

## **Cyd-Bwyllgor Dinas-Ranbarth Bae Abertawe**

**Lleoliad:** Cyfarfod Aml-Leoliad - Ystafell Gloucester, Neuadd y Ddinas / MS Teams

**Dyddiad:** Dydd Iau, 16 Tachwedd 2023

**Amser:** 9.00 am

**Cadeirydd:** Cynghorwyr Rob Stewart (Cyngor Abertawe)

### **Aelodaeth:**

Councillor Steve Hunt	Cyngor Castell-nedd Port Talbot
Councillor Darren Price	Cyngor Sir Gar
Councillor David Simpson	Cyngor Sir Benfro

Cynrychiolwyr Cyfetholedig Heb bleidlais:	
Paul Boyle	Prifysgol Abertawe
Chris Foxall	Cadeirydd dros dro Bwrdd Strategaeth Economaidd Abertawe
Emma Woollett	Bwrdd Iechyd Prifysgol Bae Abertawe
Swydd wag	Prifysgol Cymru y Drindod Dewi Sant
Swydd wag	Bwrdd Iechyd Prifysgol Hywel Dda

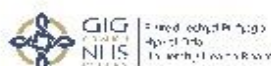
**Gwyllo ar-lein:** <http://tiny.cc/SB1611>

## **Agenda**

**Rhif y Dudalen**

- 1 Ymddiheuriadau am absenoldeb.**
- 2 Datgeliadau o fuddiannau personol a rhagfarnol.**  
[www.abertawe.gov.uk/DatgeluCysylltiadau](http://www.abertawe.gov.uk/DatgeluCysylltiadau)
- 3 Cofnodion.**  
Cymeradwyo a llofnodi, fel cofnod cywir, gofnodion y cyfarfod blaenorol.

**1 - 3**



- 4 **Cyhoeddiad/Cyhoeddiadau'r Cadeirydd.**
- 5 **Cwestiynau gan y Cyhoedd**  
Gellir cyflwyno cwestiynau'n ysgrifenedig i'r Gwasanaethau Democrataidd [Democratiaeth@abertawe.gov.uk](mailto:Democratiaeth@abertawe.gov.uk) hyd at ganol dydd y diwrnod cyn y cyfarfod. Bydd cwestiynau ysgrifenedig yn cael eu blaenoriaethu. Gall y cyhoedd ddod a gofyn cwestiynau'n uniongyrchol os bydd amser. Rhaid i gwestiynau fod yn berthnasol i'r eitemau ar ran agored yr agenda ac ymdrinnir â nhw o fewn cyfnod o 10 munud.
- 6 **Cyd-bwyllgor Rhanbarth Dinas Bae Abertawe wedi'i Gyfethol.** 4 - 5
- 7 **Cylch Gorchwyl Archwilio Mewnol.** 6 - 9
- 8 **Adroddiad Swyddfa Archwilio Cymru.** 10 - 41
- 9 **Datganiadau Ariannol 2022/23.** 42 - 116
- 10 **Llythyr Sylwadau.** 117 - 121
- 11 **Y Rhaglen Cefnogi Arloesedd a Thwf Carbon Isel - Cais am newid i gynnwys y Ganolfan Ragoriaeth Sgiliau Sero-net Genedlaethol.** 122 - 428
- 12 **Monitro Ariannol Chwarterol Ch2 2023/24.** 429 - 436
- 13 **Monitro Portffolio Chwarterol Bargen Ddinesig Bae Abertawe.** 437 - 476
- 14 **Diweddariad ar Werth Ychwanegol Gros ar gyfer Monitro a Gwerthuso Portffolio.** 477 - 479

**Cyfarfod nesaf:** Dydd Iau, 8 Chwefror 2024 am 10.30 am

*Huw Evans*

**Huw Evans**  
**Pennaeth y Gwasanaethau Democrataidd**  
**Dydd Gwener, 10 Tachwedd 2023**  

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**Cyswllt: Gwasanaethau Democrataidd - 636923**

# Agenda Item 3

City and County of Swansea



## Minutes of the Swansea Bay City Region Joint Committee

Remotely via Microsoft Teams

Thursday, 12 October 2023 at 10.30 am

**Present:** Councillor Rob Stewart (Swansea Council) Presided

**Councillors:**

Steve Hunt Neath Port Talbot Council  
Darren Price Carmarthenshire County Council

**Co-opted Non-Voting Representatives:**

Chris Foxall Chair of Swansea Economic Strategy Board

**Officers:**

Steven TO Aldred-Jones Carmarthenshire Council  
Jonathan Burnes Director (Swansea Bay City Region)  
Allison Lowe Swansea Council  
Chris Moore Joint S151 Officer (Carmarthenshire Council)  
Martin Nicholls Chief Executive (Swansea Council)  
Nicola Pearce Neath Port Talbot Council  
Debbie Smith Deputy Monitoring Officer (Swansea Council)  
Wendy Walters Chief Executive (Carmarthenshire Council)  
Ian Williams Swansea Bay City Region

**Apologies for Absence:**

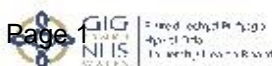
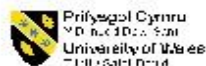
Councillor(s) David Simpson (Pembrokeshire Council)  
Maria Battle (Hywel Dda University Health Board) and Emma Woollett (Swansea Bay University Health Board)  
William Bramble (Chief Executive (Pembrokeshire Council)) and Karen Jones (Chief Executive (Neath Port Talbot Council))

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14 **Disclosures of Personal and Prejudicial Interests.**

15 **Minutes.**

**Resolved** that the Minutes of the Swansea Bay City Region Joint Committee held on 27 July 2023 be approved and signed as a correct record.



