



Report of the Cabinet Member for Economy and Strategy

Scrutiny Programme Committee – 14 January 2019

Key Headlines: Economy and Strategy (Leader)

Purpose: This report outlines notable activities and achievements in terms of ensuring the delivery of key priorities within the Economy and Strategy (Leader's) portfolio. It describes some of the improvements made and the impact of these activities in terms of delivering key activities within the portfolio. The report also identifies objectives, key challenges and decisions which are anticipated for Cabinet over the next 12 months. It also sets out how the Well-being of Future Generations Act (Wales) is being used to achieve positive outcomes

Report Author: Jo Portwood

Finance Officer: Paul Roach

Legal Officer: Debbie Smith

For Information

1.0 The Portfolio for Economy and Strategy (Leader)

1.1 Key responsibilities within the portfolio include;

- 5G Project (City Deal)
- City Centre Redevelopment
- City Deal Implementation
- City Region Joint Committee (Chair)
- Community Leadership
- Constitutional Changes
- Corporate Communications
- Corporate ICT Strategy
- Economic Twinning (Brexit)
- Factory of the Future (City Deal)
- Finance & Budget Strategy & Budget Oversight

- Lead Elements of Sustainable Swansea
- Local & Regional Investment Strategy (Regional Bank)
- Planning Policy (Regional)
- Poverty Reduction
- Public Service Board (PSB)
- Regeneration Strategy & Major Projects
- Regional Working / Collaboration
- Strategic Partnerships

1.2 Owing to the breadth and scope of the Economy and Strategy portfolio, it is not the intention of this report to provide an update on *all* of the responsibilities within the Economy and Strategy portfolio. Instead, the report is designed to focus on those responsibilities which members of the Scrutiny Programme Committee have indicated that they would like to scrutinise in more detail at the next meeting of the Scrutiny Programme Committee. Members of the Scrutiny Programme Committee have indicated that they would like an update on the current position and latest developments on the Swansea Bay City Deal, the Council's Budget proposals and the implications of Brexit for the Council and the identification of any potential risks and actions to mitigate the risks. Other notable developments and regeneration activities within the City Centre and the surrounding area have also been included to enable Members of the Scrutiny Programme Committee to scrutinise the progress of the Swansea Bay City Deal within the context of the local economy and wider regeneration plans for Swansea.

2.0 Swansea Bay City Deal

2.1 The Swansea Bay City Deal represents a £1.3 billion investment in the regional economy. It is anticipated that the Swansea Bay City Deal will create over 10,000 high quality jobs in the region over the next 15 years. The Deal consists of 11 innovative projects which aim to create and commercialise new technologies and ideas through; the application of Digital Technologies, Life Science and Well Being, Energy and Advanced Manufacturing. The Deal was approved by both the UK and Welsh Governments in March 2018 and work is currently ongoing with both the UK government and the Welsh Government to agree and finalise the business cases and governance arrangements for each project.

2.2 The Swansea Bay City Deal is overseen by a newly established Joint Committee. A Joint Committee Agreement to govern the City Deal has been developed and agreed by the four regional Councils. Alongside the Joint Committee, an Economic Strategy Board has also been established to provide strategic advice to the Joint Committee and ensure that the Business Community is fully engaged with the City Deal. The Economic Strategy Board appointed Ed Tomp (Vice President and General Manager of Valero UK) to chair the Board in April 2018.

2.3 Although each of the four regional Councils each leads on at least one of the 11 projects which form part of the Swansea Bay City Deal, a Regional Programme Office (based in Carmarthenshire) is currently responsible for the co-ordination of the programme and supporting the work of the Joint Committee. A City Deal Communications and Marketing Officer and City Deal Business Engagement Manager have also been appointed as part of the Regional Office. Work is ongoing between the Project Leads and the UK and Welsh Governments to agree and approve business cases for each project and ensure robust governance arrangements are in place. Workshops have been held with businesses across the City Region, helping raise awareness of the City Deal. The first phase of Yr Egin opened at the UWTSD campus in Carmarthen in October 2018 (and is already close to full occupation).

