

**To/  
Councillor Rob Stewart  
Cabinet Member for Economy and  
Strategy**

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**Overview & Scrutiny**

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**27 November 2019**

**BY EMAIL**

**Summary:** This is a letter from the Development and Regeneration Scrutiny Performance Panel to the Cabinet Member for Economy and Strategy following the meeting of the Panel on 18 November 2019. It covers the Dashboard Report and Swansea Central Phase 1 Final Delivery Report.

Dear Councillor Stewart

The Panel met on 18 November to discuss the Dashboard Report and undertake pre-decision scrutiny on Swansea Central Phase 1 Final Delivery Report before going to Cabinet on 21 November 2019. We would like to thank you, Cllr Francis-Davies, Phil Roberts, Ben Smith, Phil Holmes and Huw Mowbray for attending to present the items and respond to the Panel's questions. We appreciate your engagement and input.

We are writing to you to reflect on what we learnt from the discussion, share the views of the Panel, and, where necessary, raise any issues or recommendations for your consideration and response. The main issues discussed are summarised below:

**Dashboard Report**

We received a 'by exception' update on the regeneration projects in Swansea. The Panel is pleased with progress on the projects overall but do have some observations to make to you.

With regard to Phase 2, we heard that works are progressing and that the Masterplan has been produced. We look forward to seeing the delivery report in due course.

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Regarding the Kingsway – Strategy and Digital Village, we were informed that this has been moved back a cycle as the new SUDS are causing some problems but that it should be finished in the first quarter of 2020 and there will be an announcement shortly. We heard that officers are moving forward and starting letting discussions and were told that officers need to look at income and getting large anchor tenants. We were pleased to hear that there is positive interest in this.

Regarding the Marketing of Strategic Sites, we heard that officers are looking for a major development partner and that investment in the arena project will act as a catalyst for future projects.

Regarding other projects we heard that we should have information on designs for Castle Square in the first quarter of next year; the Palace Theatre has secured a £4.9m WEFO grant and will hopefully open in 2022/23; it is yet to be formally decided if the Skyline would go over the River Tawe; and officers are looking at various locations for the Landore Park and Ride relocation.

### **Pre-Decision Scrutiny: Swansea Central Phase 1 Final Delivery Report**

This item was discussed in both open and closed session.

You informed us that if the Authority doesn't invest in this project it will lose what it is planning to invest in the second phase and that a number of private projects are going ahead because of future proposals.

We heard that Transport for Wales are publishing proposals for a South West Wales Metro and that you would like to see this as project 12 in City Deal.

You informed us that you have requested to the Welsh Government that current loans are converted into grants.

We noted that the Authority has paid £120m back on loans since 2012 and queried if any programme of repayments include repayment of capital. Officers confirmed that it does and that this is a standard process of repaying capital as in previous years.

We noted that £18m has already been released by the Welsh Government for City Deal. You informed us that the way the money was released was different to the original profile and that this project will get the 'lion's share' of this first £18m but that follow on monies will be available to any projects and that negotiations continue with

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Welsh Government but that how the money is used once in City Deal is up to the joint committee.

We raised the issue that point 8.4 in the papers is misleading. Officers confirmed that all of the money will be borrowed by the Authority and that the grant will be received in instalments to help meet borrowing costs.

We discussed how the site currently has low ecological impact and the Panel was impressed with what is proposed in meeting the biodiversity commitment and note the achievement of the greening proposals set out in this scheme.

We raised the issue about the digital skin on the arena and queried if a maintenance plan is in place. We were informed that there is and that the lights are low power and have a long life and that officers have tried to offset this with other measures.

We raised that issue that the proposals are based on very low levels of interest rates and asked what contingencies have been put in place if interest rates should rise. We were informed that the low level interest rates are fixed for the borrowing period for the £90m already borrowed.

We raised the concerns about the use of 5G in the future and were informed that the expert advice from Public Health Wales and Public Health England is that there are no significant health risks from 5G.

We raised our concerns about the impact of the arena on the Grand Theatre and other venues in Swansea and were informed that the arena will host shows and events that cannot be housed in the Grand Theatre or other venues and that the venues will be complimentary.

We discussed the Wales Audit Letter and our concerns about their warning about levels of borrowing and that the Authority had not made the savings it had previously agreed. You told us that you felt the comments in the letter were misplaced and ill judged by the auditors as it is beyond their remit and that they had not seen the information in front of us that the panel meeting. You went on to say that you are confident that the Authority will be in a balanced position concerning outturn in this year's budget and that you hope for better settlements from the Welsh Government in coming years.

We voiced our concern about the significant increase in energy use as a result of these projects. We queried how much of the energy for this project will be renewable and you stated that it will be in our normal energy mix which is part

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renewable. You agreed to try and provide the Panel with more information on how much will be renewable.

We were informed by the Section 151 Officer that the amount of the capital equalization reserve is a decision for Cabinet but that they took the Section 151 Officer's advice. The Section 151 Officer confirmed that he is happy with the use of the capital equalization reserve as stated in the report.

We queried how many jobs will be created within the arena itself. Officers agreed to provide the Panel with this information based on full time equivalents.

Based on our discussions the Panel agreed the following views and recommendations to make to Cabinet:

1. The Panel acknowledge the detailed reports and the extensive information contained within them. Unfortunately, the Panel had very little time to examine in great detail. The Panel also expresses its gratitude for the attendance and input of the Leader, Cabinet Members and key officers involved in the preparation of the reports and delivery of the project.
2. The Panel note the scope of the proposed development and acknowledge the need for the regeneration of the city centre and this as part of the plan for the surrounding area. The proposals for the greening of the city centre and the focus on the importance of promoting biodiversity as part of the development is welcomed by the Panel.
3. The scale of the capital investment proposed by the Council is significant. It is a very large amount of finance to be borrowed with very limited methods of repayment. The Panel is grateful for the clarification given by officers in relation to the affordability of the project. However Panel note that the expenditure of public monies inevitability means that the tax payers of the city have a significant interest in the success of this project, as the effect on the council's revenue account could mean resources being used for the borrowing and not for its core services. Therefore, the Panel welcome the detail provided on the generation of various income streams which will hopefully have a positive effect in mitigating impact of the financial burden in future years. Over the next 6 years the effects on the revenue will be met by the capital expenditure fund which has been built up over the last few years.

Your response:

The Convener of the joint scrutiny panel attended Cabinet on 21 November to outline the Panel views on Swansea Central Phase 1 Final Delivery Report. We ask that

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you also provide a formal written response to this letter and provide information on the amount of renewable energy used for the arena and the number of jobs the arena itself will provide based on full time equivalent posts, by Wednesday 18 December 2019.

Yours sincerely,

**Councillor Chris Holley**  
**Convener, Service Improvement and Finance Performance Panel**  
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