

# **Report to Executive Board Meeting, 13<sup>th</sup> May 2019**

## **Swansea Bay City Deal**

### **1. Purpose of Report**

In December 2018 the UK and Welsh Governments announced that an independent review would be carried out into the Swansea Bay City Deal. In parallel with the Governments' review, the Swansea Bay Joint Committee also agreed to undertake an internal review into the Swansea Bay City Deal governance arrangements. Both reviews have now been concluded and are provided for Members' comment and consideration.

### **2. Recommendations:**

It is recommended that Members:

- Accept and comment upon the details of the UK & WG Review and the Joint Committee Reviews
- Continue to review progress
- Agree to delegate to the Leader, in conjunction with the Chief Executive, Monitoring Officer and Section 151 Officer, authority to agree changes, where considered appropriate, to the Joint Committee Agreement (JCA) in line with the recommendations of the reviews. The changes would not apply to any material change to the Council's legal and financial obligations under the JCA, such matters are reserved for Members' decision.

### **3. Background**

In December 2018 the UK and Welsh Governments announced that an independent review would be carried out into the Swansea Bay City Deal. The findings of the review were published on the 15<sup>th</sup> March 2019 and considered by the Swansea Bay City Deal Joint Committee on the 28<sup>th</sup> March 2019. A copy is appended at Appendix 1.

In addition, the Swansea Bay Joint Committee, at its meeting held on the 14<sup>th</sup> December 2018, resolved that an internal review into the Swansea Bay City Deal governance arrangements would also be undertaken in parallel with the UK and Welsh Government Independent Review. It was agreed that Pembrokeshire County Council would lead the Internal Review supported by a nominated Senior Auditor from Carmarthenshire, Neath Port Talbot and Swansea Councils. The Joint Committee noted the final terms of reference at its meeting held on the 24<sup>th</sup> January 2019. A copy of the findings is appended to this report. (Appendix 2).

Cognisant of events within Swansea University and the University's involvement in the Life Science & Wellbeing Village project, Executive Board Members considered it necessary to seek further assurance from officers, Wales Audit Office as well as external expert legal advice on the procurement and governance of the project. These reports concluded that all due processes had been followed and that no public money was ever put at risk. These reviews were considered by the Executive Board on the 4<sup>th</sup> March 2019.

## **4. Summary of Review Findings**

### **UK & WG Independent Review**

The Independent Government Review was commissioned to provide all parties with assurance that the structures, processes and governance are in place to deliver a robust and successful deal. The findings of the review were published on the 15<sup>th</sup> March 2019 and 7 recommendations made to improve the deliverability of the Deal's outcomes. These include:

- Pre-scrutiny should be encouraged but direct and regular face-to-face contact between those writing the Business Cases and those providing comment upon them and advising those who will grant approval is essential
- The Regional Office should be designated as a Portfolio Management Office
- The City Team should put in place a best practice Integrated Assurance and Approval Plan (IAAP) for the Portfolio of projects.
- Under the chair of the JSC, each SBCD board should consider the TORs and ways of working of each to ensure that they work as intended, taking account of the review outcomes
- A Portfolio Director should be appointed to ensure continuity of Swansea Bay City Deal leadership and independent authoritative advice to the Boards.
- The SBCD should be managed as a Portfolio not as a set of predetermined and immutable projects
- For Yr Egin and Swansea Waterfront, the two business cases which are considered close to final approval, senior UK Government and Welsh Government and Local Authority officials should aim to reach a swift conclusion to ensure that funding can flow.

### **Joint Committee Internal Review**

The purpose of the Internal Review was to provide assurance to the Joint Committee, including co-opted Members and the wider partnership that the governance arrangements were robust and followed best practice and to identify areas for improvement.

A number of recommendations arose from the independent review as noted below:

- Redistribution of roles and functions to ensure an equitable balance across the SBCD Partnership
- Appointment of an independent Programme Director, securing the independence of the Lead Officer responsible for the Regional Office with a direct reporting line to the Joint Committee.
- The local approach to the delivery of the SBCD projects needs to take account of the interdependencies across the Programme. Consideration should also be given to contingency plans if Government funding is withdrawn at a later date
- The Implementation Plan needs to be revised so that delivery of the projects is prioritised and approved by the Joint Committee
- Membership and remit of the Programme Board and ESB needs to be reconsidered:

The Swansea Bay City Deal Joint Committee formally considered and accepted the findings of both the Independent Government and Internal Joint Committee reviews at its meeting on the 26<sup>th</sup> March 2019. The Programme Board has been tasked with developing an implementation and action plan to progress the recommendations and report back to the next Joint Committee scheduled for the 28<sup>th</sup> May 2019.