2.4 Swansea City and the Waterfront Digital District

Swansea is the lead Local Authority for the SBCD's Swansea City and the Waterfront Digital District project which includes the development of a Box Village & Innovation Precinct (at the University of Wales Trinity Saint David Swansea Waterfront Development), a Digital Village and the development of a Digital Square & Arena in Swansea City Centre.

2.4.1 The Box Village and Innovation Precinct

The project will be delivered by the University of Wales Trinity Saint David, as part of its new 23 acre campus situated in the SA1 Swansea Waterfront. The Box Village will operate as an incubator hub offering workspaces with shared services that will provide a nurturing environment for start-ups, with access to university expertise, mentors and investors. Once a business has exceeded the space requirements provided by the Box Village it is envisaged that it will then be accommodated in the Innovation Precinct, which will be a fully integrated shared working space. In terms of delivering the project, the University of Wales Trinity St David have entered into a development agreement with a private sector partner and funding is in place to cover the project design and planning submission. A contractor has been appointed and the design for planning submission (two stage design and construct) is underway. The completion programmed for September 2019.

2.4.2 The Digital Village

The Digital Village will be located on the Kingsway in Swansea City Centre. It will be delivered by Swansea Council to provide low cost, flexible offices within a high quality commercial environment with high speed broadband. It will accommodate Swansea's growing technology businesses and ICT focused businesses expanding from Swansea University and UWTSD incubation facilities, and will be actively managed to support the businesses located within it. The Digital Village

will act as a catalyst for new private sector led development and the refurbishment of further properties on the Kingsway to create a new Central Business District in Swansea City Centre. In terms of progress, enabling infrastructure works for the Digital Village commenced in April 2018. The Kingsway's new public realm and road layout is under construction and is on budget. It is anticipated that the works contracted will be completed in Q4 of 2019. Work is continuing on east Orchard Street to commence new landscaped areas and the detailed design of the Digital Village is now commencing. WSP have been commissioned to undertake detailed design, secure planning permission and deliver on site. A review of the masterplan and demand analysis has been completed. Discussions with potential occupiers are underway. It is anticipated that a planning application will be submitted in the Q2 of 2019.

2.4.3 The Digital Arena and Swansea Central – Phase 1

The Digital Arena will provide a 3,500 capacity high tech facility that would be capable of holding major digital events, including worldwide computer gaming competitions and other digital and data driven events, alongside more traditional live theatre and concert events. The arena will be located within a new cutting edge Digital Square in Swansea City Centre to create a distinctive and unique destination. The Digital Arena will provide the digitally enabled conference and events space required by Swansea's tech businesses and Universities, and help revitalise the environment and leisure offer of Swansea city centre to attract and retain people and businesses in the City Centre. A hotel will also form part of the development, to meet the requirements of business and entertainment tourism linked to the Arena. It will form part of Swansea Central – Phase 1 development which will also include a south side car park with play area/parkland on top, a covered architectural bridge, a multi storey car park on north side incorporating residential units and A3 and north side public realm developments.

2.4.4 In terms of progress, we are entering pre-contract services agreement with the primary contractor for Digital Square & Arena. Advanced construction enabling works are progressing. ATG have been commissioned to operate the Arena for a 30-year term. Designs have progressed to the end of RIBA 3. Buckingham has now been procured as the main construction contractor and detailed designs are progressing to Stage 4. Over the next six months, the project team will work through Stage 4 detailed designs with the contractor to establish fixed costs for the project under a PCSA period until April/May 2019. Subject to sign off of early works expenditure and then final sign-off of the City Deal funding, there will be a start on site in Q2 2019 and completion in Q1 2021. This will be followed by six months commissioning of the arena by ATG with a staged opening. Initial tender responses have been received for the Hotel development component of the scheme, Final tenders will be submitted in Q1 2019.

