPTIONS AVAILABLE AND THEIR PROS AND CONS

There are currently no alternative options of the scale of the City Deal, particularly with the current situation around Brexit and EU funds.

The £1.3 billion City Deal investment programme provides a once in a generation opportunity to increase prosperity and opportunity in the urban and rural areas across Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea.

Through an innovative private and public partnership, the Swansea Bay City Deal will considerably boost growth in sectors including digital enterprise, life science and well-being, smart manufacturing and sustainable energy production. The Deal will also work to ensure that our current and future workforces are equipped with the skills, knowledge and experience to take advantage of opportunities created through the City Deal. This will help build the region for local people and local businesses as the major projects unfold.

With the Swansea Bay City Deal Heads of Terms firmly signed, there is a need set in place robust governance arrangements and to continue the momentum and excellent progress already made to ensure that the Region is in a position to begin delivering against its ambitious and extremely exciting transformational plans.

DETAILED REPORT ATTACHED?	YES Draft Joint Committee Agreement WG Capital Funding Guidance document

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: Mark James

Chief Executive

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
YES	YES	YES	YES	YES	YES	YES

1. Policy, Crime & Disorder and Equalities

The Swansea Bay City Deal is an excellent example of working in partnership with other councils, universities and education providers, health boards, UK and Welsh Governments, and the business community. It demonstrates what collaboration and joined-up thinking can achieve for our citizens.

The Well-being of Future Generations (Wales) Act 2015 - the City Deal is a good example of the 5 Ways of Working promoted by the Act and will make a significant contribution to the 7 well-being goals.

The City Deal is a 15 year programme which provides an opportunity to address persistent challenges such as climate change, poverty, inequality, jobs and skills and rurality in a transformational and preventative way.

It is also an opportunity for the 4 authorities to demonstrate how they are using the 5 Ways of Working to maximize their contribution to the well-being goals required under the Act, through a major public and private investment programme.

2. Legal

The Swansea Bay City Deal Joint Committee shall be governed by the provisions of the Joint Committee Agreement.

The terms of the Joint Committee Agreement commits Carmarthenshire County Council to discharge its responsibilities to meet the requirements of the Heads of Terms document signed on 20th March, 2017.

3. Finance

The structure of the deal in terms of financing will be based on a 15 year programme. The four local authorities will be asked to borrow the required sum (each Local Authority will fund its relevant projects) and the funding will be drawn down as projects develop over a period of 5 years.

The capital borrowing (in respect of the Government funded element) for the SBCD projects will be re-paid by Government funds (UK & Welsh government) over the 15 year period. The exact level of borrowing and the structure and terms of the borrowing is yet to be confirmed, however it will be calculated based on the amount required per relevant local authority and will be agreed based on the principles of the Prudential Code and the Treasury Management Strategy and Policy for each Authority. When further details of the investments required for each project are known, a full business case appraisal for each individual project will be completed and submitted to the relevant local authority for approval before submission to the Joint Committee. These full business cases will include the detailed funding proposals and requirements of the local authority.

To support the interest costs for each Authority, Welsh Government have agreed that SBCD Local Authorities are able to retain 50% of the additional net yield in the non-domestic rates generated by the 11 projects. The basis of the allocation of the rates generated within the SBCD is yet to be agreed.

The Accountable Body has set-up a Swansea Bay City Deal Financial & Legal Group which comprises representatives from each of the four local authorities. The group is tasked at looking at the accounting and reporting implications that will arise from the implementation of the City Deal Programme as well as the borrowing requirements of the City Deal proposal.

There will be a requirement for each Local Authority to contribute £50k per annum over 5 years plus equivalent to 1.5% top slice of the City Deal allocation (Government funding) to cover the operating costs of the Accountable Body and Regional Office functions.

4. ICT

There will be implications on ICT requirements in relation to governance although it is not envisaged that this will be of a significant nature.

The Digital Infrastructure project will present significant opportunities for the Region and each local authority's ICT departments will be engaged in the developments.

5. Risk Management Issues

Each Swansea Bay City Deal project will carry its associated risks which will be mitigated throughout the application and delivery process. A detailed risk analysis will be undertaken for all projects by the Project Delivery Lead as part of the development of the 5 base business model process, and a project specific Risk Register established to assist in the management and mitigation of all risks.

6. Physical Assets

Project Delivery Leads will take full responsibility and ownership of all physical assets funded through the Swansea Bay City Deal.

Associated revenue costs and sustainability will be fully addressed in the respective 5 case business models for each project. Ongoing maintenance and insurance of all such assets will be the responsibility of the respective Project Delivery Lead.

7. Staffing Implications

Each Swansea Bay City Deal project will establish their own project delivery team.

Carmarthenshire County Council, as Accountable Body for the Swansea Bay City Deal, will recruit and host staff responsible for fulfilling the functions of the Accountable Body and Regional Office.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Mark James

Chief Executive

1. Scrutiny Committee

A report on the SBCD City Deal proposals went through the political process in February 2017 with Full Council Approval received in March 2017.

2. Local Member(s)

A member's seminar on the City Deal was held on the 27th July 2016.

A report on the SBCD City Deal proposals went through the political process in February 2017 with Full Council Approval received in March 2017.

The Region has also consulted with Assembly Members last year and recently on 7th February 2018 as well as Members of Parliament through specific briefing sessions held on the 3rd and 10th February 2017.

3. Community / Town Council

4. Relevant Partners

Reports outlining the proposals of the SBCD were submitted and subsequently approved by each of the four local authorities in March 2017.

5. Staff Side Representatives and other Organisations

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Swansea Bay City Deal Heads of Terms Agreement	N/A	Available from Swansea Bay City Deal Regional Office: citydeal@carmarthenshire.gov.uk