

Councillor Mary Jones
Chair
Scrutiny Programme Committee

Please ask for: Councillor David Hopkins
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Our Ref: DH/CM
Your Ref:
Date: 25th June 2018

Dear Councillor Jones

CABINET MEMBER QUESTION SESSION – 14TH MAY 2018

Thank you for your letter dated 4th June 2018.

I would reply as follows to the issued you raised.

Provide more information about the ‘Factory of the Future’ City Deal Project

At this stage the only information I can add about this project is that the detailed 5 Case Business Model is still under development by the project team, with conversations alongside both governments ongoing. Engagement continues with a number of private sector organisations and discussions with the Welsh Government about a site to locate the development are also making good progress. I will hopefully be able to offer a further update on progress in due course.

Quantify what your referred to as ‘substantial’ capital investment to support the City Deal

The City Deal funding will be paid to the Council through the City Deal regional programme office over a 15 year period once the 5 case business model and inter-government agreement between Welsh Government and Westminster has been signed. On this basis each Local authority is expected to initially borrow and fund their schemes up front and then receive the City Deal funding to contribute towards repayment of any loans. As well as that core cash funding from the City Deal it also provides for some flexibilities over capital spending and it's financing and a retention of business rates.

Subject to the basis of the Government requirements set out above the Swansea Waterfront Digital District has been allocated £50m of City Deal money. The final costs of the projects will be identified through the Building Contractor Tendering Exercise. The all in budget including fees, contingency and build cost is currently indicated at a provisional £124m for Digital Square and £30m for Digital village. Individual reports on each scheme will come before Cabinet and/or Council as appropriate in due course

Develop a business plan in relation to the Mansion House and future commercial use

As noted in your letter major works are foreseen at Mansion House in order to turn it into a venue appropriate for commercial use. Our review of this matter has led us to agree that the private sector is best placed to make the investment necessary for commercial gain and specifically to target that investment appropriately, to meet the needs of paying users. The tender process will allow the Council to formally verify what working with a partner can achieve and then make a final decision based upon the submissions received, so a business plan and its costs and benefits will be developed through this process.

Tell us about the likely effect and scale of loss of European funding post Brexit

The Council is currently in receipt of approximately £18m in EU grant funding supporting employability projects, support for young people, capital infrastructure, rural development and fisheries. Current programmes are expected to be funded through the Treasury guarantee until 2022 – 2023. Funding is also being secured via other sources such as Welsh Government Targeted Regeneration and Investment programme (upwards of £6m), Town Centre Loan Fund £2m, Heritage Lottery Fund (Stage 2 application submitted for £3.5m for Hafod Copperworks). The team is also bidding with other LAs in the South West region to undertake employability activity through Welsh Government's new Employment Strategy, which could amount to £5m. The latter examples show that there are alternatives to EU funding, but the scale of funding available is generally less than can be secured through EU sources, and usually over considerably shorter timescales than the 7 year funding windows operated by EU programmes. Whilst the Welsh Government has reiterated its position that EU structural funding should be replaced pound for pound by Westminster, there is currently no information at all on the proposed UK Shared Prosperity Fund. Despite this the Council is seeking to maximise income from as many other relevant sources as possible.

Tell us about activities and progress in relation to the Local & Regional Investment Strategy

In light of the recent formation of the Development Bank of Wales, the requirement for flexible funding for business has already been met at a National level and to recreate this at local level would be unnecessary duplication. The support available via the Development Bank of Wales will help unlock economic potential in Wales and enhance the local economy by providing sustainable, effective finance. In addition to this, the Council has secured a £2m loan fund via Welsh Government. The Repayable Funding is offered for the purpose of reducing the number of vacant, underutilised and redundant sites and premises in town centres and to support the diversification of the town centres by encouraging more sustainable uses for empty sites and premises, such as residential, leisure and for key services.

The Repayable Funding can be used:

1. To acquire and unlock sites and premises with the intention of packaging and selling a proposal on the open market within an agreed timeframe.
2. To redevelop or refurbish sites and premises within an agreed timeframe; and
3. To provide loans to third parties for repayment within an agreed timeframe.

Yours sincerely



**COUNCILLOR DAVID HOPKINS
CABINET MEMBER FOR DELIVERY**