2.5 Other City Centre development projects and Wider Regeneration

In addition to the SBCD's Swansea City and Waterfront Digital District project, work is ongoing in relation to other re-development projects in the City Centre and the surrounding area including; Swansea Central – Phase 2, Castle Square, Mariner Street, Felindre Strategic Employment site, Hafod Morfa Copperworks and Skyline (a leisure development at Kilvey Hill).

2.5.1 Swansea Central – Phase 2

Work is underway in relation to the scope of Swansea Central Phase 2 and a new retail and leisure offering in the city centre. Discussions are ongoing with Department of International Trade and promoting the opportunity globally via the DfIT Welsh pitch book. It is anticipated that a portfolio of opportunities will be marketed to investors at MIPIM 2019.

2.5.2 Castle Square

Cabinet has agreed to progress the development of Castle Square with Swansea Council undertaking the role of developer. Funding has been identified to appoint a development manager and professional team to take forward a feasibility study and business plan to recommend the viability to move to the delivery stage. The scheme could see new restaurant units in Castle Square and a re-imagined public space. Procurement is underway and it is anticipated that the Development Manager and team will be appointed in Q1 of 2019.

2.5.3 Mariner Street

The site investigation have been completed and building work is about to commence. The development planned for the Mariner Street car park site, opposite the railway station, will include purpose-built accommodation for 780 students and a number of shops and other businesses on the ground floor. The development will further regenerate High Street and complement the £35m transformation of the neighbouring Oldway Centre which, from next September 2019, is due to be home to more than 550 students. It is anticipated that the Mariner Street development will be completed in September 2020.

2.5.4 Felindre Strategic Employment Site

Site marketing is underway. Planning permission has been granted in respect of one of the proposed lettings for major inward investment by a French distribution company which will safeguard and create circa 200 jobs. Site investigation has been undertaken and designs underway. Property contracts are close to completion. This investment will provide

the catalyst for future occupier demand and investment at Felindre. It is anticipated that work on the site will commence in Q1 2019.

2.5.5 Hafod Morfa Copperworks

A new masterplan is being prepared to take advantage of the £5m programme to redevelop the Powerhouse as a distillery and visitor centre for Penderyn; completion of Musgrave Engine House restoration and implementation of wider site infrastructure restoring further buildings, access and structures at Hafod and White Rock. It is anticipated that the works on the Powerhouse will commence in September 2019.

2.5.6 Skyline (leisure facility at Kilvey Hill)

Heads of Terms have signed by the Council and the Skyline board. Survey work has commenced and meetings have been convened between the company and Visit Wales to establish funding opportunities. It is anticipated that the development at Kilvey Hill will create a 4km Luge track, multi-line zip lines, a bar, restaurant, shops and a multi-use purpose area which could be used for weddings or conferences.

3.0 Budget

The Council's Statement of Accounts has been signed off and we are in receipt of audit management letters which gives the Council a clean bill of health again this year. However, the report flags up an ongoing message about the significant pressure to Council services if the UK government's austerity programme continues. Swansea Council has £24 million of savings to make this year, on top of the £70 million made in previous years. This is not unique to Swansea and is repeated across Wales and the UK. Swansea Council has a strong track record of delivering the savings required and have a clear strategy to maintain a balanced budget over the next three years. We have taken action to contain substantial overspending in quarter 2 and have increased spending restrictions and other control mechanisms to slow spend and seek re-balance.

The Draft Budget proposals were issued and considered at Cabinet on December 14th and the Budget consultation process started on this date. The Minimum Revenue Policy (MRP) was approved by Council December 2018 to help finance future capital ambitions. Following the consultation process, the final draft budget will come to Cabinet and Council during February 2019 and will include the Medium Term Financial Plan (MTFP).

