



Swansea Bay City Region Joint Committee - 11 May 2023

Provisional Allocation of £5.3m Swansea Bay City Deal Funds and Swansea Bay City Deal Supporting Innovation & Low Carbon Growth (SILCG) - Advanced Manufacturing Production Facility (AMPF) Project Amendment Summary

Purpose:	To formally ask Joint Committee to approve the updating of the Supporting Innovation and Low Carbon Growth (SILCG) business case in order to include enhanced Advanced Manufacturing Production Facility (AMPF), namely inclusion of a National Net Zero Skills Centre of Excellence.
Policy Framework:	Swansea Bay City Deal (SBCD) Joint Committee Agreement (JCA)
Recommendation(s):	It is recommended that Joint Committee: <ol style="list-style-type: none"> 1) Approves that the £5.3m unallocated SBCD funding is in principle allocated to Neath Port Talbot Council for the purposes outlined in the enhanced Advanced Manufacturing Production Facility Project Summary attached at Appendix A. 2) Requests Neath Port Talbot Council to formally proceed with the development of the SILCG Business Case to include the enhanced Advanced Manufacturing Production Facility project. 3) Approves the Business Case proceeding through the business case approval and change process as outlined in Appendix B.
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Legal Officer:	Tracey Meredith (SBCD Monitoring Officer)



1. Introduction

- 1.1 Since the introduction of the Supporting Innovation and Low Carbon Growth programme into the SBCD portfolio, following the removal of Centre of Excellence in Next Generation Services (CENGs), Factories of the Future and Steel Science Centre projects by Neath Port Talbot Council (NPTC) there has been £5.3m of the SBCD £241m funding unallocated to any Programme or Project.

2. Background

- 2.1. NPTC replaced their standalone Centre of Excellence in Next Generation Services (CENGs), Factories of the Future and Steel Science Centre projects with the Supporting Innovation and Low Carbon Growth (SILCG) Programme of seven interlinked projects in 2019.

This was in response to a number of key drivers: the two reviews of the Swansea Bay City Deal in 2019, Welsh Government climate change emergency, the macro-economic situation, and current strategies in the region, in particular the Port Talbot Waterfront Enterprise Zone Strategic Plan. As a result, it was approved for inclusion in the City Deal portfolio by NPTC's Cabinet in July 2019 and subsequently approved by the SBCD Joint Committee.

- 2.2. The SILCG programme met the original Critical Success Factors and subsumed relevant parts of the CENGs and Steel Science Centre projects. Factory of the Future was also no longer supported as one of the prioritised projects. The total investment of the initial three projects was £53m.

At the Strategic Business Case stage (JCA Schedule 7) the sum of £53m was allocated to Neath Port Talbot led projects to deliver the stand-alone projects. The SILCG Programme Business Case was developed and approved through the SBCD governance between January 2020 and March 2021. The SILCG Business Case required £58.7m of total investment, of which, £47.7m was funded from the City Deal, £5.5m from other public sector funds and £5.5m from private funding.

- 2.3. The Welsh Government and UK Government approved the SILCG Programme on 20th August 2021 for the requested £47.7m.
- 2.4. Consequently, a residual of £5.3m City Deal funds, originally allocated to NPTC led projects remains unallocated to a specific project within the Portfolio. There is no record of the £5.3m being committed within the SBCD Portfolio. Noting that the £5.3m was originally allocated to NPTC led projects when the SBCD was originally agreed and formed.
- 2.5. NPTC have subsequently raised the prospect of an amendment to the existing SILCG Business Case with the PoMO. The amendment accounted for the unallocated £5.3m funding, linked to the Advanced Manufacturing Production Facility project (AMPF) with the prospect of creating a National Centre of Excellence for Net Zero Skills which will support the projects within the SILCG programme, Homes as Power Stations project in addition to complementing the regional Skills and Talent project which aims to create a Centre of Excellence for Skills. The facility would also support the wider region e.g. Freeports, Floating Offshore Wind (FLOW),

Blue Eden Project and Pembroke Dock Marine (PDM). The Project Amendment Summary is attached at Appendix A.

- 2.6. The Joint Committee Agreement does not provide any specific mechanism for the allocation of unallocated funding, however Section 12 of the Joint Agreement deals with the process of funding projects and section 12.6 sets out the process for withdrawal and replacement of projects, which is useful guidance as to what to do with the unallocated funding or amendments in projects.
- 2.7. The process provides that if a Project Authority Lead informs the PoMo of the need for a project to be withdrawn that Authority may then propose a new project to replace the project withdrawn. Clause 12.6 (e) provides that it is the Joint Committee who would decide (if following the 12.6 process to replace a project) whether the new project proposed should replace the previous one or whether there should be a bidding process for a new project or reallocation of funding to another project.
- 2.8. The Programme Board recommendation is that NPTC are given the opportunity to amend and develop a business case based on that attached at Appendix A and to proceed through the Business Case approval and change process as outlined in Appendix B. The funding and allocation was originally agreed for NPTC projects and should be retained for NPTC projects subject to approval of the amended business case by Joint Committee and UK/WG.
- 2.9. The PoMo will continue to work with NPTC officers to update the Business Case ready for submission for formal approval later this year. In the meantime NPTC will develop a timeline for Business case approval.

3. Financial Implications

- 3.1 The original SBCD agreement provided UK and WG Government funding of £241m in total over a 15 year period. This funding was allocated to 11 specified projects, each project having a constituent Authority lead. NPTC original funding for Centre of Excellence in Next Generation Services (CENGs), Factories of the Future and Steel Science Centre projects was £53m. Through the initial re-alignment of the NPTC schemes the revised call of government funding was £47.7m. which left £5.3m unallocated funds within the SBCD Portfolio.
- 3.2 As per the Joint Committee Agreement if a council wishes to withdraw a project the project authority lead may propose a new project to take the place of the project to be withdrawn. The additional investment will lever in substantial addition private and public investment, which is detailed in Appendix A, SBCD SILCG AMPF Project Amendment Summary.
- 3.3 Full project approval will be subject to a full Business Case development which will provide additional information on the Public and Private investment and clarification on the additional outputs and GVA uplift, that this investment will trigger. Upon approval on this Project, funding will be allocated annually on the same basis as the other SBCD schemes.

4. Legal Implications

- 4.1 The Joint Committee Agreement does not specifically cover the event of dealing with residual/unallocated funds. Section 12.6 of the Agreement does provide some useful guidance in terms of withdrawal of a project. Clause 12.6 (e) provides that the Authority withdrawing a project may propose a new project to take the place of the project withdrawn. It is for the Joint Committee to decide (if following the 12.6 process to replace a project) whether the new project proposed should replace the previous one or whether there should be a bidding process for a new project or reallocation of funding to another project.
- 4.2 If using section 12.6 as guidance then NPTC should be given the opportunity to put forward a business case for the unallocated monies.

5. Alignment to the Well-being of Future Generations (Wales) Act 2015

- 5.1 The SBCD Portfolio and its constituent projects are closely aligned to the Well-being of Future Generations (Wales) Act 2015 and the seven well-being goals for Wales. These alignments are outlined in a Portfolio Business Case for the SBCD, as well as in individual project business cases.

Background Papers: None

Appendices:

- Appendix A: SBCD Supporting Innovation & Low Carbon Growth – Advanced Manufacturing Production Facility Project Amendment Summary
- Appendix B: Business Case update and approval summary