

1. The current position with regard to the signed Cardiff Capital Region and Swansea Bay City Deals and the next steps planned to take them forward

Current Position: Swansea Bay City Deal

- On March the 20th 2017 the four SBCR Local Authorities namely; Carmarthenshire County Council, Neath Port Talbot County Council, Pembrokeshire County Council and Swansea City Council signed a £1.3bn City Deal Agreement (Heads of Term) with UK and Welsh Governments.
- The Deal will be funded by £637m (50%) private sector investment, £241m (19%) City Deal funding from UK (£115.6m) and Welsh (£125.4m) Government and £396m (31%) funding from other public sector organisations including the four Local Authorities.
- The SBCR City Deal harnesses the transformative power of digital infrastructure and technology to accelerate economic and inclusive growth in the region by establishing SBCR as a super smart, innovative centre of excellence which addresses some of the most pressing challenges of our time; well-being, energy and the digital revolution. The Deal is structured around four investment themes known as “Internet’s” supported by a total of eleven key projects as follows;
 - **Internet of Economic Acceleration:-** Providing a recognised, world leading environment of next generation digital infrastructure and a supportive environment for technology businesses and start-ups. The Internet of Economic Acceleration will deliver five projects namely;
 - Digital Infrastructure project
 - Swansea City & Waterfront Digital District
 - Centre for Excellence in Next Generation Digital Services (CENGS)
 - Yr Egin Creative Digital Cluster
 - Skills and Talent Initiative
 - **Internet of Life Science and Well-Being:-** Expanding the existing research and innovation infrastructure in the region and pilot a digitally integrated healthcare environment. The Internet of Life Science and Well-Being will deliver two projects namely;
 - Life Science and Well-Being Campuses
 - Life Science and Well-Being Village
 - **Internet of Energy:-** Placing the region at the forefront of energy innovation. The Internet of Energy will deliver two projects namely;
 - Homes as Power Stations
 - Pembroke Dock Marine
 - **Internet of Smart Manufacturing:-** Aligning digital assets and research with development provision under Industry 4.0 principles to improve products, services and processes of the regional manufacturing economy. The Internet of Smart Manufacturing will deliver two projects namely;
 - Steel Science
 - Factory of the Future
- The City Deal is significantly supported by the private sector including organisations such as; Milford Haven Port Authority, Siemens, Fujitsu, Wesley Clover, Medtronic, Valero, TATA Steel, Swansea Innovations, BT and Sony to name a few.
- The signing of the document confirmed joint commitment by all four local authorities to implement the SBCR City Deal proposals along with other specific areas namely wider economic development matters including planning and transport.
- It has been agreed in principle by the Chief Executives in each of the four LAs that Carmarthenshire County Council be the Accountable Body and will host the Swansea Bay City Deal Regional Office.
- The Shadow Programme Board (comprising CEs of the four LAs plus LHBs and HE representation) have met.

- Various financial models being looked at for project structures
- Terms of Reference for Governance groups namely Economic Strategy Advisory Group and Programme Board have been drafted and are being discussed by other LAs.
- Region has a formally adopted Regional Regeneration Strategy

Key next steps:

- The four local authorities are currently discussing the Joint Committee Working Agreement which will establish a robust governance structure for the SBCR City Deal and aim to agree this by the end of June 2017.
- The eleven projects which were agreed as part of the SBCR City Deal will now be supported to develop full business plans using the 5 case business model, leading to commencement and implementation of these strategic regional projects.
- A marketing and engagement plan is being developed to ensure all relevant parties and sectors are engaged with the Deal to maximise impacts across the Region.

2. The intended impact of the City Deals and the way in which this will be governed, funded and monitored

2.1 SBCR City Deal Governance

- **Joint Committee**
 - Comprising the four Leaders of the local authorities it will have ultimate responsibility and accountability for all decisions, including financial decisions, taken in respect of the City Deal. It is proposed that the Joint Committee is supported by the following structure:
- **Economic Strategy Advisory Board**
 - Providing strategic advice on matters relating to the City Deal, overseeing the production of business cases for the eleven projects and monitoring progress. The Board will be chaired by an independent private sector representative and members will be recruited via a public appointments process.
- **Programme Board**
 - Supporting day to day management of the City Deal with membership from, but not exclusive to, Chief Officers of the Local Authorities, the two universities and the two local health boards.
- **Thematic Sub Committees**
 - Supporting each of the City Deal Internet Themes to ensure integration between the respective City Deal projects and consider how the City Deal proposals fit with wider investment plans for the region.
 - The committees will be tasked with identifying and recommending new ways of working and additional investment to complement the City Deal and ensure there are mechanisms to achieve wider impacts e.g. community benefits, supply chain involvement etc.
- **Accountable Body**
 - It has been agreed in principle by the Chief Executives in each of the four LAs that Carmarthenshire County Council be the Accountable Body and will host the Swansea Bay City Deal Regional Office.
 - The proposed Joint Committee for SBCR has no separate legal entity and therefore cannot accept grants or enter into contracts in its own right. The accountable body will therefore take on such responsibilities on behalf of the Region.
 - The Body will ensure that decisions made by the Joint Committee are lawful, appropriate and within budget. It will also supply the relevant financial, legal, HR, audit and other professional/technical services support as required.
- **Regional Office**
 - It has been agreed in principle by the Chief Executives in each of the four LAs that Carmarthenshire County Council will host the Swansea Bay City Deal Regional Office.