## **16 Announcement(s) of the Chair.**

The following announcements were made:

- 1) The Chair thanked Professor Medwin Hughes who had recently retired from the University of Wales, Trinity St. David's for his support and work in contributing to the delivery of the Swansea Bay City Deal. His successor Professor Elwen Evans would be invited to future meetings.
- 2) The Chair also conveyed his thanks and best wishes to Mark Hackett, Chief Executive of Swansea Bay University Health Board who had also stepped down from his role.

## **17 Public Questions**

There were no public questions.

## **18 Quarter 1 2023/24 Financial Monitoring.**

Chris Moore, Section 151 Officer presented a report to provide the Joint Committee with an update on the latest financial position of the Swansea Bay City Region.

**Resolved** that the Joint Committee approves the financial monitoring update report.

## **19 Swansea Bay City Deal Highlight Report.**

Jonathan Burnes, Swansea Bay City Deal Director provided a "For Information" update report to the Joint Committee on the programmes / projects progress that form part of the Swansea Bay City Deal Portfolio as outlined in Annex A. Updates were provided in respect of:

- Business Engagement & Communications;
- Yr Egin;
- Pentre Awel;
- Digital Infrastructure;
- Homes as Power Stations (HAPS);
- Swansea City & Waterfront Digital District;
- Pembroke Dock Marine.

In respect of Pembroke Dock Marine, it was noted that a new risk had been identified due to the unsuccessful contracts of difference auction round for offshore wind by UK Government. However, the risk was being mitigated and managed and a work plan had been devised in order to deliver the PDM outcomes, particularly around innovation infrastructure, which would serve energy transition ambitions for decades to come.

## **20 Construction Impact Assessment.**

Jonathan Burnes, Swansea Bay City Deal Director provided a "For Information" report to inform Joint Committee of the Construction Impact Assessment Summary as outlined in Appendix A.

The Director clarified information in the report which stated that the risk status remain unchanged, however he explained that the costs associated with two projects had increased in respect of SBCD Campuses and Pembroke Dock Marine. He explained the work ongoing in respect of both projects and outlined the mitigations that were being put in place to lower the risks.

Councillor Darren Price requested that HAPS in particular be considered in a different format or report to ensure that the Committee could track the impact of future inflationary pressures on the scheme.

## **21 Portfolio Gateway Review Recommendations Report & Action Plan.**

Ian Williams, Swansea Bay City Deal Portfolio Development Manager presented a report to inform Joint Committee on the outcome of the Portfolio Gateway Review and to agree the Action Plan in response to the review recommendations.

**Resolved** that:

- 1) Joint Committee notes the outcome of the Portfolio Gateway Review and approves the Action Plan attached at Appendix B and the response to the Review recommendations (Appendix A).

The meeting ended at 11.14 am

**Chair**

# Agenda Item 6



Swansea Bay City Region Joint Committee - 16 November 2023

## Swansea Bay City Region Joint Committee Co-opted Membership

<b>Purpose:</b>	To review and agree the recommended Joint Committee Co-opted Members
<b>Policy Framework:</b>	Swansea Bay City Deal (SBCD) Joint Committee Agreement (JCA)
<b>Consultation:</b>	Programme Board Joint Committee
<b>Recommendation:</b>	It is recommended that Joint Committee approves the appointment of:  1. Professor Elwen Evans as the replacement University of Wales Trinity St David co-opted member.  2. Judith Hardisty as the replacement Hywel Dda University Health Board co-opted member.
<b>Report Author:</b>	Amanda Halfhide, SBCD Senior Portfolio Support Officer
<b>Finance Officer:</b>	Chris Moore, Section 151 Officer, SBCD
<b>Legal Officer:</b>	Debbie Smith, Monitoring Officer, SBCD

### 1. Introduction

- 1.1 Due to Co-opted members of the Joint Committee announcing their departure from their respective organisations there is a need for new members to be recommended by their organisation for approval by Joint Committee.

### 2. Proposed Members

- 2.1 Each member will be required to sign a copy of Schedule 13 - Rules of Conduct of Co-opted Members of the Joint Committee and the Economic Strategy Board. This agreement is reviewed every 5 years. The Joint Committee Agreement provides that any co-option of any person as a non-voting member shall be subject to that

person confirming in writing to the Portfolio Management Office that they agree to comply with the Co-opted Member Protocol and that no co-option shall take effect until such confirmation has been given.

