

Cynulliad Cenedlaethol Cymru / National Assembly for Wales
Pwyllgor yr Economi, Seilwaith a Sgiliau/ Economy, Infrastructure and Skills
Committee
Bargeinion Dinesig ac Economiau Rhanbarthol Cymru / City Deals and the
Regional Economies of Wales
Ymateb gan Dinas a Sir Abertawe / Evidence from City & County of Swansea

The current position with regard to the signed Cardiff Capital Region and Swansea Bay City Deals and the next steps planned to take them forward.

The Prime Minister signed the Swansea Bay City Deal on 20 March 2017.

Discussions are now underway to set up the Governance arrangements, which encompasses an Economic Strategy Board chaired by a private sector business person and a Joint Committee (JC) of the local authorities. A City Deal Delivery Team will be established to manage the day to day implementation of the City Deal.

Outline Business cases using the 5 case business model approach are being prepared for each of the 11 projects.

The intended impact of the City Deals and the way in which this will be governed, funded and monitored.

- Impact

The Swansea Bay City Region is a critically important driver for the Welsh and UK economy. It is a region with strong urban centres complemented by a wider rural landscape and a significant coastal footprint that has created a diverse economic profile with numerous opportunities and challenges.

However, the region is underperforming economically. The region's GVA has fallen from 90% of the UK average to 77% over the last three decades with low productivity and high economic inactivity. The economy is also over reliant on traditional primary industries and the public sector and risks falling further behind the rest of the UK and other parts of Wales.

The City Deal will provide the region and its partners with the new ways of working and resources to unlock significant economic growth across the Swansea Bay City Region. It provides an opportunity to continue tackling the area's barriers to economic growth through: developing higher value sectors and higher value employment opportunities to match; increasing the number of businesses within these sectors to widen the economic base; and improving the region's GVA level against the UK average.

Local partners within the Swansea Bay City Region estimate that the City Deal will lead to:

- Funding of nearly £1.3 billion for interventions to support economic growth
- Over £600 million of direct private sector investment levered to deliver interventions

- Investment spread across the whole of the region to ensure all localities and citizens can benefit
 - An overall increase to the economy of over 9,000 gross direct jobs
 - A contribution to regional GVA of £1.8 billion
- Governance

As part of the Swansea Bay City Deal agreement, local partners will create two new bodies to oversee the implementation of the deal:

- an Economic Strategy Board, chaired by a private sector business person, with membership comprising of five further private sector programme board chairs, two HE/ FE representatives, two Life Science/ Wellbeing representatives and the four local authority leaders.
- a Joint Committee of the four local authorities, chaired by a local authority leader.

The Economic Strategy Board will set the strategic direction for the City Deal and will provide strategic advice to the Joint Committee on matters relating to the City Deal. The board will oversee the production of the final business cases for City Deal projects before referring them to the Joint Committee and receive regular monitoring reports to assure and if necessary challenge delivery of the deal.

UK and Welsh Government funding will flow into the Joint Committee, and the Committee will be responsible and accountable for all financial, staffing and legal decisions in the delivery of the Swansea Bay City Deal. The Joint Committee would need to agree to make decisions on City Deal funding based only on business cases on interventions previously agreed by the Economic Strategy Board.

To manage the implementation of the City Deal, local partners will create a dedicated Operational Delivery Unit that will report directly to the Joint Committee and have day to day responsibility for managing the identification, assessment, approval, monitoring and evaluation processes for interventions and projects.

- Funding

The Swansea Bay City Deal will generate £1.3bn of private and public money to be spent over 15 years consisting of:-

- £241m from UK and Welsh governments
- £396m from the public sector and universities
- £637m in private investment

Funding from the UK and Welsh Governments will be released following the agreement of full business cases for the 11 projects by both Governments.

In addition, as part of the City Deal agreement, the Welsh Government will explore additional funding flexibilities with the Swansea Bay City Region:

- the devolution of business rate income above an agreed growth baseline to provide funding for the City Deal programme;

- providing the ability to levy an infrastructure supplement;
 - creating the option for the local authorities to use alternative finance sources; and
 - removing conditions around some specific Welsh Government grants, to allow funding to be pooled at the regional level in areas such as school support and interventions that seek to address poverty.
- Monitoring

The Swansea Bay City Region has agreed to work with the UK and Welsh Governments to develop an agreed implementation, monitoring and evaluation plan in advance of implementation, which sets out the proposed approach to evaluating the impact of delivery.

The City Deal will be monitored by the Joint Committee and the Economic Strategy Board. The City Deal Delivery Team (Operational Delivery Unit) will provide the UK and Welsh Governments with a quarterly performance report that will:

- Highlight City Deal successes.
- Provide a performance narrative for each element of the City Deal against agreed implementation plan timescales.
- Provide information on outputs and outcomes agreed.
- Identify mitigating actions for projects and programmes that are not being delivered to agreed timescales.

A joint scrutiny committee will be drawn from the membership of the four authorities to provide an independent scrutiny function to ensure greater public accountability over decisions made by the Joint Committee and any of its sub-committees and related entities.

The degree to which the growth and city deals could solve or exacerbate existing inequalities, both within and between regions.

The application of social benefit clauses (for example through the CCS Beyond Bricks and Mortar approach) in construction and other City Deal contracts will promote local sourcing and create training and work opportunities for local people who are economically inactive. This will contribute to addressing inequalities in the labour market.

The Skills and Talent Initiative will help ensure the right skills provision is in place so local people can train to take advantage of the job opportunities arising from the City Deal projects.

The Delivering Homes as Power Stations project includes a major aim to reduce fuel poverty and its impact on health. The projects under the Internet of Life Science & Wellbeing will help address health inequalities.

The degree to which the growth and city deals co-ordinate with Welsh Government strategy.

In line with the Welsh Government's local government reform agenda, the Swansea Bay City Region, through the Joint Committee and in partnership with the Welsh Government, has committed to delivering service reforms that will see a number of strategic functions delivered at the Regional level. This will include land use planning, transport planning and economic development and will provide the underpinning blueprint and delivery mechanism for development across the region.

The Swansea Bay City Deal harnesses the opportunities set out by the Welsh Government within its Innovation Strategy. As part of the Strategic Outline Business Case each project was evaluated against its fits with Welsh Government Policy.