



OGC Gateway™ Review 0: Strategic assessment

	Swansea Bay City Deal
	AH20/15

Version number:	V1.0 FINAL
Senior Responsible Owner (SRO):	Wendy Walters
Date of issue to SRO:	[Insert date]
Department/Organisation of the Programme	Swansea Bay Region
Review dates:	15/07/2020 to 17/07/2020
Review Team Leader:	David Wilkin
Review Team Members:	Nigel Elias Gez Martin Julie Palmer
Previous Review:	N/A
Security Classification:	Official

This assurance review was arranged and managed by:

Welsh Government Integrated Assurance Hub (IAH)

Cathays Park 2

Cathays

Cardiff

CF10 3NQ

1.0 Delivery Confidence Assessment (DCA)

Delivery Confidence Assessment:	Amber
<p>The Review Team finds that the Swansea Bay City Deal has experienced significant inertia in securing UK and Welsh Government approval to proceed accompanied by the flow of funding.</p> <p>In order to unblock this impediment, the Review Team recommends that the SBCD needs to:</p> <ul style="list-style-type: none"> • Clarify the purpose of its Business Case; • Clarify the triggers for release of funding; and • Clarify the acceptance criteria to close down the response to the 2019 external review. <p>The progress made in recent months with the appointment of the SRO and Programme Director, together with the initial formation of the PMO has been creditable, especially in the context of Covid-19 lockdown working conditions.</p> <p>To position the SBCD in a stronger position moving forward, the Review Team believes that the SBCD should:</p> <ul style="list-style-type: none"> • Separate Strategic Oversight from Delivery Control; • Reinforce the importance of the PMO; and • Promote the concept of Discovery Funding. <p>The issues identified, if addressed promptly, should position SBCD positively for success, though the potential for deviation over the 15-year period is significant and will require ongoing strong, and proportionate, governance with matters being resolved at Project Board, Programme Board, Joint Committee or UKG/WG in line with agreed thresholds.</p>	

The Delivery Confidence assessment RAG status should use the definitions below:

RAG	Criteria Description
Green	Successful delivery of the programme to time, cost and quality appears highly likely and there are no major outstanding issues that at this stage appear to threaten delivery.
Amber/Green	Successful delivery appears probable. However, constant attention will be needed to ensure risks do not materialise into major issues threatening delivery.
Amber	Successful delivery appears feasible but significant issues already exist requiring management attention. These appear resolvable at this stage and, if addressed promptly, should not present a cost/schedule overrun.
Amber/Red	Successful delivery of the programme is in doubt with major risks or issues apparent in a number of key areas. Urgent action is needed to ensure these are addressed, and establish whether resolution is feasible.
Red	Successful delivery of the programme appears to be unachievable. There are major issues which, at this stage, do not appear to be manageable or resolvable. The programme may need re-baselining and/or overall viability re-assessed.

2.0 Summary of Report Recommendations

The Review Team makes the following recommendations which are prioritised using the definitions below:

Ref. No.	Recommendation	Urgency (C/E/R)	Target date for completion	Classification (Please enter the categorisation number from the list provided here)
1.	Resolve the inertia introduced by Portfolio/Programme terminology and agree with UKG/WG the <i>purpose</i> of the business case to drive its rapid approval and set the framework for constituent Project Business Case approvals.	C- Critical	End Aug 2020	1.3 Approvals
2.	Obtain written confirmation from UKG/WG of explicit description of the conditions required to trigger SBCD funding to flow and negate the need for any further reference other than normal reporting mechanisms.	C- Critical	End Aug 2020	1.3 Approvals
3.	Evaluate the merit of differentiating the accountabilities for strategic oversight and delivery control, thus empowering the Programme Board to exercise its function with agility and in line with the delivery tempo of the programme.	E- Essential	End Sept 2020	1.1 Governance Structures & Processes
4.	Obtain written confirmation from UKG/WG of the acceptance criteria for closing down the response to the external review of February 2019.	C- Critical	End Aug 2020	3.4 Quality Management
5.	Reinforce the importance of a strong and well-resourced PMO to provide a solid engine room for SBCD – the ‘information power house’ that underpins momentum.	R - Recommended	Ongoing	3.7 Methodology & Standards
6.	Promote the merit of discovery funding within the Growth Deal approach for project feasibility and innovation work in order to accelerate viable projects and avoid protracted start-up of non-viable projects.	R - Recommended	End Sept 2020	5 Financial Planning & Management

Critical (Do Now) – To increase the likelihood of a successful outcome it is of the greatest importance that the programme should take action immediately

Essential (Do By) – To increase the likelihood of a successful outcome the programme/ project should take action in the near future.

Recommended – The programme should benefit from the uptake of this recommendation.

3.0 Comments from the SRO

The Stage gate review process was very timely, well received and the six recommendations are reflective of where we are now and what we need to do to ensure we can move forward and deliver the SBCD projects. The process has been quite a reflective one for many and useful in terms of setting the future direction. The emphasis given regionally and nationally on the importance of the SBCD and how the projects will aid with economic recovery during and post Covid-19 needs to translate into delivery. We have seen a noticeable improvement in WG support via Rhodri Griffiths' team and the Office of Project Delivery. Appreciating there have been frustrations around terminology and clarity on direction, relations have very much improved with WG over the last year or so and it is vital that this continues to improve. As SRO for the SBCD, I look forward to seeing the approval and draw down of funding later this year and the realisation of the vision for the region.

4.0 Background

The aims of the programme:

The draft Business Case (v1.1 June 2020) states that:

The Swansea Bay City Region is made up of the four local authority areas of Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea, with a combined population of more than 685,000 people.