Professor Elwen Evans [Press Releases 2023 | University of Wales Trinity Saint David \(uwtsd.ac.uk\)](#)

Judith Hardisty [Appointing a new Vice Chair to Hywel Dda University Health Board - Hywel Dda University Health Board \(nhs.wales\)](#)

### **3. Financial Implications**

3.1 There are no financial implications with this report.

### **4. Legal implications**

4.1 The Joint Committee Agreement provides at Section 3 that the Joint Committee is entitled to co-opt on terms acceptable to the Joint Committee one representative from each of the following organisations:

(a) Swansea University

(b) University of Wales Trinity St David

(c) Hywel Dda University Health Board

(d) Swansea Bay University Health Board.

4.2 Any such appointment is for a period of 5 years from the commencement date of the Agreement and will therefore expire on 30 August 2023.

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

5.1 The SBCD Portfolio and its constituent programmes / 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 programme / project business cases.

**Background Papers:** None

**Appendices:** None

# Agenda Item 7



Swansea Bay City Region Joint Committee - 16 November 2023

## Internal Audit Terms of Reference 2023-24

<b>Purpose:</b>	To consider and endorse the Internal Audit Terms of Reference
<b>Policy Framework:</b>	Internal Audit Governance Arrangements Internal Audit Charter
<b>Recommendation(s):</b>	It is recommended that the Joint Committee:  1) Reviews and endorses the Internal Audit Terms of Reference 2023-24 for approval at Joint Committee.
<b>Report Author:</b>	Matthew Holder, Head of Internal Audit, SBCD
<b>Finance Officer:</b>	Chris Moore, Section 151 Officer, SBCD
<b>Legal Officer:</b>	Debbie Smith, Monitoring Officer, SBCD

### 1. Introduction

1.1 The Internal Audit Terms of Reference 2023-24 sets out the arrangements for the 2023-24 Internal Audit review of the Swansea Bay City Deal.

### 2. Main Body of Report

2.1 The report sets out the key objective, scope, approach and reporting arrangements in the attached Internal Audit Terms of Reference 2023-24. The scope includes follow up of previous recommendations, governance, project management and monitoring, financial management and risk management.

2.2 Upon approval by Joint Committee, it is envisaged that the internal audit fieldwork will be conducted between January and March 2024. On conclusion of the internal audit fieldwork, an Internal Audit report will be issued to respective Officers for consideration. Once feedback has been provided to Internal Audit, the report will be presented to the Programme (Portfolio) Board, prior to being submitted for approval by Joint Committee in Summer 2024.



### **3. Financial Implications**

- 3.1 Consideration and approval of the Internal Audit work programme for 2023-24 namely the financial issues included.

### **4. Legal Implications**

- 4.1 The Joint Committee Agreement provides that the Accountable Body will ensure that the finances and discharge of functions relating to the Swansea Bay City Deal are audited.

**Background papers:** none

**Appendices:**

Appendix A Internal Audit Terms of Reference 2023-24

# AUDIT TERMS OF REFERENCE – Appendix A

## Swansea Bay City Deal

### 1. Introduction

As part of the 2023-24 annual internal audit plan, a review of the Swansea Bay City Deal will be undertaken.

### 2. Objectives

To provide assurance that the Swansea Bay City Deal has adequate governance, internal control, risk management and financial management arrangements in place, which are operating effectively and assisting it to achieve its objectives.

### 3. Scope

The review will cover the following key areas:

#### Follow Up of previous recommendations

- Review of progress for the 5 recommendations from the 2022-23 Audit.

#### Governance

- Joint Committee Agreement
- Governance Boards & Decision Making arrangements
- Assurance, audit and scrutiny

#### Project Management & Monitoring

- Project Management Process
- Monitoring and Evaluation Arrangements for outputs, outcomes and benefits realisation
- Change Control Process
- Post Completion Reviews

#### Financial Management

- Budgetary Control
- Private Sector Investment
- Grant Claims Process

#### Risk Management

- Risk Management Arrangements

### 4. Audit Approach

The auditor undertaking this review will be Charlotte Hodges, Principal Auditor and will involve:

- Interviews with the relevant officers
- Examining relevant documents
- Recording the system in operation
- Evaluation of the adequacy of internal controls
- Compliance and substantive testing
- Reporting to management and making recommendations where appropriate

**5. Reporting Arrangements**

The draft report will be issued to the Swansea Bay City Deal Section 151 Officer, Portfolio Director, Finance Manager, and Monitoring Officer. Discussions will then take place to approve the report and agree action in respect of any recommendations for improvement that may be made. Upon approval of the draft report, the final report will be issued to the Swansea Bay City Deal Section 151 Officer, Portfolio Director, Finance Manager, and Monitoring Officer (and will be reported to the Programme Board and the Joint Committee).

