

Y BWRDD GWEITHREDOL
Ionawr 23 2017

Bargen Ddinesig Bae Abertawe

Y Pwrpas:

Pwrpas yr adroddiad hwn yw i:

- Ddiweddarau'r aelodau ar drafodaethau rhwng Llywodraeth y DU a Rhanbarth Ddinesig Bae Abertawe ynglŷn â phecyn buddsoddiad y Fargen ddinesig
- Ceisio cymeradwyaeth aelodau i ddirprwyo naill ai Arweinydd y Cyngor neu'r Prif weithredwr i arwyddo cytundeb y fargen ddinesig (Pennau'r Cytundeb) ar y sail a ddisgrifir yn yr adroddiad hwn.

Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:

- I ddirprwyo awdurdod i Arweinydd y Cyngor neu'r Prif Weithredwr, i arwyddo cytundeb y Fargen Ddinesig (Pennau'r Cytundeb) ar y sail a ddisgrifir yn yr adroddiad hwn. Fe argymhellir bod aelodau'n cefnogi'r penderfyniad uchod.

Y Rhesymau:

I ddarparu cyfrifoldeb wedi ei ddirprwyo i arwyddo'r Cytundeb y Fargen Ddinesig (Pennau'r Cytundeb) ar y sail a ddisgrifir yn yr adroddiad hwn. Ar y mater hwn, dylid nodi fod y dair Awdurdod lleol arall (Sir Benfro, Cyngor Bwrdeistref Castell Nedd a Phort Talbot a Chyngor dinas a sir Abertawe) yn cyflwyno adroddiadau tebyg drwy'u Cynghorau a'u cabinetau ar hyn o bryd.

Ymgynghorwyd â'r pwyllgor craffu perthnasol: AMHERTHNASOL

Angen i'r Bwrdd Gweithredol wneud penderfyniad OES

Angen i'r Cyngor wneud penderfyniad OES

YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:- Cyng. M. Gravell (ABG dros Adfywio ac Hamdden)

Y Gyfarwyddiaeth:

Enw Pennaeth y Gwasanaeth:

Awdur yr Adroddiad:

Mark James

Swyddi: Prif Weithredwr

Rhifau ffôn:01267224110

Cyfeiriadau E-bost:

mjames@sirgar.gov.uk

EXECUTIVE SUMMARY
Executive Board
23rd January 2017

Swansea Bay City Deal

1. BRIEF SUMMARY OF PURPOSE OF REPORT

The purpose of this report is to:

- Provide Members with an update on negotiations between UK Government and the Swansea Bay City Region in respect of the City Deal investment package
- To seek Members' approval to delegate to the Leader of the Council or the Chief Executive, authority to sign a City Deal agreement (Heads of Terms) on the basis described in this report.

Background

City Deals were first launched in 2011 and are led by UK Government. They present cities or city regions with an opportunity to take control of proposals that influence the growth of their economies. The Deals are bespoke arrangements designed to devolve ownership and responsibility for regeneration to the City region level.

In February 2016, the Swansea Bay City Deal proposal was put forward by the Swansea Bay City Region Board which was subsequently supported by the Chancellor of the Exchequer, who announced in his March 2016 budget that he was opening discussions with the region. In the Autumn 2016 Statement, the Chancellor recommitted the UK Government's support for a City Deal for the Swansea Bay City Region.

Swansea Bay City Deal

The Swansea Bay City Deal focuses on the benefits of digital infrastructure, the energy sector, smart manufacturing and innovation in life science for both urban and rural areas across the region. Since the original submission of the City Deal proposal to the UK Government in February last year, an intensive period of work has led to the submission of a detailed bid covering 11 specific projects in October of last year.

The Swansea Bay City Deal involves a total investment of some £1.3 billion over a period of 15 years. This consists of £241m of central government funding to be split between the two governments. Some £360m of other public sector funding and £673m of private sector contributions will make up the total investment package.

This investment will deliver up to 9,465 new jobs for the region, contributing to an uplift in GVA of £1.8bn which in turn will avoid a further two decades of jobless growth.

Following the submission of the bid, there has been a series of discussions with both governments as well as engagement events with Assembly Members and others across the region.

Prior to Christmas, a "Challenge Session" was held with Welsh Government Ministers which produced their agreement in principle to what is proposed. Welsh Government has provided

assurance that funding has been set aside for this Deal

That process will be repeated very shortly in Whitehall with the Secretary of State for Wales and other UK Ministers and their advisors. The team that will present to Ministers will be led by Mark James and Cllr Rob Stewart. The Leaders and Chief executives of all 4 authorities will also attend. It is hoped that Whitehall will be in a position to sign the Deal by the end of February. It is anticipated that once the heads of terms are agreed, each project will need to produce further detail on the delivery and finances.