The City Region – which covers the South West Wales area - was launched in July 2013, with support from the Welsh Government.

Its creation was based on evidence that shows City Regions of more than 500,000 people are in a better combined position than individual local authority areas to stimulate economic growth through attracting investment and generating high-value job opportunities.

The formal establishment of the Swansea Bay City Region built upon existing partnership working throughout South West Wales between regional local authorities, universities, health boards and other organisations.

The Swansea Bay City Region benefits from several extensive assets which provide unique opportunities for economic growth, including:

- *Natural resources and infrastructure*
- *Urban hubs*
- *A growing knowledge economy*
- *Globally recognised science-based facilities*
- *Distinguished universities with expertise in research and development*
- *Strong manufacturing traditions*
- *A skilled, diverse and resourceful workforce*
- *Considerable commuting flows across the area*

The driving force for the programme:

The draft Business Case (v1.1 June 2020) states that:

The strategic context for the Swansea bay City Deal is outlined in the Swansea Bay City Region Economic Regeneration Strategy 2013 – 2030, which represents an ambitious strategic framework to support South West Wales and its future economic development. The document sets out that framework, which is intended to stimulate and shape the work of all our stakeholders as we come together behind a common vision, to enhance the long-term prospects of our City Region economy, its businesses, and communities.

It is an unambiguous strategy for economic success, designed to accelerate our growth so that we can reduce the gap with the performance of the rest of the UK in wealth creation terms. Despite the strategy bringing much needed certainty and assurance to our development thinking, given the speed of change evident within an increasingly globalised world economy, it is vital that the strategy has in-built responsiveness and flexibility at its core, so that it can be delivered in a dynamic fashion and respond quickly and assertively to breaking market, technology and policy opportunities.

It is a forward leaning strategy that proactively charts a better economic future for the City Region and its citizens. It connects and articulates our complex economic, social and environmental needs at the City Region level, whilst also recognising that wider policy thinking at the level of Wales, the UK and EU will also impact greatly on the City Region's future direction.

The delivery status

The draft Business Case (v1.1 June 2020) sets out the component projects:

The table below reflects the overall revised headline outcomes as at May 2020:

PROJECT NAME	IMPACT	
	GVA £m	Net Jobs
	15 years	15 years
Internet of Economic Acceleration		
<i>Swansea City & Waterfront Digital District</i>	669.8	1,323
<i>Creative Digital Cluster - Yr Egin</i>	89.5	427
<i>Digital infrastructure</i>	318	
Internet of Life Science & Well-being		
<i>Life Science & Well-being Campuses</i>	153	1,120
<i>Life Science & Well-being Village</i>	467	1,853
Internet of Energy and Smart Manufacturing		
<i>Homes as Power Stations</i>	251	1,804
<i>Pembroke Dock Marine</i>	343.3	1,881
<i>Supporting Innovation and Low Carbon Growth</i>	93	1,320
TOTALS	2,605.17	9,279

5.0 Purposes and conduct of the OGC Gateway Review

The primary purposes of a Gateway Review 0: Strategic assessment are to review the outcomes and objectives for the programme (and the way they fit together) and confirm that they make the necessary contribution to Ministers' or the departments' overall strategy.

Annex A gives the full purposes statement for a Gateway Review 0.

Annex B lists the people who were interviewed during the review.

Current position regarding previous assurance reviews:

This is the first Gateway Review of the Swansea Bay City Deal Programme.

6.0 Acknowledgement

The Review Team would like to thank all participants for their contributions to this review. The assistance provided by Greg Jones and Sara Nicholls was particularly appreciated.

7.0 Scope of the Review

This an early Gateway 0 Review.

The Review team was provided with the following Terms of Reference:

1. Are all stakeholders still committed to the SBCD aims and objectives
2. Does the SBCD still align to national and regional priorities and growth opportunities that will best deliver economic prosperity
3. Is the governance structure for the SBCD in terms of Joint Committee, Programme Board, Economic Strategy Board, Joint Scrutiny Committee and the Programme Management Office appropriate and effective
4. Are the governance processes appropriate and effective for the size and complexity of the SBCD i.e. regularity of meetings, project approval process, decision making, reporting, risk, performance, escalations, etc
5. How confident is the SBCD in achieving leverage of private sector investment and delivery of outputs and outcomes
6. Has the economic context (Covid-19 recovery and Brexit) changed anything for the SBCD
7. What opportunities should be explored within and beyond the scope of the SBCD portfolio
8. What constraints exist that could obstruct SBCD portfolio development and delivery

8.0 Review Team findings and recommendations

8.1: Policy and business context

P3M Terminology

In the lead-up to this Gateway Review the Swansea Bay City Deal (SBCD) team has been in receipt of advice from expert advisors, specialists in the creation of business cases. Unfortunately, this has led to a degree of confusion about terminology used in Portfolio, Programme and Project Management (P3M). These terms have different meanings to different people and are used variably in different public and private sector organisations.

For the purposes of this Gateway Review, the Review Team will use the terminology as follows:

- Portfolio – the totality of all City and Growth Deals in Wales.
- Programme – the totality of all Projects within the SBCD.
- Project – an individual constituent project within the SBCD.

The subject of this Gateway Review is, therefore, the Programme.

Strategic Context

The SBCD is jointly funded by the UK Government (UKG) and Welsh Government (WG) as a Capital Scheme and is subject to robust governance being enacted for the Region. In this case, the Region is defined as the geographical area covered by:

- City and County of Swansea Council;
- Carmarthenshire County Council;
- Neath Port Talbot County Borough Council; and
- Pembrokeshire County Council.