**Matthew Holder**

**Head of Internal Audit**

**Date: 18 October 2023**

# Agenda Item 8



Swansea Bay City Region Joint Committee - 16<sup>th</sup> November 2023

## Audit of Accounts Report (ISA260) 2022/23

<b>Purpose:</b>	The Auditor General is responsible for providing an opinion on whether the Statement of Accounts demonstrate a true and fair view of the position of the Swansea Bay City Deal Joint Committee as at 31 <sup>st</sup> March 2023. The report summarises the findings from the undertaken audit.
<b>Policy Framework:</b>	Swansea Bay City Deal (SBCD) Joint Committee Agreement (JCA)
<b>Recommendation(s):</b>	It is recommended that Joint Committee:  1) Receive the Audit Wales audit of the 2022/2023 Statement of Accounts report for the Swansea Bay City Deal Joint Committee
<b>Report Author:</b>	Chris Moore, SBCD S151 Officer
<b>Finance Officer:</b>	Chris Moore, SBCD S151 Officer
<b>Legal Officer:</b>	Debbie Smith, Deputy Chief Legal Officer, SBCD

## 1. Introduction

- 1.1 Carmarthenshire County Council as the Accountable Body is responsible for the financial stewardship of the Swansea Bay City Deal. This is the third year the Swansea Bay City Deal Joint Committee has had to compile a Statement of Accounts in line with the Accounts and Audit (Wales) Regulations 2014, as amended in 2018. The Statement of Accounts was audited by Audit Wales, with the audit letter including the audit opinion and findings presented in appendix A.

## 2. Audit of Accounts Report

- 2.1 The Auditor General is responsible for providing an opinion on whether the statements demonstrate a true and fair view of the position of the Swansea Bay City Deal Joint Committee as at 31<sup>st</sup> March 2023. The attached report summarises findings concluded from the audit undertaken.

### **3. Financial Implications**

3.1 There are no financial implications within this report.

### **4. Legal Implications**

4.1 There are no legal implications associated with this report.

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

5.1 The SBCD Programme 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: Swansea Bay City Deal Audit of Accounts Report (ISA 260)

Appendix B: Swansea Bay City Deal Audit of Accounts Report (ISA 260) Welsh Version

## Audit of Accounts Report – Swansea Bay City Deal Joint Committee

Audit year: 2022-23

Date issued: November 2023

Document reference: 3910A2023

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at [infoofficer@audit.wales](mailto:infoofficer@audit.wales).

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

# Contents

We intend to issue an unqualified audit report on your Accounts. There are some issues to report to you prior to their approval.

## Audit of Accounts Report

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# Audit of Accounts Report

## Introduction

- 1 We summarise the main findings from our audit of your 2022-23 accounts in this report.
- 2 We have already discussed these issues with the Section 151 Officer and his team.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £260,000 for this year's audit.
- 5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these, as follows:
  - Senior Staff Remuneration – £1,000
  - Related Party disclosures for officers and members – £1,000
- 6 The timetable for completion of the audited accounts is set out in **Exhibit 1**.

### Exhibit 1: accounts timetable

<b>Timetable</b>	<ul style="list-style-type: none"><li>• The deadline for completing your accounts was 31 July 2023.</li><li>• We received the draft accounts on 27 July 2023.</li><li>• Our deadline for completing the audit is 30 November 2023</li><li>• We expect your audit report to be signed on 23 November 2023.</li></ul>
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- 7 We have now substantially completed this year's audit but at the time of drafting this report, the following work is outstanding:
  - our final review of the revised 2022-23 financial statements.
- 8 We will provide a verbal update on these outstanding items to the Committee at its meeting on 16 November 2023.
- 9 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

## Proposed audit opinion

- 10 We intend to issue an unqualified audit opinion on this year's accounts once you have provided us with a Letter of Representation based on that set out in **Appendix 1**.
- 11 We issue a 'qualified' audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.
- 12 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards along with confirmation of other specific information you have provided to us during our audit.
- 13 Our proposed audit report is set out in **Appendix 2**.

## Significant issues arising from the audit

### Uncorrected misstatements

- 14 There are no misstatements identified in the accounts, which remain uncorrected.

### Corrected misstatements

There were initially misstatements in the accounts that have now been corrected by management. However, we believe that these should be drawn to your attention and they are set out with explanations in **Appendix 3**.

### Other significant issues arising from the audit

- 15 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. There were no significant issues arising in these areas this year.

# Appendix 1

## Final letter of representation

[Audited body's letterhead]

Auditor General for Wales  
Wales Audit Office  
1 Capital Quarter  
Tyndall Street  
Cardiff  
CF10 4BZ

16 November 2023

### Representations regarding the 2022-23 financial statements

This letter is provided in connection with your audit of the financial statements of Swansea Bay City Deal Joint Committee for the year ended 31 March 2023 for the purpose of expressing an opinion on their truth and fairness and their proper preparation. We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

### Management representations

#### Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom UK 2022-23; in particular the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

### Information provided

We have provided you with:

- full access to:
  - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;

- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- our knowledge of fraud or suspected fraud that we are aware of and that affects Swansea Bay City Deal Joint Committee and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements.
- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements; and
- the identity of all related parties and all the related party relationships and transactions of which we are aware.

## Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. There are no uncorrected misstatements in the financial statements.

## Representations by those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Committee on 16 November 2023.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Section 151 Officer

Date:

Signed by:

Chair of the Committee

Date:

# Appendix 2

## Proposed audit report

### The independent auditor's report of the Auditor General for Wales to the members of Swansea Bay City Deal Joint Committee

#### Opinion on financial statements

I have audited the financial statements of Swansea Bay City Deal Joint Committee for the year ended 31 March 2023 under the Public Audit (Wales) Act 2004.

