



Report of the Cabinet Member for Economy and Strategy

Scrutiny Programme Committee – 13th 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, the implications of Brexit, the Public Services Board, Regional Working and the roll out of 5G.

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.

2.2 The Swansea Bay City Deal is overseen by the Joint Committee. A Joint Committee Agreement to govern the City Deal has been established 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.

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 programme manager is currently in the process of being appointed to manage the Swansea Bay City Deal programme. 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. Two of the business cases, Swansea Digital Waterfront District and Yr Egin have now been approved. The City Deal Terms & Conditions have been

agreed and initial funding of £18m will be released via the Regional Office.

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.

2.5 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.

2.6 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 contribute to developing 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 Q2 of 2020. The detailed design of the Digital Village is progressing well. Discussions with potential occupiers are underway. It is anticipated that a planning application will be submitted in the Q2 of 2020.

2.7 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 multi-storey car park with a new coastal parkland with cafe, green wall to Oystermouth Road and a covered architectural bridge linking the site to the core city centre across Oystermouth Road. On the North side of the road is a further multi storey car park incorporating 33 residential units and commercial units and north side public realm developments.

2.8 In terms of progress, Cabinet, on the 21st November 2019, approved the FPR7 report which contained a significant report from the Council's Development managers, Rivington Land recommending that it was reasonable for the council to enter into the building contract. The contract has now been completed and the Swansea Central Phase 1 scheme has started on site. ATG have been commissioned to operate the Arena for a 30-year term. Completion of the scheme will be in Q4 2021. This will be followed by six months commissioning of the arena by ATG with a staged opening. Final bids have been received for the Hotel development component of the scheme, and a Delegated Powers report is being prepared to complete the disposal to the preferred developer and hotel brand. There is now a significant phase of work monitoring the delivery and working with the contractor to ensure the scheme as designed is delivered.

2.9 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).

2.10 **Swansea Central – Phase 2**

Detailed feasibility is well underway in relation to Swansea Central Phase 2 for a major public sector hub with new retail and leisure offerings in the city centre. A Cabinet report will be prepared to look at the next stages of delivery in Q1 2020. Discussions are advanced and ongoing with Department of International Trade to promote the opportunity globally via the DfIT Welsh pitch book. It is anticipated that a portfolio of opportunities will be marketed to investors at MIPIM 2020.

2.11 **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 considers new restaurant units in Castle Square and a re-imagined public space but maintaining the size of the current open space. A Development Manager and professional team have been appointed and a design and financial feasibility will be reported in Q1 of 2020.

2.12 **Mariner Street**

The scheme has commenced on the Mariner Street site which is opposite the railway station. It 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 will be home to more than 550 students. It is anticipated that the Mariner Street development will be completed in September 2020.

2.13 **Felindre Strategic Employment Site**

A major inward investment by a French distribution company, DpD, has now been delivered on site. This investment will provide the catalyst for future occupier demand and investment at Felindre. Site marketing continues to attract developers for the remaining plots.

2.14 **Hafod Morfa Copperworks**

A new masterplan looking to create a significant leisure destination is being prepared to take advantage of the potential Skyline and Penderyn investments. Work on the restoration and implementation of wider site infrastructure restoring further buildings, access and structures is being developed and it is anticipated that the works on the Powerhouse will commence in Q2 2020.

2.15 Skyline (leisure facility at Kilvey Hill)

Heads of Terms have been signed by the Council and the Skyline board. Survey work has commenced. It is anticipated that the development at Kilvey Hill will create 4 Luge tracks, zip lines, a bar, restaurant, shops and a multi-use purpose area which can be used for weddings and conferences. Discussions are progressing well between Skyline and Welsh Government for a financial support to make the scheme financially viable to Skyline. A Skyline board decision to proceed is expected in Q2 2020.

2.16 The Next Stages of Regeneration.

As the Council has now committed to deliver Swansea Central Phase 1 and are progressing the Digital Village that forms part of the City Deal programme, it is fundamental to ensure that we build on and use the catalytic effect of this investment to facilitate further regeneration of the city, delivering economic growth and creating a better place for people to live, work and visit in accordance with the Council's priorities and objectives, in particular the Swansea Central Area Framework (SCARF) and LDP. It is the Council's intention to minimise further public expenditure on future regeneration projects and therefore officers have been exploring how to attract private investment to ensure ongoing development of Council owned strategic development sites.