The SBCD is firmly anchored in supporting overarching policy intent for both UKG and WG. SBCD supports UK Government strategies including the Industrial Strategy and Clean Growth Strategy, as well as clear alignment with Wales' Wellbeing of Future Generations Act.

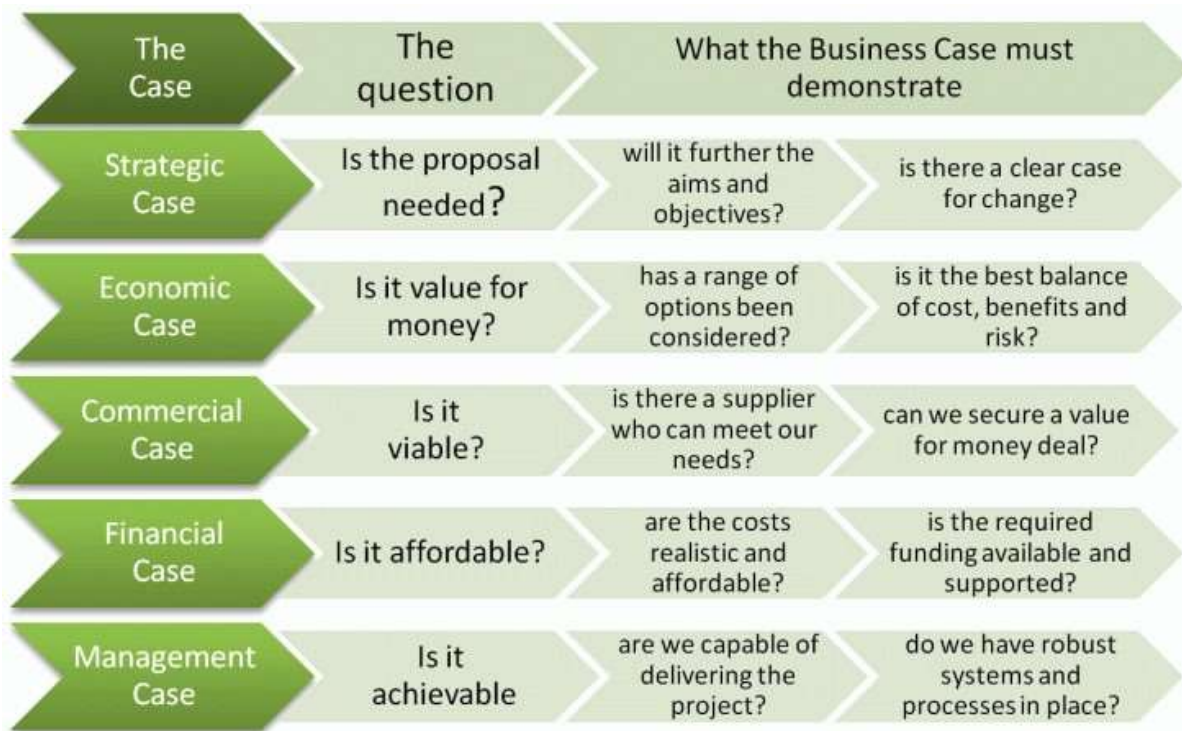
The Programme is complex in its content, and needs to be delivered against a changing political backdrop in both Governments, further exacerbated by the advent of Covid-19 and the inevitable economic challenges that will present. SBCD is scoped to be delivered over a 15-year period, during which many events could influence investment priorities: the structure and control of the Programme will need to cater for momentum to be maintained through periods of change, yet also provide the ability to absorb change in emphasis according to the prevailing strategic direction.

In the context of Covid-19, there is much talk of the need to invest in infrastructure to revive the economy. As such, Programmes such as SBCD would appear to be strong candidates to receive firm support from both UKG and WG.

8.2: Business Case and stakeholders

Business Case

The SBCD Business Case is being constructed in accordance with the HM Treasury Green Book. It follows the 'five case model' which can be summarised (as an example) as:



SBCD Business Case Status

The SBCD Programme has notionally existed for some time but, owing to difficulties in staffing the core of the Programme Management Office (PMO) for SBCD, the Business Case is only now at the development stage.

The Review Team observed Business Case v1.1 (Draft Master – 17/06/2020) which has made impressive progress in the short period since the appointment of the Programme Director in March 2020. It is still a work-in-progress and is yet to be approved by UKG/WG.

The Business Case has been reviewed and is in the process of being revised. In particular, the Strategic Case and Economic Case are being strengthened significantly: this is appropriate at SBCD level in order to demonstrate the compelling need and the value proposition. In essence, this Business Case provides the framework (or wrapper) against which the subsequent component Project Business Cases can be tested for alignment and contribution to achieving outcomes and realising benefits.

Recent consultation with expert advisors, specialists in the creation of business cases, has provided the SBCD team with additional insights. Various stakeholders refer to the P3M terminology discussed above but there is evident confusion about what is required for the SBCD Business Case. There appears to be a disproportionate amount of effort being expended on re-casting the Business Case to support a Portfolio, as opposed to a Programme. The Review Team is of the view that many people are worrying too much about the label, rather than the purpose.

Significant frustration is evident arising from the inertia in achieving Business Case approval; which appears to be somewhat arising from the P3M terminology confusion. Additionally, scarce resource is potentially undertaking nugatory work re-drafting a 'Programme Business Case' into a 'Portfolio Business Case'. There is a strong desire amongst interviewees to 'get on with delivery' and address the 'blockage' in achieving UKG/WG Business Case approval. This desire needs to be balanced with the requirement to ensure due diligence with the public purse.