Swansea Bay City Deal Joint Committee's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

In my opinion the financial statements:

- give a true and fair view of the financial position of Swansea Bay City Deal Joint Committee as at 31 March 2023 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

#### Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the Joint Committee in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Joint Committee's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises the information included in the annual statement of accounts other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual statement of accounts. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

## **Matters on which I report by exception**

In the light of the knowledge and understanding of the Joint Committee and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Annual Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- I have not received all the information and explanations I require for my audit;
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team; or
- the financial statements are not in agreement with the accounting records and returns.

## **Responsibilities of the responsible financial officer for the financial statements**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on pages 18 and 19, the responsible financial officer is responsible for:

- the preparation of the statement of accounts which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error;
- assessing the Joint Committee's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by the Joint Committee will not continue to be provided in the future.

## **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.



My procedures included the following:

- enquiring of management, the Joint Committee's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Joint Committee's policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the posting of unusual journals.
- obtaining an understanding of the Joint Committee's framework of authority as well as other legal and regulatory frameworks that Swansea Bay City Deal Joint Committee operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Joint Committee.
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Joint Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Joint Committee; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Joint Committee's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

### **Other auditor's responsibilities**

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### **Certificate of completion of audit**

I certify that I have completed the audit of the accounts of Swansea Bay City Deal Joint Committee in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton  
Auditor General for Wales  
23 November 2023

1 Capital Quarter  
Tyndall Street  
Cardiff,  
CF10 4BZ

# Appendix 3

## Summary of corrections made

During our audit, we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

### Exhibit 2: summary of corrections made

Value of correction	Nature of correction	Reason for correction
£12,746 (Increase to supplies and services expenditure in the CIES)	<b>Comprehensive Income and Expenditure Statement (CIES) and Note 8 – External Audit Fees</b> The audit fees for 2022-23 were amended to ensure that they agreed to the Audit Plan presented to the Joint Committee. This resulted in an increase of £12,746 to supplies and services expenditure in the CIES. Note 8 (External Audit Fees) was also amended to split the audit fee between Audit of Accounts work and Performance Audit work.	To correctly disclose the actual audit fees.
Various (No overall effect on the primary statements)	A number of minor amendments were made to the financial statements relating to either revisions to disclosures of information or narrative changes.	To ensure the accuracy of the financial statements.



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We welcome correspondence and telephone calls in Welsh and English.  
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

## Adroddiad Archwilio Cyfrifon – Cyd- bwyllgor Bargaen Ddinesig Bae Abertawe

Blwyddyn archwilio: 2022-23

Dyddiad cyhoeddi: Tachwedd 2023

Cyfeirnod y ddogfen: 3910A2023

Paratowyd y ddogfen hon fel rhan o waith a gyflawnir yn unol â swyddogaethau statudol.

Mewn achos o dderbyn cais am wybodaeth y gall y ddogfen hon fod yn berthnasol iddo, tynnir sylw at y Cod Ymarfer a gyhoeddwyd o dan adran 45 o Ddeddf Rhyddid Gwybodaeth 2000. Mae'r cod adran 45 yn nodi'r arfer wrth ymdrin â cheisiadau a ddisgwylir gan awdurdodau cyhoeddus, gan gynnwys ymgynghori â thrydydd partiön perthnasol. O ran y ddogfen hon, mae Archwilydd Cyffredinol Cymru a Swyddfa Archwilio Cymru yn drydydd partiön perthnasol. Dylid anfon unrhyw ymholiadau ynghylch datgelu neu aildefnyddio'r ddogfen hon at Swyddfa Archwilio Cymru yn [swyddog.gwybodaeth@archwilio.cymru](mailto:swyddog.gwybodaeth@archwilio.cymru).

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

# Cynnwys

Rydym yn bwriadu cyhoeddi adroddiad archwilio anghymwys ar eich Cyfrifon. Mae rhai materion i'w trafod cyn eu cymeradwyo.

## Adroddiad Archwilio Cyfrifon

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# Adroddiad Archwilio Cyfrifon

## Cyflwyniad

- 1 Rydym yn crynhoi'r prif ganfyddiadau o'n harchwiliad o'ch cyfrifon 2022-23 yn yr adroddiad hwn.
- 2 Rydym eisoes wedi trafod y materion hyn gyda'r Swyddog Adran 151 a'i dîm.
- 3 Ni all archwilwyr fyth roi sicrwydd llwyr bod cyfrifon wedi'u nodi'n gywir. Yn hytrach, rydym yn gweithio i lefel o 'faterolrwydd'. Disgwylir i'r lefel hon o fateroldeb geisio nodi a chywiro camddatganiadau a allai fel arall achosi i ddefnyddiwr o'r cyfrifon gael eu camarwain.
- 4 Rydym yn gosod y lefel hon ar £260,000 ar gyfer yr archwiliad eleni.
- 5 Mae rhai meysydd o'r cyfrifon a allai fod yn bwysicach i'r darlennydd ac rydym wedi gosod lefel fateroldeb is ar gyfer y rhain, fel a ganlyn:
  - Uwch Dâl Staff – £1,000
  - Datgeliadau'r Blaid Gysylltiedig ar gyfer swyddogion ac aelodau – £1,000
- 6 Mae'r amserlen ar gyfer cwblhau'r cyfrifon archwiliedig wedi'i nodi yn **Arddangosyn 1**.