## **5. Analysis of the findings**

The findings from both reviews determine that progress has been significantly slow due, in part, to issues with the standard and quality of business cases submitted. It should be noted however that UK and Welsh Governments have made the task of releasing any funding extremely complex and difficult with endless questions being posed on the business cases, with officers waiting several months for any feedback on various iterations of the business plans. It is relevant to note that WG and UK have in recent weeks made significant progress and relations between the Regional Office and civil servants are working well, indeed issues that have been 'in the system' for many months are now making progress.

The level of bureaucracy involved is excessive, despite all the risk, forward funding, work and indeed a significant proportion of the £1.3bn package coming from or to be acquired by the 4 Councils. Risk, it must be noted, sits directly with each Local Authority. To date the Authority, as well as other partners, have committed significant time, money and enormous effort to get their projects moving, yet no funding has been released to the region to assist. Other City Deal areas have had funding up front which has subsequently given their Regional Office/Project Management Office the required resource to engage the necessary capacity.

There is a case for a move away from the current system to one whereby more control and accountability is granted to the region. The level of funding via the City Deal is not significant at £241m. We have received larger sums and delivered major programmes and projects with EU funds, occasionally in partnership with other Councils and without the hurdles that we are currently having to jump through. Councils in the region are well able to deliver complex and large projects and programmes. This Authority alone has delivered a £230m Housing programme; £200m C21st schools programme as well as over £500m of regeneration schemes, all of which without so much bureaucracy

However, Welsh Government's vision for future Regional Economic Plans is very much welcomed and one which may align with the existing City Deal regional structures or at least run parallel. Members must therefore be mindful that the City Deal is much wider than the 11 projects and may open doors to wider opportunities.

A key recommendation of both reviews is the appointment of a Programme Director to oversee the delivery of the City Deal and to provide independent advice to the Joint Committee. Whilst we are not opposed to this appointment, it must be acknowledged that this may have implications on the future management and delivery of the Regional Office which currently sits with this Authority. Should changes involve staff directly employed on City Deal matters, HR implications may come into force and as such the Authority will need to take relevant steps to ensure its staff are protected.

Funding of the proposed City Deal Programme Director is still under consideration, however it is suggested that this additional post would be funded via the Regional Office budget and that current partner contributions of £50k per annum would not be increased. This, however, is very much dependent on top slicing of the City Deal £241k funding.

There is inevitably a need to revise the existing Joint Committee Agreement (JCA). This is accepted, however this may take some time to implement which could have an impact on the timing of project approvals, given that it took nearly 17 months to get the Joint Working Agreement signed off by the 4 Councils and 2 Governments. The Authority's own projects are likely to be effected by any delay due to further negotiations in relation to the JCA. It is therefore imperative that the changes are kept to a minimum. To ensure that this process can progress in a timely manner, it is proposed that Members delegate authority to the Leader, in conjunction with the Chief Executive, Monitoring Officer and Section 151 officer, to agree changes to the Joint Committee Agreement (JCA). The changes would not apply to any material change to the Council's legal and financial obligations under the JCA, such matters are reserved for Members' decision.

The reviews also concluded that the City Deal should be managed as a Portfolio of projects and not as a set of predetermined projects. The Joint Committee has therefore agreed that there is a need to review the status of the current 11 projects, as set out within the Heads of Terms. Neath Port Talbot Council has already publically expressed a desire to review its portfolio of projects.

The implications for Carmarthenshire led projects as a result of this new approach are minimal.

The Council's Llanelli Wellness and Life Science Village Reviews were reported to the Joint Committee at its meeting on the 26<sup>th</sup> March which have shown that no public money or other public assets were ever put at risk. The Joint Committee agreed at its meeting that the Llanelli Life Science & Well-being Village is not on hold and that it will continue to be considered within the first tranche of projects. Similarly, the Economic Strategy Board have also expressed their support to progress with the project at the earliest opportunity.

The Joint Committee has also agreed that both the Skills & Talent and Digital Infrastructure regional projects, both of which are being led by the Authority, be considered as priority projects and be taken forward as the next tranche of projects.

As for Yr Egin, the project is progressing to full approval. A report is being submitted to Ministers for approval "in-principle" subject to some minor questions being addressed.

## **6. Conclusion:**

The recent reviews have provided an opportunity to look at ways to improve the current way of working which will hopefully lead to funding being drawn down into the region over the coming months.

Whilst both UK and Welsh Governments have noted that the reviews will not impact on progress it is inevitable that implementing the changes will take time. This may impact on the pace of project approvals as well as other uncertainties at this point in time such as the future management and delivery of the regional office functions.