2.17 The Council issued a PIN Notice via Sell2Wales on 10th April 2019 asking for potential investors to register their interest. Other organisations have also come forward separately and so far we have 14 significant enquiries. The main requirement from partners was for scale of opportunities and a long term arrangement. A Cabinet report which considered the options was presented on the 21st November 2019 and it was decided to explore the opportunity to appoint a private sector Joint Venture partner to work alongside the Council to deliver regeneration projects that would allow a transfer of risk and access to wider and potentially more effective resources. There would also be backstop dates for development to ensure that delivery objectives are met and provision for income sharing. The benefits of this approach include;

- To transfer as much of the future development and cost risk away from the Council and on to the Private Sector as possible
- To increase the breadth and depth of developers in the city centre
- To bring in expertise and assist with the delivery of projects (ie joint ventures)
- To provide funding
- To raise Swansea's profile, attracting further private sector investment and new occupiers
- To ensure a cohesive approach to regeneration across the city based on the Council's regeneration objectives

3.0 Budget

- 3.1 The Council's Statement of Accounts has been signed off in record beating time and we are in receipt of audit management letters which gives the Council a clean bill of health again this year on the technical matters. However, the report flags up an ongoing message about the significant pressure to Council services if the UK government's austerity programme continues. I have to hope that the messages around the end of austerity prove to be correct and honoured with real extra funding. Welsh Government has started the reversal of the trend with a higher settlement, albeit one off, worth 5.5% for 20-21. Swansea Council has nearly £20 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 bulk of savings required and has a clear strategy to maintain a balanced budget over the next three years. We have taken action to contain substantial overspending in Q2 and have increased spending restrictions and other control mechanisms to slow spend and seek re-balance.
- 3.2 The Draft Budget proposals are due to be issued and considered at Cabinet on the 9th January 2020 followed by the start of the Budget consultation on the same date. Following the consultation process, the final draft budget will come to Cabinet and Council during February and March 2020 and will include the Medium Term Financial Plan (MTFP). This is later than usual but a direct consequence of the General Election and the Welsh Government decision to push back their budget and local government funding announcements
- 3.3 The Budget Medium Term Financial Plan (MTFP) is being developed for March 2020. 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 £17.7 million (including transfers) as part of its settlement (anticipated and factored into the Council's draft budget).
- 3.4 Work has continued to progress on the City Deal with an initial offer of accelerated funding, especially driven by the progress on two schemes including Swansea Central. Constituent Councils have agreed to the funding conditions and the City Deal Joint Committee is progressing further aspects of the funding offer to unlock future year funding, again with the expectation of unlocking an accelerated future funding profile too. One grant condition was the Council committing its funding for Swansea Central Phase one in full, the largest single investment in the City in a generation and that decision was taken by Cabinet in November 2019 enabling the build phase to start for rapid delivery of the Arena and surrounding sites as a catalyst for future investment.

4.0 Brexit

4.1 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 continue to track this risk going forward.

4.2 We are continuing to work 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, All Heads of Service have completed and returned an EU Exit and Assurance Statement to provide assurance on their preparedness for Brexit. At the time of writing prior to the General Election, there continues to be uncertainty around Brexit and many of the risks and opportunities depend on decisions that are yet to be taken. Nevertheless, Swansea Council has taken a number of actions to mitigate the potential risks including:

- **Supply chains** - key suppliers have been identified and engaged and the Council has a reasonable level of confidence in the sustainability of the critical supply chains.
- **Workforce** - Swansea Council has sought to identify employees that are EU nationals, including school staff and commissioned providers in social care. Affected staff have been provided with information about the EU Settlement Scheme and a wider communications exercise to all staff has been undertaken, e.g. via staff newsletter, Chief Executives blog.
- **Social Care** - All externally commissioned social care providers were contacted and asked to provide information on the number of vulnerable individuals receiving care or support who may need to apply for settled status.
- **School food supply** – Food stocks have been built up, along with frozen and tinned foods. A robust system is in place and other suppliers / providers are available but prices may increase and some flexibility regarding menus may be needed.
- **Communication & information** - Swansea Council has hosted the Home Office as part of an open event for EU citizens living in Swansea to learn about what Brexit will mean for them and have a chance to ask questions. The Council has also developed a Brexit webpage on the Swansea Council website [link here](#) signposting to a number of useful websites that have been set up by the Welsh Government and the UK Government to provide useful, official information about Brexit.
- **Community cohesion** - The Council ran a survey on community cohesion under the Community Safety Partnership banner. A Welsh Government funded Community Cohesion Officer has been appointed – part of the role is to identify any community tensions that may arise as a result of Brexit and to coordinate a multi-agency response in developing

community based solutions. The Council continues to work with South Wales Police and partners and to respond proportionately regarding any intelligence-led information that may give rise to community tensions.

5.0 Swansea Public Services Board

- 5.1 Swansea Council is a statutory member of Swansea Public Services Board together with Mid & West Wales Fire & Rescue, Natural Resources Wales and Swansea Bay University Health Board. This year the PSB has reviewed its governance arrangements to ensure effective delivery and oversight; partners have been identified as leads accountable for delivery of each priority area. Strategic leads now have the responsibility to provide a highlight report bi-monthly at the PSB Joint Committee meetings providing a project overview, identified links to any other work streams, achievements/outcomes to date and identifying any barriers or risks. The first PSB Annual Report was published, which highlighted meaningful outcomes that have helped change lives in Swansea.
- 5.2 As part of the Early Years objective (to ensure that children have the best start in life to be the best that they can be) Swansea PSB joined the First 1000 days initiative, which supports families throughout pregnancy and during the first two years of life. Prevention is at the heart of this local well-being objective so we aim to engage all our PSB workforces to make every contact count by promoting key messages and knowledge to families. This has included promoting 'Best Start' key messages by social media and at events, displaying posters and associated materials in settings and by raising awareness at the team meetings of a wide variety of agencies throughout Swansea.
- 5.3 The Live Well, Age Well objective (to make Swansea a great place to live well and age well) reflects Swansea's increasing focus on the life course rather than simply addressing issues facing people over 50. This approach recognises that living well is to age well and is a concern to people of all ages. An example of such work in this area included the Dementia Friendly homes project which aims to support families to stay together at home for as long as possible and to help them fully understand the dementia journey, giving practical advice on how to create a dementia supportive environment in the home.
- 5.4 The Strong Communities Objective (to build strong communities with a sense of pride and belonging) has identified in its first year of work, the need to 'join up' the different strands that build strong communities. This means we must work to ensure that the Well-being of Future Generations (Wales) Act and Social Services and Wellbeing Act (Wales) are considered and referenced together to ensure consistency maximising the impact that one has on the other.