### Arddangosyn 1: amserlen cyfrifon

Amserlen	
	<ul style="list-style-type: none"><li>• Y dyddiad cau ar gyfer cwblhau eich cyfrifon oedd 31 Gorffennaf 2023.</li><li>• Cawsom y cyfrifon drafft ar 27 Gorffennaf 2023.</li><li>• Ein dyddiad cau ar gyfer cwblhau'r archwiliad yw 30 Tachwedd 2023</li><li>• Rydym yn disgwyl i'ch adroddiad archwilio gael ei lofnodi ar 23 Tachwedd 2023.</li></ul>

- 7 Rydym bellach wedi cwblhau'r archwiliad eleni'n sylweddol ond ar adeg drafftio'r adroddiad hwn, mae'r gwaith canlynol yn rhagorol:
  - ein hadolygiad terfynol o ddatganiadau ariannol diwygiedig 2022-23.
- 8 Byddwn yn darparu diweddariad llafar ar yr eitemau rhagorol hyn i'r Pwyllgor yn ei gyfarfod ar 16 Tachwedd 2023.
- 9 Yn ein barn broffesiynol, rydym wedi cydymffurfio â'r safonau moesegol sy'n berthnasol i'n gwaith; Aros yn annibynnol ar eich hunain; ac nid yw ein gwrthrychedd wedi cael ei gyfaddawdu mewn unrhyw ffordd. Nid oes unrhyw berthynas rhyngom ni a chi ein hunain y credwn a allai danseilio ein gwrthrychedd a'n hannibyniaeth.



## Barn archwilio arfaethedig

- 10 Rydym yn bwriadu cyhoeddi barn archwilio ddiamod ar gyfrifon eleni unwaith y byddwch wedi rhoi Llythyr Cynrychiolaeth i ni yn seiliedig ar yr hyn a nodir yn **Atodiad 1**.
- 11 Rydym yn cyhoeddi barn archwilio 'gymwysedig' lle mae gennym bryderon materol am rai agweddau ar eich cyfrifon; Fel arall, rydyn ni'n cyhoeddi barn anghymhwys.
- 12 Mae'r Llythyr Cynrychiolaeth yn cynnwys rhai cadarnhadau y mae'n ofynnol i ni eu cael gennych chi o dan safonau archwilio ynghyd â chadarnhad o wybodaeth benodol arall rydych chi wedi'i rhoi i ni yn ystod ein harchwiliad.
- 13 Mae ein hadroddiad archwilio arfaethedig wedi'i nodi yn **Atodiad 2**.

## Materion sylweddol yn codi o'r archwiliad

### Camddatganiadau heb eu cywiro

- 14 Nid oes unrhyw gamddatganiadau wedi'u nodi yn y cyfrifon, sy'n parhau heb eu cywiro.

### Camddatganiadau wedi'u cywiro

I ddechrau, roedd camddatganiadau yn y cyfrifon sydd bellach wedi'u cywiro gan reolwyr. Fodd bynnag, credwn y dylid tynnu eich sylw at y rhain ac fe'u nodir gydag esboniadau yn **Atodiad 3**.

### Materion pwysig eraill sy'n codi o'r archwiliad

- 15 Yn ystod yr archwiliad, rydym yn ystyried nifer o faterion sy'n ymwneud â'r cyfrifon ac yn adrodd am unrhyw faterion arwyddocaol sy'n codi i chi. Doedd dim problemau sylweddol yn codi yn y meysydd hyn eleni.

# Atodiad 1

## Llythyr Sylwadau Terfynol

[Pennawd y corff archwiliedig]

Archwilydd Cyffredinol Cymru  
Swyddfa Archwilio Cymru  
1 Cwr y Ddinas  
Stryd Tyndall  
Caerdydd  
CF10 4BZ

16 Tachwedd 2023

### Sylwadau ar ddatganiadau ariannol 2022-23

Darperir y llythyr hwn mewn cysylltiad â'ch archwiliad o ddatganiadau ariannol Cyd-bwyllgor Bargen Ddinesig Bae Abertawe am y flwyddyn a ddaeth i ben ar 31 Mawrth 2023 er mwyn mynegi barn ar eu gwirionedd a'u tegwch a'u paratoi'n briodol.

Rydym yn cadarnhau, hyd eithaf ein gwybodaeth a'n cred, ar ôl gwneud ymholiadau fel y tybiwn yn ddigonol, y gallwn wneud y sylwadau canlynol i chi.

### Sylwadau rheoli

#### Cyfrifoldebau

Rydym wedi cyflawni ein cyfrifoldebau ar gyfer:

- paratoi'r datganiadau ariannol yn unol â gofynion deddfwriaethol a Chod Ymarfer CIPFA ar Gyfrifeg Awdurdodau Lleol yn y Deyrnas Unedig 2022-23; yn benodol, mae'r datganiadau ariannol yn rhoi barn wir a theg yn unol â hynny; a
- dylunio, gweithredu, cynnal ac adolygu rheolaeth fewnol i atal a chanfod twyll a chamgymeriad.