The Budget Medium Term Financial Plan (MTFP) is being developed for February 2019. The Council have also undertaken significant lobbying as a Council and via WLGA on budget and local government

settlement matters. Swansea Council received an extra £1.5 million (plus transfers) as part of its settlement (anticipated and factored into the Council's draft budget). An in-principle agreement has also been reached with Welsh Government for the four regional councils to keep 50% of business rates generated by City Deal projects within their local authority areas.

4.0 Brexit

Swansea Council has identified Brexit as a corporate risk and has recorded it in its corporate risk register. To help mitigate the risk, the Council has established a Brexit Steering Group. Membership of the group consists of officers from across the Council and the Leader of the Council chairs the group. The Leader of the Council also leads for WLGA on Europe. The Audit Committee have agreed to track this risk going forward.

We are working closely with the WLGA and Welsh Government to ensure there is a collective and consistent approach across Welsh local government in responding to BREXIT. In addition, the Brexit Steering Group have completed a self assessment for the Wales Audit Office which has been designed to assess the arrangements that Local Authorities and other Public Sector bodies are putting in place to prepare for Brexit. There is extensive uncertainty around Brexit and that many of the risks and opportunities depend on decisions that are yet to be taken. Nevertheless, Swansea Council have taken a number of actions to mitigate the potential risks including;

- exploring alternative funding sources and methods of funding for economic development and regeneration including city centre projects,
- working with Newport and Cardiff Councils in establishing a joint approach to attracting inward investment, including from outside the UK,
- working with and through ADSS, national health confed. & WLGA to assess and try and mitigate the likely social care workforce impact and any on any supplies of equipment,
- a continuing commitment to follow ICO guidance with regard to Brexit,
- ensuring that any European project records are secured and up to date for the period stipulated by the EU regardless of Brexit but also expect there may be guidance from WEFO on this,
- ensuring UK based data centres in our move to Cloud to mitigate any impact of Brexit as well as ensuring data security. Brexit may impact patching of software where we have large global suppliers such as

Oracle. A fundamental global change to the system as a result of EU legislative changes may still need to be delivered by us (unless suppliers release a UK version which is yet unknown),

- joining national teleconferences with the Home Office around EEA nationals and residency and undertaking a risk assessment to identify potentially impacted employees and areas of work.

5.0 Impact of the Well-being of Future Generations Act (Wales) 2015

The well-being duty to carry out sustainable development underpins all activity undertaken by the Leader of Swansea Council. The Well-being of Future Generations Act's national well-being goals are the lens through which the Council's policy commitments have been developed and form a key part of the Council's constitution. Further work to deeper integrate the sustainable development principle's ways of working into the Council's governance and processes will be explored in the coming year. The Leader's portfolio is characterised by a focus on collaborative working with partners across sectoral and geographical boundaries. These close relationships facilitate greater understanding of the well-being objectives of others and enables their impacts to be managed effectively in an integrated way that improves Swansea's well-being.

A long term approach that considers how Swansea can flex and adapt to an uncertain future is particularly evident in City Deal projects which aim to prepare Swansea by building skills and infrastructure for a successful future. Using future trends to embrace new ways of working from 5G to the internet of things will ensure Swansea's future generations are resilient and able to thrive. This is particularly pertinent while the opportunities and risks associated with Brexit are being understood.

6.0 Links with Swansea Public Services Board

Swansea Council is a statutory member of Swansea Public Services Board. In the past year, the Leader has acted as Chair of the PSB, actively participating in the process of developing Swansea's Local Well-being Plan. The Plan which works towards 2040 was developed based on an involvement process that actively engaged citizens, the public, private and third sectors throughout the process from the start. From October 2018, the Leader is acting as Vice Chair supported by the Deputy Leader. The Leader's involvement in both the City region and PSB has facilitated greater integration with the economy being addressed as a theme within the Strong Communities Objective and throughout the Local Well-being Plan via the City Deal and Swansea Bay City Region Regeneration Strategy.

7.0 Financial Implications

7.1 There are no financial implications associated with this report.

8.0 Legal Implications

8.1 There are no legal implications associated with this report.