In order to progress swiftly, but in a controlled manner, the Review Team is strongly of the view that agreement needs to be achieved between UKG/WG and SBC on the purpose of the Business Case and what it needs to contain to achieve approval; and stop expending energy worrying about the label.

Recommendation 1: Resolve the inertia introduced by Portfolio/Programme terminology and agree with UKG/WG the purpose of the business case to drive its rapid approval and set the framework for constituent Project Business Case approvals. (Critical – Do Now)

SBCD Business Case Approval

Once the Programme Business Case is drafted, it will need to seek approval through the Joint Committee from the UKG and WG. It was acknowledged that this is be a long and drawn-out process. The Programme needs to make effective use of the experts available in WG to ensure that they get through this process as smoothly as possible. Once the Programme Business Case has been approved, it will provide a strategic framework for future Project case approvals and draw-down of money.

The Programme aims to bring economic prosperity to the entire region, and the set of projects included in the programme has the potential to produce significant benefits provided the Programme is given sufficient flexibility by funders; this is especially important given the long lifespan of the SBCD; this needs to be recognised in the Programme Business Case.

The external review (February 2019) recommended a number of actions which were designed to help the Programme achieve appropriate and proportionate programme governance and controls as a condition for the release of funding. Completing the Programme Business Case was one of the conditions.

The Review Team heard throughout this review of delays, and there is a deeply felt perception of constant barriers, changing requirements, and queries being raised repeatedly in spite of having been answered. Some project business cases have been produced in advance of the Programme Business Case, and several projects are already up and running and producing tangible outcomes, relying on Local Authorities to fund costs including the costs of borrowing. An example is the Supporting Innovation & Low Carbon project business case which was submitted to WG in January but no decision has been made yet.

Interviewees also noted that Local Authorities have taken on a significant financial risk, and also the potential political risk with elections due in 2022, with a high likelihood of the programme being scrutinised and required to demonstrate some outcomes.

Although interviewees recognised that some constraints are owed to the current Heads of Terms, there was the widely-held view that the approval of project business cases should be devolved to the Programme instead of being retained by Governments as sponsors, and that the current approach is overly bureaucratic for the amount of money involved. There is a real risk that this places strain on partners and relationships, and runs counter to the core intentions of the SBCD.

Working with WG, the Programme needs to complete the Programme Business Case to an agreed standard and clearly defined requirements. The focus needs to be on the Strategic Case and the Economic Case. This will set out the framework under which individual projects can be considered against for approval. Once the draft Programme Business Case has been completed, it will need to pass through the pre-defined assurance and approval process, and start drawing down funding based on the agreements that are in place. It is essential that funding starts flowing as soon as possible to enable the Programme to start producing the intended benefits.

Following the appointment of a Programme Director and the establishment of a PMO, it is important that UKG/WG should be prepared to trust given strides made in implementing recommendations from the external review.

Programme Funding

The SBCD is a 15-year Programme of work, and has been running for over 3 years with a total funding envelope of £241m from UKG/WG. This funding was to be released in annual tranches, to fund across all projects in the Deal Region. The first tranche was £18m for 2018-19. However, to date, only this first tranche has been received and Local Authorities are using their own funding mechanisms to finance projects that are part of the SBCD. The Review Team hear that it is a significant source of frustration that Local Authorities have to fund borrowing costs from their own resources, especially given the perceived uncertainty of approvals.

Interviewees acknowledged that, although the process is complex, this was signed up to at the outset and in the Heads of Terms of Agreement. It was also generally acknowledged that good controls of SBCD funding are essential. Draft funding agreements have been developed to ensure accountabilities are clearly reflected; and a suite of programme controls have been put in place or are in advanced development. This demonstrates the ability of the Programme to effectively manage from this point forward. However, there is still some ambiguity as to what conditions are outstanding. The Programme SRO and the lead WG Official should now agree in writing the remaining requirements and how they ought to be implemented to trigger the release of programme funding. Following fulfilment of these, there should be no further requests for change, information, and additions outside the ordinary programme reporting cycle and mechanisms.

Recommendation 2: Obtain written confirmation from UKG/WG of explicit description of the conditions required to trigger SBCD funding to flow and negate the need for any further reference other than normal reporting mechanisms. (Critical – Do Now)

Stakeholders & Communications

The SBCD stakeholders include (but are not limited to):

- UKG and WG;
- Local Authorities;
- Universities;
- Private Sector; • Health Boards; and • The Public.

The majority of stakeholders acknowledged the significant strides the Programme has made since the external review in February 2019 and especially since the appointments of the new SRO and the Programme Director. It is important that this is also recognised by both governments with a view of empowering the Programme to manage.

The Review Team heard that both the UKG and WG remain fully committed to the SBCD. This is important as the governments have a key role as joint sponsors and approvers of business cases under the SBCD. This is reflected in the Heads of Terms for the deal. The two governments also provide advice and feedback on business cases, and in the case of the WG have supported the development of the Programme Business Case with expertise through the South West Wales Regional Team. It is important that the Programme continues to fully utilise the support and expertise available from government officers.

Interviewees felt that the approach should be more strongly based on partnership working, recognising the significant expertise and knowledge of SBCD partners in respect to their region's needs and context, and their ability to implement the deal as a programme. It was also noted that requirements were not always clear or understood, and this could result in frustration and delays for both the Programme and governments.

Local Authorities

The 4 Local Authorities that make up the SBCD are the key sponsors, major funders, and the deliverers of the 9 projects that make up the Programme. SBCD will provide benefits across the regions into the Local Authority areas.