Governance arrangements

The Swansea Bay City Deal is a partnership between 8 organisations and the private sector, including the 4 local authorities of Carmarthenshire, Pembrokeshire, Neath Port Talbot and Swansea; Abertawe Bro Morgannwg University Health Board; Swansea University; Hywel Dda University Health Board and the University of Wales Trinity St David's.

Utilising the existing statutory framework, the local authorities will establish a joint committee which will have ultimate responsibility for the City Deal investment package.

The Funding Package

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) will be re-paid as Government funds are received over the 15 year period. The exact level of borrowing and the structure and terms of the borrowing is yet to be confirmed however will be calculated based on the amount required per relevant local authority (please refer to Annex C) and will be agreed based on the principles of the Prudential Code. The cost of any external borrowing will be the responsibility of the relevant authority. There will be an opportunity for the additional Business rate income to be utilised to support part of the revenue implications of these projects, Welsh Government has indicated that it is supportive of this approach.

Additionally, we are currently looking at alternative proposals for investment of which equity options are being explored to support the projects. Again, Welsh Government has indicated that they are supportive of this approach Further details will be brought before Members once further detail is available.

Conclusion

To conclude, the City Deal provides a once in a generation opportunity to increase prosperity and opportunity within the region. The region's GVA has fallen from 90% of the UK average to 77% over the last three decades with low productivity, high economic inactivity and poor health just some of the key challenges facing the region. Without the City Deal proposals, closing the gap will be extremely challenging.

2. OTHER OPTIONS AVAILABLE AND THEIR PROS AND CONS

The City Deal is a unique opportunity for Carmarthenshire and the wider region. There are

currently no alternative options of this scale, particularly with the current situation around Brexit and EU funds.

DETAILED REPORT ATTACHED ?

YES

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: **M James**

Chief Executive

Policy, Crime & Disorder and Equalities YES	Legal YES	Finance YES	ICT YES	Risk Management Issues YES	Staffing Implications YES	Physical Assets NONE
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1. Policy, Crime & Disorder and Equalities

The Swansea Bay City Deal is a good example of working in partnership with other Councils, government and the business community. It shows how collaboration and joined up thinking can achieve more.

Our vision in Carmarthenshire is for a Carmarthenshire that enables people to live healthy and fulfilled lives by working together to build strong, bilingual and sustainable communities. This will contribute to our Integrated Community Strategy Outcomes of:-

- People in Carmarthenshire are Healthier
- Carmarthenshire has a stronger and more prosperous economy.

This also supports our Corporate Strategy. Providing secure well paid jobs and training opportunities for local people is central to everything we are trying to achieve. In the past too many young people have been forced to leave Carmarthenshire to get jobs. Working across all sectors- public, voluntary and private-we want to increase prosperity for everyone in the county. The focus point of our Corporate Strategy for the economy was to ensure long-term economic and social benefits for Carmarthenshire through the Swansea Bay City Region, creating jobs and growth and developing training opportunities.

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 in a transformational and preventative way.

It is also an opportunity for the 4 authorities to demonstrate how they are using the five ways of working to maximise their contribution to the well-being goals required under the Act, through a major public investment programme.

2. Legal

Utilising the existing statutory framework, the local authorities will establish a joint committee which will have ultimate responsibility for the City Deal investment package (please refer to Annex B for proposed structure). The Authority has instructed Geldards Law firm to provide advice to the Authority and associated partners on the constitution of a joint committee. This work has commenced and will ultimately result in a joint committee agreement for the governance of the Swansea Bay City Deal. Until which point, the Joint Committee will be established in shadow form.

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) will be re-paid as Government funds are received over the 15 year period. The exact level of borrowing and the structure and terms of the borrowing is yet to be confirmed however will be calculated based on the amount required per relevant local authority (please refer to Annex C) and will be agreed based on the principles of the Prudential Code. The cost of any external borrowing will be the responsibility of the relevant authority. There will be an opportunity for the additional Business rate income to be utilised to support part of the revenue implications of these projects, Welsh Government has indicated that it is supportive of this approach.

When further details of the investment are known, a full business case appraisal of the individual projects will be completed which will include the detailed funding proposals. This will be subject to a further report.

Additionally, we are currently looking at alternative proposals for investment of which equity options are being explored to support the projects. Again, Welsh Government has indicated that they are supportive of this approach Further details will be brought before Members once further detail is available.

4. ICT

Future IT requirements will be realised once governance structures are established.

5. Risk Management Issues

Each 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.

6. Physical Assets

At this stage none. This will be made clearer once projects are at a further developed stage.

7. Staffing Implications

Project specific teams will be appointed to deliver. Carmarthenshire County Council is currently leading on the secretariat role for the City Deal.

CONSULTATIONS

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

Signed: M James

Chief Executive

1. Scrutiny Committee

A report on the City Deal went through the political process in February 2016.

2. Local Member(s)

Members seminar on the City Deal was held on the 27th July 2016.

3. Community / Town Council

4. Relevant Partners

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:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
The Internet Coast	N/A	Swansea Bay City Region website www.swanseabaycityregion.com