- The RO will manage all aspects of the programmes administration including gateway reviews, implementation and monitoring of performance frameworks, financial management, undertaking due diligence as required, providing full secretariat support to the Joint Committee, Economic Strategy Advisory Board and Programme Board. It will also develop and deliver engagement and communication.

2.2 SBCR CD Funding and intended impact

This robust structure will ensure that the City Deal Investment is effectively managed in order to achieve the City Deals intended impacts of transforming the regional economy through:

- Becoming a recognised regional centre of excellence in the application of digital technologies, life science & well-being, advanced manufacturing and energy;
- Creating, proving and commercialising new technologies and ideas;
- Establishing and maintaining an effective skills base;
- Creating 9,465 gross jobs over 15 years;
- Recovering 70% of lost GVA;
- Generating a total of £3.3bn GVA impact.

2.3 City Deal Monitoring

Swansea Bay City Region will work with the UK Government and the Welsh Government to develop an agreed implementation, monitoring and evaluation plan in advance of implementation, which sets out the proposed approach to evaluating the impact of delivery. If the City Deal is not delivered as set out in the implementation plan agreed by the Swansea Bay Joint Committee, the Welsh Government and UK Government, or if any of the commitments in this deal document are not fulfilled, the Governments will review and may halt the payment of any unpaid funding for this deal.

The Swansea Bay City Region City Deal will be monitored by the Joint Committee. The City Deal Delivery Team will provide the UK and Welsh Governments with a quarterly performance report that will:

- Highlight City Deal successes.
- Provide a performance narrative for each element of the City Deal against agreed implementation plan timescales.
- Provide information on outputs and outcomes agreed.
- Identify mitigating actions for projects and programmes that are not being delivered to agreed timescales.

3. The potential benefits offered by a possible Growth Deal for North Wales.

A Growth Deal for North Wales would provide the same catalytic economic growth for the Region this would enable all the Regions of Wales to work together and share experience, knowledge and where appropriate resources to ensure the City and Growth Deals work together to maximise benefits for Wales and the UK as a whole not just the regions themselves.

4. The extent to which a similar growth deal approach could be of benefit to Mid Wales.

City Deals can assist local leaders to set the economic growth agenda. Successful City Deals are built on big ideas to unlock growth across city regions and their wider economic areas. They work best when everyone in the local area, including civic, business, health and higher education leaders, come together to tell Government what needs to change and what can be done better. The SBCR would welcome the opportunity to assist both North and Mid Wales in the development of their Growth Deal proposals as, as previously stated in point 3 this will ensure maximum benefits are secured for Wales and the UK as whole nations as well as for each individual region. In addition the development of a similar Growth Deal for Mid Wales would establish a consistent approach to financial support and devolution of powers across Wales improving opportunities for collaboration and the development of local, cross boarder initiatives to shared needs / issues.

5. The degree to which the growth and city deals could solve or exacerbate existing inequalities, both within and between regions.

Within Swansea Bay City Region:

- Utilising the transformative power of digital technologies to drive economic innovation and growth in both rural and urban communities the City Deal will ensure benefits are realised across all areas of the region, addressing current inequalities in digital connectivity particularly between rural and urban areas.
- City Deal allows the Region's local partners to design and deliver employment and skills systems to lead to better outcomes for individuals, businesses and local growth through engagement with local employers across the region and not just within their own institutional boundaries.
- Greater financial flexibility and autonomy alongside increased regional influence over a range of powers, as outlined in the SBCR City Deal, will improve the regions capacity to deliver inclusive economic growth in the region.