There was evidence of the ongoing support and commitment given to this Regional approach, and recognition of the benefit of collaborative working. There is also recognition that not all the projects will have a Regional impact, appearing to benefit only local areas. However, the benefit of the Regional Approach was acknowledged as a good basis to attract funding, and a positive way to improve the prosperity for the whole region, and it is essential that this cross-boundary working continues. The programme has come from a difficult start and since then the leadership of the programme has managed to overcome significant challenges, working together towards a shared vision; the leadership is clearly committed and passionate and has a deep understanding of the needs of not only their own area but of the region.

Relationships between Local Authorities have improved significantly since some changes in personnel, and there is a shared determination to continue building on this and avoid competing for funding. There is also a marked optimism in spite of some scepticism among partners that the SBCD and the impetus it provides for pan-regional cooperation will be successful.

The frustration associated with the lack of progress in some areas, and in particular Business case approvals was echoed across all Local Authorities. The Review Team also heard that support for the regional approach is not unanimous as for example rural communities may not see how it benefits them; however, interviewees emphasized that the regional structure is the appropriate approach to achieve the stated goals of the SBCD. Since the region is not a constituted body and therefore unable to manage funding on behalf of the four Local Authority, individual SBCD projects are led by different Local Authorities. These build on the different strengths of the respective Local Authorities; however, interviewees noted that the current collection of projects within the SBCD is joined by both a shared ambition and shared themes of strategic importance to all four Local Authorities that form the region, but need to be given time to continue growing their regional aspects. The Programme serves as an overarching mechanism to enable and facilitate this.

Other Key Partners

The two Universities (Swansea and Trinity St David's, respectively) have a significant role as partners driving innovation, providing academic expertise, resources and connections with industry; as educational institutions they are important to lifting the quality of skills and jobs in the region. They are directly involved with several of the SBCD projects.

Health Board involvement focuses mainly on the Wellbeing Village and Life Science and Wellbeing Campus projects, which are currently completing their project outline business cases. Health Boards also have an interest in projects that include aspects of health, such as HAPS.

Since a key aim of the SBCD is to raise prosperity across the region, including lifting skills levels, improving infrastructure and employment, and strengthening the regional economy, it is important that the public is recognised as a key stakeholder and that projects need to be developed with good communication and appropriate levels of engagement.

It is important that partners are sufficiently informed and engaged, and the Programme Communication Plan demonstrates that this is in hand.

Private Sector

The private Sector are represented within the Governance structure of the SBCD through membership on the Economic Strategy Board (ESB). Through the ESB they provide valuable insight and guidance to the Joint Committee, Programme Board and its constituent projects. The SBCD relies on private sector funding and therefore giving a forum to private sector views within SBCD is a positive move. There is a keenness for greater involvement from the ESB. Given their depth of knowledge, expertise and commercial understanding the Review Team would encourage the SBCD to identify further opportunities where their knowledge can be effectively applied.

On a broader note it is felt important given the current economic situation, that the public sector is seen to be spending and delivering on capital schemes such as the SBCD to provide confidence to private sector investors.

Communications

The Programme has developed a comprehensive Communications Plan which soundly underpins the SBCD philosophy as a regional programme aiming to deliver for people living in the region. This plan is currently awaiting approval at Programme Board. Owing to resource constraints and the ongoing uncertainty over approvals and funding release, communication activity has been low-key to enable the Programme to manage expectations. This places the Programme and its partners in a very difficult situation given early high-level publicity and exposure. The Programme Team includes an experienced and appropriately qualified communication officer, and the Review Team has seen evidence, including a strong virtual presence of the SBCD, that communications and engagement have been well thought out, and will be ready to recommence once there is more certainty around the future of delivery.

Given the regional nature of the Programme, internal communications are as important as external communications, and the PMO needs to be allowed to control and manage communications across projects and across Programme structures, and ensure that all stakeholders are fully informed and consulted as appropriate.

8.3: Management of intended outcomes

Outcomes & Benefits

The SBCD Implementation Plan (v25 June 2020) describes the intended outcomes for the programme:

The aim of the Swansea Bay City Deal is to create an outward-looking City Region with the innovation, capacity and infrastructure to inform and advance solutions to major regional challenges.

By 2035 we will:

- Transform the regional economy
- Establish and maintain an effective and aligned skills base - Create, prove and commercialise new technologies and ideas
- Be a recognised regional centre of excellence in:
 - i. The application of digital technologies
 - ii. Life Science and Well-being
 - iii. Energy
 - iv. Advanced manufacturing

At the end of the programme period, it's estimated the Swansea Bay City Deal will lead to:

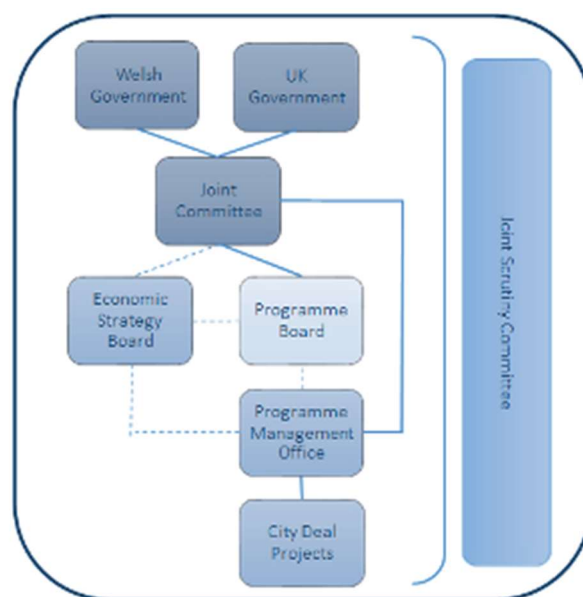
- Funding of £1.3 billion (including a £600 million private sector contribution) for interventions to support economic growth across the City Region
- A portfolio of transformational projects throughout the City Region
- A £1.8 billion contribution to regional GVA
- The creation of over 9,465 high-skilled jobs
- Investment spread across the entire City Region to ensure benefits for residents and businesses in all communities, both urban and rural

