

Councillor Jeff Jones
Convener
Development and Regeneration
Performance Panel

Please ask for: Councillor Rob Stewart
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Our Ref: RS/CM
Your Ref:
Date: 20 August 2018

BY EMAIL

Dear Councillor Jones

SWANSEA REGENERATION PROJECTS UPDATE

Thank you for your letter dated 14th August 2018

I would respond as follows in relation to the specific points raised

Question 1

As previously outlined the Council and its Section 151 Officer have advised that the total overall “envelope” of £200m of new capital borrowing is built into the MTFP.

The reason why not all of the schemes are fully budgeted for is that many are still in the early stages of feasibility and as such costs will only be derived when the scheme is worked up to a more advanced stage.

For example in relation to Castle Gardens, it would not be appropriate to guess figures nor predetermine the final model of delivery and the extent of commercial opportunities when we are still at the feasibility stage via a deployment manager.

I and officers, would however be happy to attend the Committee when each scheme progresses to a more advanced stage to discuss each project and any concerns the Committee may have

Question 2

In relation to spending on projects where the business case has not been fully agreed with Welsh and UK Government I assume you are referring to the schemes captured under the City Deal banner.

I am sure you will be aware that the City Deal is part of the funding for these projects with the Council and developers also looking to invest to deliver the project.

These schemes were developed and scrutinised to a high degree prior to the signing of the City Deal and have been approved in principle as part of the 11 Regional Projects that form the £1.3bn agreement. Both Governments have been unequivocal that they want aggressive delivery of the projects to ensure the benefits of the projects including jobs and GVA are realised as quickly as possible.

Our ambitious timescales for delivery mean that we are not able to wait until the final terms are agreed. We have a high degree of confidence that the final business case will be approved and existing expenditure will be set against the funding when it is released. We expect this to be in the coming months.

Question 3

In relation to how the borrowing will be repaid I can confirm this will be a combination of City Deal funding, capital prudential borrowing, income from investments and any commercial income from other sources e.g. car parking.

It is important that the economic value of the City Deal is measured and not just the cost. The Section 151 Officer has already confirmed that it is an historically cheap time to borrow and invest. We can borrow £2 now for every £1 a decade ago. In addition the average rate of interest on our historic borrowing has fallen due to the prudent actions of our officers. It is right that we seek to create assets that contribute to the Council's income not act as a draw on its finances as schemes delivered during the 2004-2012 period did.

There will be a further FPR report presented to Cabinet later this year which will set out the full detail and revenue implications. I would be happy to attend a Pre-decision Scrutiny to discuss this at the appropriate time.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rob Stewart', with a long horizontal stroke extending to the right.

**COUNCILLOR ROB STEWART
LEADER & CABINET MEMBER FOR ECONOMY & STRATEGY**