

Minute Annex



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

*Please ask for:
Gofynnwch am:*

*Direct Line:
Llinell Uniongyrochol:*

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*Date
Dyddiad:*

Overview & Scrutiny

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14th August 2018

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 19th July with the Chief Finance Officer and a Conveners meeting with the Director of Place on 24th July.

Dear Councillor Stewart,

The Development and Regeneration Scrutiny Performance Panel has been meeting regularly to monitor regeneration projects within Swansea.

Last year was the first year of the Panel and much of it was spent trying to establish a baseline of information from which the Panel could monitor progress.

Having met with the Director of Place recently, it was agreed that there will be a report available bimonthly for the Panel to review progress.

We are grateful to the service for agreeing to put together this information which will assist the Panel to produce relevant feedback on the projects as they are progressing.

On the 19th July the Panel met with the Chief Finance Officer and discussed the Swansea Regeneration Projects Update and FPR7 which went to Cabinet on 21st June and the financial context of this.

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We do have some observations and we would like to share these with you.

1. We do have some concerns over the affordability of some of the projects. Not all have specific costs set against them at this point in time such as Castle Gardens. How do we know that these projects will be achievable?
2. We are concerned that there has been spending on projects when the business case for that project has not yet had final approval. Can you comment on this?
3. There are queries over how the borrowing will be repaid. The cost of the borrowing for the projects will need to be covered by revenue from those projects. Is there confidence that there will be enough revenue from the commercial projects for this to be achievable?

We will be inviting you to attend a meeting to discuss the projects further.

We would welcome a response to this letter by Tuesday 4th September 2018.

Yours sincerely,

A handwritten signature in black ink, appearing to be "J. Jones", written over a light grey horizontal line.

Councillor Jeff Jones
Convener, Development and Regeneration Performance Panel
✉ cllr.jeff.jones@swansea.gov.uk

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Councillor Jeff Jones
Convener
Development and Regeneration
Performance Panel

Please ask for: Councillor Rob Stewart
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E-Mail: cllr.rob.stewart@swansea.gov.uk
Our Ref: RS/CM
Your Ref:
Date: 20 August 2018

BY EMAIL

Dear Councillor Jones

SWANSEA REGENERATION PROJECTS UPDATE

Thank you for your letter dated 14th August 2018

I would respond as follows in relation to the specific points raised

Question 1

As previously outlined the Council and its Section 151 Officer have advised that the total overall "envelope" of £200m of new capital borrowing is built into the MTFP.

The reason why not all of the schemes are fully budgeted for is that many are still in the early stages of feasibility and as such costs will only be derived when the scheme is worked up to a more advanced stage.

For example in relation to Castle Gardens, it would not be appropriate to guess figures nor predetermine the final model of delivery and the extent of commercial opportunities when we are still at the feasibility stage via a deployment manager.

I and officers, would however be happy to attend the Committee when each scheme progresses to a more advanced stage to discuss each project and any concerns the Committee may have

Question 2

In relation to spending on projects where the business case has not been fully agreed with Welsh and UK Government I assume you are referring to the schemes captured under the City Deal banner.

I am sure you will be aware that the City Deal is part of the funding for these projects with the Council and developers also looking to invest to deliver the project.

These schemes were developed and scrutinised to a high degree prior to the signing of the City Deal and have been approved in principle as part of the 11 Regional Projects that form the £1.3bn agreement. Both Governments have been unequivocal that they want aggressive delivery of the projects to ensure the benefits of the projects including jobs and GVA are realised as quickly as possible.

Our ambitious timescales for delivery mean that we are not able to wait until the final terms are agreed. We have a high degree of confidence that the final business case will be approved and existing expenditure will be set against the funding when it is released. We expect this to be in the coming months.

Question 3

In relation to how the borrowing will be repaid I can confirm this will be a combination of City Deal funding, capital prudential borrowing, income from investments and any commercial income from other sources e.g. car parking.

It is important that the economic value of the City Deal is measured and not just the cost. The Section 151 Officer has already confirmed that it is an historically cheap time to borrow and invest. We can borrow £2 now for every £1 a decade ago. In addition the average rate of interest on our historic borrowing has fallen due to the prudent actions of our officers. It is right that we seek to create assets that contribute to the Council's income not act as a draw on its finances as schemes delivered during the 2004-2012 period did.

There will be a further FPR report presented to Cabinet later this year which will set out the full detail and revenue implications. I would be happy to attend a Pre-decision Scrutiny to discuss this at the appropriate time.

Yours sincerely

A handwritten signature in black ink, consisting of a large, stylized 'R' followed by a horizontal line and a final upward stroke.

COUNCILLOR ROB STEWART
LEADER & CABINET MEMBER FOR ECONOMY & STRATEGY