In addition to the above outcomes, the City Deal will also have wider social and economic benefits at both a programme wide and project specific level. The full detail of all City Deal outcomes and benefits will be set out in a Monitoring and Evaluation Plan that will provide details on the capturing, monitoring and evaluation of key information throughout the City Deal programme.

The Review Team observes that these intended Outcomes and desired Benefits are irrefutably of strong merit and strategic alignment. However, cause and effect are very difficult to prove (in any programme). Over the 15-year period of the SBCD, especially in the post-Covid-19 context, there are likely to be perturbations that will mean that the eventual Outcomes and Benefits will differ from those aspirations above. Keeping the investment decisions in line with the strategic intent, whilst allowing room for controlled change, will rely heavily on robust (but nimble, not bureaucratic) governance.

Governance Structure

The SBCD Implementation Plan (v25 June 2020) depicts the governance arrangements for the Programme as:



Joint Committee

The Joint Committee (JC) comprises the Leaders of the four Local Authorities and is currently chaired by the Leader of the City and County of Swansea Council. Additional attendees at JC meetings include the Chief Executives of the four Councils and also representatives of University of Wales Trinity Saint David and Swansea University.

The Swansea Bay City Deal Region is not a statutory entity, in itself. However, it has a Joint Collaborative Agreement that has been approved by the Local Authorities and within has an agreed terms of reference. The JC acts, in effect, as the 'Sponsoring Group' for the SBCD. It has the key role of performing strategic oversight.

JC meetings are held in public, with voting and non-voting attendees. Some interviewees expressed a strong view that the JC speaks with one voice and works well; whilst some interviewees observed a lower degree of integration and a sense that the JC meetings feel somewhat choreographed for public audience.

The Review Team had the privilege of conducting a short 'round table' meeting with the four Leaders as part of this Gateway Review. It is evident that whilst the inevitable differences exist, there is a strong bond among the four Leaders towards achieving the intended outcomes for the Region. There is evident frustration at the inability to make more rapid progress and a keenness to achieve UKG/WG approval, free up the flow of funding, and get on with delivering.

Programme Board

The Programme Board (PGB) is chaired by the SRO. It meets on a monthly basis and co-ordinates the direction of the Programme. The new SRO is held in high regard and is said to inject the necessary energy into SBCD. The arrival of the Programme Director is adding structure and P3M expertise at the very core of the PMO.

The PGB is currently positioned as a subordinate body to the JC, providing the JC with 'recommendations': the PGB is not currently seen as a 'decision-making' board. This is out of line with normal Programme governance, disempowers the SRO to be accountable for success and is viewed by many interviewees as being inappropriate for operational governance of the Programme and the constituent Projects.

The Review Team understands that there is some 'history' that has potentially led to a tendency to overgovern and ensure transparency and control. The result is a PGB and SRO whose roles are somewhat diluted, and increased burden on JC members who have other strategic and demanding draws on their time, and the potential for lower-level decisions to have to be escalated to the JC for approval.

Many interviewees have an appetite for streamlined governance: good governance by reduced bureaucracy and greater empowerment, balanced with appropriate reporting and oversight.

The Review Team is of the view that there is potential to differentiate the accountabilities for strategic oversight from operational delivery control. This could avoid over-burdening JC members with Programme Delivery matters and empower the SRO to exercise that role more in line with P3M good practice. Recognising the imperative for ensuring strategic alignment, the JC will need to continue exercising its evident commitment to the joint endeavour. However, as the programme gets underway, the tempo of delivery is likely to mean that 'in-flight' decision-making will be required and the Programme

Board will be better placed, closer to the heartbeat of the programme, to undertake delivery-related governance.

The JC could be positioned as the oversight group to whom exceptions are escalated when a deviation from the strategic intent is anticipated. The PgB could get on with governing Programme Delivery once the constituent Projects are in-flight, providing regular reporting to the JC for information, not endorsement.

Recommendation 3: Evaluate the merit of differentiating the accountabilities for strategic oversight and delivery control, thus empowering the Programme Board to exercise its function with agility and in line with the delivery tempo of the programme. (Essential – Do By Business Case submission)

Economic Strategy Board

The Economic Strategy Board (ESB) comprises a group of public and private sector representatives, appointed following nomination. They help set strategic direction and give advice to the JC; and they oversee the production of project business cases prior to submission to the JC.

The Review Team observed a high degree of value in the ESB and the potential to harness greater insights from the private sector, especially in the context of Covid-19 recovery and the potential for innovation and ideas generation. There is a view that the current frustrations with UKG/WG approvals, once overcome, will release an energy to progress: The ESB is seen as a valuable part of that delivery governance and the Review Team observes that the PgB and PMO already have access to the ESB to draw upon their advice. This is encouraging.

8.4: Risk management

The relatively recent arrival of the Programme Director and the subsequent appointment of initial members of the PMO has enabled the SBCD to generate structure and embed P3M good practice. One element of that P3M approach is the implementation of a Risk Management regime.