### Gwybodaeth a ddarperir

Rydym wedi rhoi i chi:

- Mynediad llawn i:
  - yr holl wybodaeth yr ydym yn ymwybodol ohoni sy'n berthnasol i baratoi'r datganiadau ariannol megis llyfrau cyfrifon a dogfennau ategol, cofnodion cyfarfodydd a materion eraill;

- gwybodaeth ychwanegol yr ydych wedi gofyn amdani gennym at ddibenion yr archwiliad; a
- mynediad anghyfyngedig i staff y gwnaethoch benderfynu arnynt ei bod yn angenrheidiol cael tystiolaeth archwilio.
- canlyniadau ein hasesiad o'r risg y gall y datganiadau ariannol gael eu cam-ddatgan yn sylweddol o ganlyniad i dwyll;
- Ein gwybodaeth am dwyll neu amheuaeth o dwyll yr ydym yn ymwybodol ohono ac sy'n effeithio ar Gyd-bwyllgor Bargaen Ddinesig Bae Abertawe ac sy'n cynnwys:
  - rheolaeth;
  - gweithwyr sydd â rolau sylweddol mewn rheolaeth fewnol; neu
  - eraill lle gallai'r twyll gael effaith sylweddol ar y datganiadau ariannol.
- ein gwybodaeth am unrhyw honiadau o dwyll, neu amheuaeth o dwyll, sy'n effeithio ar y datganiadau ariannol a gyflewyd gan weithwyr, cyn-gyflogeion, rheoleiddwyr neu eraill;
- ein gwybodaeth am yr holl achosion hysbys o ddiffyg cydymffurfio neu amheuaeth o beidio â chydymffurfio â deddfau a rheoliadau y dylid ystyried eu heffeithiau wrth baratoi'r datganiadau ariannol; a
- hunaniaeth yr holl bartïon cysylltiedig a'r holl berthnasoedd a thrafodion parti cysylltiedig yr ydym yn ymwybodol ohonynt.

## Sylwadau datganiad ariannol

Mae'r holl drafodion, asedau a rhwymedigaethau wedi'u cofnodi yn y cofnodion cyfrifeg ac yn cael eu hadlewyrchu yn y datganiadau ariannol.

Mae rhagdybiaethau sylweddol a ddefnyddir wrth wneud amcangyfrifon cyfrifyddu, gan gynnwys y rhai a fesurir ar werth teg, yn rhesymol.

Mae perthnasoedd a thrafodion parti cysylltiedig wedi'u cyfrif a'u datgelu'n briodol.

Mae'r holl ddigwyddiadau sy'n digwydd ar ôl y dyddiad adrodd y mae angen eu haddasu neu eu datgelu wedi'u haddasu neu eu datgelu.

Mae'r holl ymglyfreitha a hawliadau gwirioneddol neu bosibl y dylid ystyried eu heffeithiau wrth baratoi'r datganiadau ariannol wedi'u datgelu i'r archwilydd ac wedi cyfrif amdanynt a'u datgelu yn unol â'r fframwaith adrodd ariannol cymwys.

Mae'r datganiadau ariannol yn rhydd o gamddatganiadau perthnasol, gan gynnwys hepgoriadau. Nid oes unrhyw gamddatganiadau heb eu cywiro yn y datganiadau ariannol.

## Sylwadau gan y rhai sy'n gyfrifol am lywodraethu

Rydym yn cydnabod bod y sylwadau a wnaed gan reolwyr, uchod, wedi cael eu trafod gyda ni.

Rydym yn cydnabod ein cyfrifoldeb dros baratoi datganiadau ariannol gwir a theg yn unol â'r fframwaith adrodd ariannol cymwys. Cymeradwywyd y datganiadau ariannol gan y Pwyllgor ar 16 Tachwedd 2023.

Rydym yn cadarnhau ein bod wedi cymryd yr holl gamau y dylem fod wedi'u cymryd er mwyn gwneud ein hunain yn ymwybodol o unrhyw wybodaeth archwilio berthnasol ac i gadarnhau ei bod wedi'i chyfleu i chi. Rydym yn cadarnhau, hyd y gwyddom, nad oes unrhyw wybodaeth archwilio berthnasol nad ydych yn ymwybodol ohoni.

Llofnodwyd gan:

Swyddog Adran 151

Dyddiad:

Llofnodwyd gan:

Cadeirydd y Pwyllgor

Dyddiad:

# Atodiad 2

## Adroddiad archwilio arfaethedig

### Adroddiad yr archwilydd annibynnol o Archwilydd Cyffredinol Cymru i aelodau Cyd-bwyllgor Bargaen Ddinesig Bae Abertawe

#### Barn ar ddatganiadau ariannol

Rwyf wedi archwilio datganiadau ariannol Cyd-bwyllgor Bargaen Ddinesig Bae Abertawe am y flwyddyn a ddaeth i ben ar 31 Mawrth 2023 o dan Ddeddf Archwilio Cyhoeddus (Cymru) 2004.

