

## Audit Committee

22<sup>nd</sup> March 2019

### Subject: Llanelli Wellness and Life Science Village

### Purpose: To receive the findings from the WAO and Independent Legal Reviews on the Llanelli Wellness and Life Science Village

### Recommendations / key decisions required:

- To receive the findings of the Wales Audit Office Review which assessed the Authority's management of process, risk and governance and the protection of public money.
- To receive the findings of the independent legal review undertaken on the procurement and governance of the project, both pre and post Collaboration Agreement.

### Reasons:

To provide assurance on the governance of the Village delivery both during the procurement process and following the signing of the Collaboration Agreement with Swansea University and Sterling Health Security Holdings Limited.

### Relevant scrutiny committee to be consulted:

Not Applicable

### Exec Board Decision Required:

Not Applicable

### Council Decision Required:

Not Applicable

EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER: Cllr. Emlyn Dole, Leader of the Council with responsibility for Economic Development

### Directorate:

Regeneration & Policy

### Name of Head of Service:

Wendy S Walters

### Report Author:

WAO

Acuity Legal

### Designation:

Director of Regeneration & Policy

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## EXECUTIVE SUMMARY

### Audit Committee

22<sup>nd</sup> March 2019

#### SUBJECT

### Llanelli Wellness and Life Science Village

#### Wales Audit Office Review

The Wales Audit Office review commenced in January 2019 and sought assurance that the Council had sound governance and risk management arrangements in place, had complied with its own internal processes, and that it had ensured that public assets were protected. The review consisted of detailed document appraisals.

Wales Audit Office concluded that:

To date, Carmarthenshire County Council has followed appropriate processes and effectively managed risk to protect public money in its activities relating to the Llanelli Life Science and Well-being Village.

The full review is attached.

#### Legal Review

The Council instructed Acuity Legal to review its records in relation to the Project and to report on whether there are any issues of non-compliance with public procurement law in order to provide assurance to the Council that it conducted the process in a fair, robust and compliant manner.

Acuity is a panel adviser to local authorities in Wales under the National Procurement Service for Wales Legal Framework, covering governance work. Acuity did not advise on the procurement process or on the preparation of the Collaboration Agreement.

In summary, the review concluded that:

- The documentation provided by the Council demonstrates that it followed due legal process in the procurement and the award of the Collaboration Agreement to Sterling and the University as a collective party.
- The Project records show good governance and regard by the Council to risk management.
- The documentation provided shows that the Council has not given any binding legal commitments to Sterling or the University which lock those parties into the project, nor has it transferred any land, made loans, offered cash consideration or formed any company or formal joint venture, with either party.
- The Council's actions since the establishment of the Collaboration Agreement, as recorded in minutes of Collaboration Board meetings and in the document itself, also reflect an

approach which incorporated many levels of Council control into the draft legal arrangements, including appropriate veto rights and the creation of new corporate policies to ensure value for money and compliance with local authority governance rules. This was done in keeping with external legal advice.

- The Council had several options available to it in relation to the Collaboration Agreement in response to the recent suspensions of University staff. In order to protect the integrity of the Project and the Council's assets it chose to terminate the Collaboration Agreement, having sought legal advice on its options. The Council took account of a range of relevant considerations when electing to terminate.
- Termination of the Collaboration Agreement does not prevent the Council from engaging with third party participants (including Swansea University) in the future nor does the absence of Sterling Health, in our opinion, have a material adverse effect on funding structures for the Project. Indeed, it gives the Council a greater deal of control to structure finance in a way which best fits its aspirations for the Project.
- Through the period we have reviewed, the Council's officers have, in our view, taken prudent steps to manage the Project in a safe and well considered legal and financial environment.
- In our view, there has been no misuse of, and no risk posed to, public funds.

Detailed report attached?	Yes
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## 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: Wendy Walters Director of Regeneration of policy**

Policy, Crime & Disorder and Equalities <b>YES</b>	Legal <b>YES</b>	Finance <b>YES</b>	ICT <b>YES</b>	Risk Management Issues <b>YES</b>	Staffing Implications <b>YES</b>	Physical Assets <b>YES</b>
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### 1. Policy, Crime & Disorder and Equalities

- The project will be compliant with policy as part of the City Deal initiative.
- Crime and disorder are key considerations of the project and the site aims to achieve the 'Secure by Design' standard.
- A Health Impact Assessment has been undertaken to reduce health inequalities.
- The Full Business Case outlines strategic alignment across all partners.
- The Village aligns with the Wellbeing of Future Generations (Wales) Act 2015, with the Project Management Office using the 5 ways of working. The project will make a demonstrable contribution to the 7 National Goals.
- All public sector partners operating onsite will be expected to comply with the Welsh Language Standards. Private companies will be encouraged to use the Welsh Language and offered practical support to foster take-up.

### 2. Legal

- Project is part of the City Deal agreement, signed March 2017
- Procurement and Collaboration Agreement with partners supported throughout by independent legal advice
- Legal advice set out in the advice note produced by Acuity Legal to cover both the procurement process and the management of the Collaboration Agreement and partners.
- The termination of the Collaboration Agreement on December 6<sup>th</sup>

### 3. Finance

Public and private capital is required to deliver the Wellness Village.

### 4. ICT

- Full Digital Strategy in development.
- Data sharing initiatives will need to be agreed in line with legislation and policy

### 5. Risk Management Issues

- Risk strategy and appropriate mitigation planning is maintained across all elements of the project work stream, procurement and planning.
- The development of the delivery structure will be subject to legal scrutiny and therefore the Council's risk exposure will be mitigated.
- A risk that Swansea University does not continue to be part of the project.
- Project delay due to the current reviews underway remains a risk

### 6. Physical Assets

- New physical assets will be developed as detailed within the outline planning application submitted.
- Outline planning application unanimously approved at January 10<sup>th</sup> committee subject to resolution of NRW approval and WG agreement.

### 7. Staffing Implications

- The Wellness Village will bring about positive impacts on employment and staffing – it is projected to create 1,853 jobs by 2034.
- No adverse impacts are expected on existing staffing.

## CONSULTATIONS

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

Signed: **Wendy Walters** Director of Regeneration and Policy

### 1. Scrutiny Committee

A special Community Scrutiny Committee was held on 23<sup>rd</sup> January 2019 to consider the Wellness Village project.

### 2. Local Member(s)

Constituent and adjacent Ward Members fully briefed at all key project milestones: Cllr. John Prosser, Cllr. Louvain Roberts and Cllr. Deryk Cundy.

**Extensive engagement has been undertaken on the concept of the Village and its vision.**

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

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

**THESE ARE DETAILED BELOW**

Title of Document	File Ref No.	Locations that the papers are available for public inspection
City Deal papers	Stored on CFP.	The Beacon, Dafen, Llanelli
Procurement papers	Stored on CFP.	Listed within Tender Evaluation Report