- 5.5 Working with Nature objective, has looked at Green Infrastructure for Swansea City Centre, which will connect and improve areas of green space. This will make the city more resilient to the impacts of climate change and will enhance nature. The PSB sees the City Deal as playing an important role in helping achieve the well-being objectives; it will drive economic growth and contribute to the well-being goals by focusing on building a more prosperous, resilient and equal Swansea. Greening the City Centre will also improve prosperity by encouraging visitors to stay longer and enjoy what the city centre offers.
- 5.6 An established Scrutiny work plan has been developed to ensure delivery on actions and as such we are actively reviewing actions to ensure work is not just business as usual but ones that really make a difference as a result of PSB involvement.

6.0 Regional Working

- 6.1 The Council are continuing to work closely with the WLGA and Welsh Government in relation to Local Government reform and future arrangements for regional collaboration. We have already established effective regional arrangements in terms of managing European Structural Funds, developing a regional economic regeneration strategy, establishing a regional learning and skills partnership and developing a regional transport body via SWITCH. One of the most significant outcomes of effective regional working has been the development and approval of a case with City Region status, the development and approval of a growth deal to support the City Deal and the establishment of a Joint Committee to implement the City Deal.
- 6.2 Good progress has also been made in relation to our work with our partners through regional collaborations for school improvement (ERW) and Health and Social Care (the West Glamorgan Health and Social Care Partnership). An annual report on the progress of regional working focusing on the work of ERW, the West Glamorgan Health and Social Care Partnership) and the Swansea Bay City Deal was presented to Council in May 2019.
- 6.3 Overall, the Council welcomes many of the proposals contained within the Local Government and Elections (Wales) Bill to establish Corporate Joint Committees for Economic Development (including the delivery of the Swansea Bay City Deal), Education, School Improvement, Skills and Lifelong Learning, Strategic Transport Planning and Strategic Land Use planning for housing and economic development. However, we are also advocating a reconfiguration of the ERW footprint to better reflect the socio-economic geographies of the constituent Councils in order to deliver better and more coherent regional strategic planning for housing, economic development, transport and health

7.0 The roll out of 5G

- 7.1 There has been a recent increase in the number of public and Councillor questions raised around 5G. The safety of our citizens is always going to be paramount when Swansea Council roll out new technologies and innovations. Public Health England (“PHE”) has recently updated its advice in respect of 5G and states: “It is possible that there may be a small increase in overall exposure to radio waves when 5G is added to an existing network or in a new area. However, the overall exposure is expected to remain low relative to guidelines and, as such, there should be no consequences for public health.
- 7.2 Even though Swansea Council has no specific fixed date around the implementation of 5G in Swansea, it has the potential to provide a new level of underlying connectivity to transform services within our City and help us become a smarter city, delivering huge cost and time savings. We are in the process of contacting telecoms providers to get an understanding of their plans for 5G in Swansea. Matt Warman MP (Parliamentary Under Secretary of State for Digital and Broadband) has recently written to all local authorities outlining his thoughts on 5G and confirming that he will be working with Ofcom, PHE and the telecommunication network operators to help us understand more about the technology and the science relating to any 5G health concerns.
- 7.3 The telecommunication network providers also have responsibilities on the health and well-being of our citizens and they are committed to follow the International Commission on Non- Ionizing Radiation Protection guidelines (ICNIRP) guidelines. ICNIRP is an independent organisation which is formally recognized by the World Health Organisation. It issues guidelines on human exposure to electromagnetic fields, based upon the consensus view of a large amount of research carried out over many years. Swansea Council will continue to work with the UK and the Welsh governments to investigate the impacts of 5G technology and discuss our findings with all stakeholders.
- 7.4 With regards to planning permission for new masts that are being constructed, this is termed as ‘prior approval’ which is a similar process to obtaining planning permission for a building for example except if the Authority does not determine the application within 56 days it is deemed to have been granted. Replacement masts can normally be erected under permitted development rights without the need for formal approval from the Authority or consultation with neighbours.

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

8.1 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.

9.0 Financial Implications

9.1 There are no financial implications associated with this report.

10.0 Legal Implications

10.1 There are no legal implications associated with this report.

11.0 Equalities

11.1 There are no equalities implications.