The Programme risk register is in existence, and requires further development to move from risk recording to active risk management. This should include (as examples) ownership, mitigation, proximity, residual assessment, escalation mechanisms, contingency arrangements.

The Review Team was impressed with the Covid-19 impact assessment, and encourages similar attention to the adoption of RAIDO (Risks, Assumptions, Issues, Dependencies, Opportunities) to harness innovations and optimise benefits.

Risk Management (or the wider RAIDO) should become part of the regular reporting mechanisms to give stakeholders sight of key risks, as appropriate.

8.5: Review of current phase

External Review 2019

The External Review report (26 February 2019) made seven recommendations:

- *Pre-scrutiny should be encouraged but direct and regular face-to-face contact between those writing the Business Cases and those providing comment upon them and advising those who will grant approval is essential.*
- *The Regional Office should be designated as a Portfolio Management Office, leaving their skills with experienced Portfolio/Programme/Project Management (P3M) specialists.*
- *The City Team should (with the support of the Welsh Government Assurance Hub and IPA as necessary) put in place a best practice Integrated Assurance and Approval Plan (IAAP) for the Portfolio. All parties should specifically consider the OGC GatewayTM Review process as a key part of that plan.*
- *Under the chair of the JSC each SBCD board should consider the TORs and ways of working of each to ensure that they work as intended. In doing so they should take account of this review and of the outcome of the audits currently being undertaken.*
- *A Portfolio Director should be appointed before May 2019 to ensure continuity of Swansea Bay City Deal leadership and independent authoritative advice to the Boards.*
- *The SBCD should be managed as a Portfolio not as a set of predetermined and immutable projects.*
- *For Yr Egin and Swansea Waterfront, the two business cases which we consider are close to final approval, senior UK Government and Welsh Government and Local Authority officials should aim to reach a swift conclusion to ensure that funding can flow as needed.*

The frustration expressed by many interviewees about the 'blockage' at UKG/WG appears critically to be anchored in SBCD demonstrating that it has addressed the recommendations of the external review. Throughout this Gateway Review, interviewees expressed a variety of perspectives on whether those seven recommendations had been satisfied. It would be good practice to formally define the acceptance criteria for the SBDC response and the Review Team believes, given the apparent lack of alignment in stakeholder perceptions, that achieving UKG/WG written confirmation of those acceptance criteria is critical to overcoming this impediment to progress.

Recommendation 4: Obtain written confirmation from UKG/WG of the acceptance criteria for closing down the response to the external review of February 2019. (Critical – Do Now)

Covid-19 and Brexit

The economic context of SBCD has the potential to change significantly in the coming years. This fact underpins the need for strong, structured, nimble and accountable governance.

Brexit was not a prominent topic through this Gateway Review, though of course as the UK transitions from the EU at the end of 2020 this could present as-yet unforeseen challenges (and potentially opportunities) which will need to be addressed throughout Programme (and Project) delivery.

In recent months, all aspects of life have been dominated by the advent of Covid-19. The pandemic will present the UK with significant economic challenges in coming years. It does, however, also reinforce the current UKG push for the adoption of Keynesian economic principles manifested in investment in infrastructure.

SBCD appears to fit strategically in the contexts of both Brexit and Covid-19 recovery. Since March 2020, all manner of things have been proved possible (including conducting this Gateway Review remotely using ways of working and collaborative tools) that would previously have been thought of as 'too difficult'. Potentially, therefore, SBCD could break the previous bureaucracy and be progressed in a manner that breeds confidence, empowerment and accountability in a framework of governance that ensures control and strategic oversight, without submerging decision-making at every step in unnecessary 'treacle'.

The progress made in a mere four months since the core PMO was established is a credit to the energy and dedication of all SBCD staff thus far. It must be remembered that all of that progress has been achieved not in normal times but in the constraint of Covid-19 lockdown. The SBCD is by no means yet a perfectly formed Programme but the trajectory is certainly positive.

SBCD Composition

The SBCD is collection of nine Projects, grouped thematically as follows:

- Internet of Economic Acceleration ○
Swansea Waterfront ○ Yr Egin ○
Skills and Talent ○ Digital
Infrastructure
- Life Science & Wellbeing ○ Life
Science and Wellbeing Village ○ Life
Science and Wellbeing Campus
- Energy
 - Homes As Power Stations
 - Pembroke Dock Marine
- Smart Manufacturing ○ Supporting
Innovation & Low Carbon

Some of those projects are independent entities within the SBCD, and some are co-dependent entities within the SBCD: hence the aforementioned debate about the Portfolio/Programme terminology.

Some of the projects are being enacted within one of the Local Authorities (e.g. Pembroke Dock Marine) but have regional importance. Other project are truly regional, being enacted across multiple Local Authority areas within the Region.

Irrespective of the differences, all of the projects are scoped within the SBCD and are overseen by the Programme Director as a means of ongoing benefit optimisation and harvesting of delivery synergies and efficiencies.

Programme Management Office

The PMO has been established and is currently in the process of recruiting further core members. The PMO is envisaged to operate as the beating heart of the SBCD, to set standards and co-ordinate delivery of the constituent projects. Each project will have distributed P(roject)MOs and linkages to the core PMO. This is one good model for implementation of distributed PMOs where a centralised PMO is not possible or appropriate.

In readiness for the next phase, the setup of the PMO and the adoption of good practice P3M principles stands SBCD in good stead.