Between Regions:

- SBCR's GVA has fallen from 90% of the UK average to 77% over the last 30 years. The City Deal aims to recover 70% of the lost GVA bringing the region back on more level footing with the rest of Wales and the UK.
- Traditional manufacturing is under threat from international competition. The SBCR City Deal focuses on smart manufacturing and the development of next generation technologies to create an alternative, globally competitive industry for the region.
- SBCR has been reliant on traditional primary industries and public sector jobs. The City Deal will generate alternative high value jobs, grow innovative indigenous industries and develop the relevant skills creating a competitive and diverse job market.
- The Deal's focus on digital networks and innovation systems will see SBCR become a world leader across the four internet themes. It will help to transform traditional businesses in the region and provide an attractive and competitive alternative to existing opportunities for new businesses and inward investment in these fields.
- Focus on life sciences and well-being will help address the determinants of health inequality for current and future generations
- It is important that there is as much collaboration and communication between City Deal Regions as possible to ensure that growth between regions is balanced. This includes the sharing of private sector interest and other resources across regions where there is appetite or national interest in doing so. This will ensure that the benefits of City Deals are maximised for Wales and the UK as a whole not just within the regions themselves.

6. The degree to which the growth and city deals co-ordinate with Welsh Government strategy

The development of the Swansea Bay City Deal has involved consideration of a range of UK and WG strategies to ensure alignment with strategic priorities for inclusive growth, including the UK Government's Industrial Strategy. The City Deal continues to review its relationship with key strategies at national, regional and local level to ensure the City Deal secures maximum benefits for the region, Wales and the UK. Some examples of how the Swansea Bay City Deal aligns to key WG strategies are:

Programme for Government: Taking Wales Forward

The SBCR City Deal relates to all four strategies of Taking Wales Forward.

- **SBCR CD Internet of Energy projects** link to the environmental priorities of the prosperous and secure strategy.
- **SBCR CD Internet of Life Sciences and Well-being** corresponds to the priorities of the Healthy and Active strategy.

- **SBCR CD Internet of Economic Acceleration projects** reflect priorities across the united and connected, ambitious and learning, and prosperous and secure strategies. The delivery of City Deals are specifically referenced as fundamental to achieving prosperity for all.
- It is important that going forward Welsh Government adopt an inclusive approach to developing the detail of each of these strategies to ensure that they are aligned with / compliment the regional plans and both WG and the Regions understand how interventions mutually inform and impact each other.

Well-being of Future Generations Act

- The SBCR City Deal team has already been in discussions, and continues to work with colleagues in the Office of the Future Generations Commissioner in Cardiff as SBCR is committed to develop projects which promote each of 7 elements of the Act.
- The City Deal will have a high impact on 21 of the 46 national well-being indicators as well as some impact on a further 22 indicators.
- A long term strategy for sustainable development forms the basis of the SBCR City Deal and the five ways of working will be integral to all elements of the Deal to ensure the creation of long term, inclusive growth for the Region both now and in future.
- The work being undertaken under the City Deal will support and help to inform local well-being plans and objectives in each local authority area.

Sectors Delivery Plan

- The SBCR City Deal will have a direct impact on all of the nine industry-led investment sectors identified by the Welsh Government's Department for Business, Enterprise, & Technology as being, or having the potential to be, key to the economy of Wales.
- The City Deal supports the cross economy areas of Entrepreneurship & Business Information, Property and Innovation. The SBCR City Deal complements both sectoral and special developments for inclusive growth.

7. We would also welcome comparative views on approaches taken by other growth deals and regions across the UK

- A Regional Development Group has been established by WG to allow Welsh regions to share information and experiences in relation to general regional development including City Deals and Growth Bids. Although it is not possible to compare City Deals / Growth Bids like for like as they address area specific issues, the group has been a positive and important opportunity to gain insight and best practice as well as identifying any shared issues in terms of the process of developing and delivery City Deals / Growth Bids.
- We have also have had conversations with colleagues in the city deal team in Glasgow.
- The SBCR City Deal has had extensive financial and strategic input from the private sector in developing the deal and the eleven specific, pre-defined projects within it. This differs from the approach of some City Deals where there has been limited funding and/or strategic input from private sector or City Deal funding has been drawn down to support general growth areas e.g. housing and specific projects defined at a later stage.
- The advantage of City Deal funding is that it meets the circumstances and needs of each region and therefore it would be premature, given the infancy of the Deal, to compare effectiveness of the approach of SBCR with that of other City Deals.
- Local Enterprise Partnerships (LEPs) have had a fundamental role to play in the majority of English City Deals however LEPs do not exist in Wales or Scotland and therefore City Deals have been driven primarily by Local Authority led partnerships. Given that the first City Deal outside of England and therefore without LEP involvement (Glasgow) was only signed in 2015 it is difficult to assess the outcome of these different approaches at this early stage.
- Devolved nations are also likely to have different experiences to English City Deals in respect of devolved powers and working alongside two government authorities to deliver the City Deals.