8.6: Readiness for the next phase

Planning & Control

The next phase must focus on delivery and commencing the realisation of benefits. It is important that the Programme demonstrates how it will meet the requirements of the UKG and WG, and that it communicates progress. Continuing to put all necessary and proportionate governance controls in place is essential for gaining acceptance and confidence. Programme controls have to remain stable and sustainable throughout the lifespan of the SBCD.

Once this has been achieved, the Review Team is of the view that UKG/WG should withdraw from detailed project-level scrutiny, approval and management, and instead focus on empowering and enabling the Programme to adapt to changing circumstances, in order to allow it to flexibly and promptly explore new opportunities and manage emerging risks and issues.

SBCD Resourcing

The Programme needs to continue strengthening its PMO resource as the pivot of overarching programme management, with the capability to offer programme-level steer, guidance and control, and a conduit for information for all projects within the SBCD Programme.

It is acknowledged that there are nine projects each with their own respective project management and governance which suits their context. However, the PMO will provide crucial cohesion across the programme and ensure that the JC and PgB are sighted appropriately. It will also enable the Programme to look outwards for new opportunities or synergies that continue to add value to the Programme.

The Programme should ensure that it continues to draw on the significant expertise and combined resources across its partners.

Recommendation 5: Reinforce the importance of a strong and well-resourced PMO to provide a solid engine room for SBCD – the ‘information power house’ that underpins momentum. (Recommended – Do on an ongoing basis)

Innovation

The Review Team heard that the Programme partners are clear on the links between innovation, benefits, risks and structures, and that there is an appetite to work differently; this has become vital in the wake of Covid-19. However, the visibility of and legal constraints around spending public money (especially by Local Authorities) does not support risk taking. In addition, the runway time for project conception to approval is far too long to support flexible adaptation of projects and the Programme as a whole to changing contexts. However, creating this kind of flexibility is essential for a programme of this length and the certainty that the programme context will change.

Therefore, the Review Team is of the opinion that an amount of money should be made available to enable some agility and encourage innovation, for example through discovery funding. Whilst historically this is not public sector practice, this will enable projects to test their ability to succeed, or let them fail fast without committing significant amounts of funding over a long time-span. This is in line with private sector practice. Crucially, this approach should appeal to the private sector which the SBCD seeks to attract as key partners to refresh the regional economy.

Recommendation 6: Promote the merit of discovery funding within the Growth Deal approach for project feasibility and innovation work in order to accelerate viable projects and avoid protracted start-up of non-viable projects. (Recommended – Do By Business Case submission)

9.0 Next Assurance Review

The next assurance review is expected in July 2021. It should, be a Gateway 0 (Strategic Assessment).

In the meantime, the SRO has signalled the intent to request an **interim ‘Critical Friend Review’ around January 2021.**

ANNEX A

Purposes of the OGC Gateway Review 0: Strategic assessment:

- Review the outcomes and objectives for the programme (and the way they fit together) and confirm that they make the necessary contribution to overall strategy of the organisation and its senior management.
- Ensure that the programme is supported by key stakeholders.
- Confirm that the programme's potential to succeed has been considered in the wider context of Government policy and procurement objectives, the organisation's delivery plans and change programmes, and any interdependencies with other programmes or projects in the organisation's portfolio and, where relevant, those of other organisations.
- Review the arrangements for leading, managing and monitoring the programme as a whole and the links to individual parts of it (e.g. to any existing projects in the programme's portfolio).
- Review the arrangements for identifying and managing the main programme risks (and the individual project risks), including external risks such as changing business priorities.
- Check that provision for financial and other resources has been made for the programme (initially identified at programme initiation and committed later) and that plans for the work to be done through to the next stage are realistic, properly resourced with sufficient people of appropriate experience, and authorised.
- After the initial Review, check progress against plans and the expected achievement of outcomes.
- Check that there is engagement with the market as appropriate on the feasibility of achieving the required outcome.
- Where relevant, check that the programme takes account of joining up with other programmes, internal and external.
- Evaluation of actions to implement recommendations made in any earlier assessment of deliverability.

ANNEX B

List of Interviewees

The following stakeholders were interviewed during the review:

Name	Position	Organisation
Wendy Walters	Chief Executive	Carmarthenshire Council
Cllr Rob Stewart	Joint Committee Chairman	Swansea Council
Cllr Emlyn Dole	Leader	Carmarthenshire Council
Jonathan Burnes	SBCD Programme Director	Regional Programme Management Office
Chris Moore	SBCD S151 Officer	Carmarthenshire Council
Tracey Meredith	SBCD Monitoring Officer	Swansea Council
Phil Roberts	Chief Executive	Swansea Council
Steve Phillips	Chief Executive	Neath Port Talbot Council
Cllr Rob Jones	Leader	Neath Port Talbot Council
Steven Jones	Director of Development	Pembrokeshire Council
Cllr David Simpson	Leader	Pembrokeshire Council
Ed Tomp	Chairman	Economic Strategy Board
Professor Steve Wilks	Provost	Swansea University
Ray Selby *	Registrar	University of Wales Trinity Saint David

Sian Harrop-Griffiths	Director of Strategy	Swansea Bay University Health Board
Sarah Jennings	Property Performance	Hywel Dda University Health Board
Cllr Rob James	Chairman	SBCD Joint Scrutiny Committee
Sioned Evans	Director (Business and Regions)	Welsh Government
Helen Davies	Rep. for Chief Regional Officer (Mid & West Wales)	Welsh Government
Debra Carter	Head of Local Government Finance	Welsh Government
Andrew Ashton	Head of Regional Growth Team	UK Government (Office of the Secretary of State for Wales)
Greg Jones	SBCD Communications and Marketing Officer	Regional Programme Management Office

*unable to participate