Mae datganiadau ariannol Cyd-bwyllgor Bargaen Ddinesig Bae Abertawe yn cynnwys Datganiad Symud mewn Cronfeydd Wrth Gefn, y Datganiad Incwm a Gwariant Cynhwysfawr, y Fantolen, y Datganiad Llif Arian, a'r nodiadau cysylltiedig, gan gynnwys crynodeb o bolisiau cyfrifo sylweddol.

Mae'r fframwaith adrodd ariannol sydd wedi'i gymhwyso wrth baratoi yn gyfraith berthnasol a safonau cyfrifyddu rhyngwladol fel y'u dehonglir a'u haddasu gan y Cod Ymarfer ar Gyfrifeg Awdurdodau Lleol yn y Deyrnas Unedig 2022-23.

Yn fy marn i, mae'r datganiadau ariannol:

- rhoi darlun cywir a theg o sefyllfa ariannol Cyd-bwyllgor Bargaen Ddinesig Bae Abertawe ar 31 Mawrth 2023 ac o'i incwm a'i wariant ar gyfer y flwyddyn a ddaeth i ben bryd hynny; ac
- wedi eu paratoi'n briodol yn unol â gofynion deddfwriaethol a safonau cyfrifyddu rhyngwladol fel y'u dehonglir a'u haddasu gan y Cod Ymarfer ar Gyfrifeg Awdurdodau Lleol yn y Deyrnas Unedig 2022-23.

#### Sail barn

Cynhaliais fy archwiliad yn unol â'r gyfraith berthnasol a'r Safonau Rhyngwladol ar Archwilio yn y DU (ISAs (DU)) a Nodyn Ymarfer 10 'Archwilio Datganiadau Ariannol Endidau Sector Cyhoeddus yn y Deyrnas Unedig'. Disgrifir fy nghyfrifoldebau o dan y safonau hynny ymhellach yng nghyfrifoldebau'r archwilydd dros archwilio adran datganiadau ariannol fy adroddiad.

Mae fy staff a minnau'n annibynnol ar y Cydbwyllgor yn unol â'r gofynion moesegol sy'n berthnasol i'm harchwiliad o'r datganiadau ariannol yn y DU gan gynnwys Safon Foesegol y Cyngor Adrodd Ariannol, ac rwyf wedi cyflawni fy nghyfrifoldebau moesegol eraill yn unol â'r gofynion hyn. Credaf fod y dystiolaeth archwilio a gefais yn ddigonol ac yn briodol i roi sail i'm barn.

## Casgliadau'n ymwneud â busnes gweithredol

Wrth archwilio'r datganiadau ariannol, rwyf wedi dod i'r casgliad bod y defnydd o'r sail gyfredol o gyfrifo wrth baratoi'r datganiadau ariannol yn briodol.

Yn seiliedig ar y gwaith rwyf wedi'i gyflawni, nid wyf wedi nodi unrhyw ansicrwydd materol sy'n ymwneud â digwyddiadau neu amodau a allai, yn unigol neu gyda'i gilydd, fwrw amheuaeth sylweddol ar allu'r Cyd-bwyllgor i barhau i fabwysiadu sail cyfrifyddu busnes gweithredol am gyfnod o 12 mis o leiaf o'r adeg y mae'r datganiadau ariannol wedi'u hawdurdodi i'w cyhoeddi.

Disgrifir fy nghyfrifoldebau a chyfrifoldebau'r swyddog ariannol cyfrifol mewn perthynas â busnes gweithredol yn yr adrannau perthnasol o'r adroddiad hwn.

## Gwybodaeth arall

Mae'r wybodaeth arall yn cynnwys y wybodaeth a gynhwysir yn y datganiad cyfrifon blynyddol ac eithrio'r datganiadau ariannol ac adroddiad fy archwilydd ar hynny. Mae'r Swyddog Ariannol Cyfrifol yn gyfrifol am yr wybodaeth arall sydd yn y datganiad cyfrifon blynyddol. Nid yw fy marn ar y datganiadau ariannol yn cwmpasu'r wybodaeth arall ac, ac eithrio i'r graddau a nodir fel arall yn benodol yn fy adroddiad, nid wyf yn mynegi unrhyw fath o gasgliad sicrwydd ar hynny.

Fy nghyfrifoldeb i yw darllen y wybodaeth arall ac, wrth wneud hynny, ystyried a yw'r wybodaeth arall yn sylweddol anghyson â'r datganiadau ariannol neu'r wybodaeth a gafwyd yn ystod yr archwiliad, neu fel arall mae'n ymddangos ei bod wedi'i chamddatgan yn sylweddol. Os byddaf yn nodi anghysondebau materol o'r fath neu gamddatganiadau materol ymddangosiadol, mae'n ofynnol i mi benderfynu a yw hyn yn arwain at gamddatganiad perthnasol yn y datganiadau ariannol eu hunain. Os byddaf i, yn seiliedig ar y gwaith rwyf wedi'i gyflawni, yn dod i'r casgliad bod camddatganiad materol o'r wybodaeth arall hon, mae'n ofynnol i mi adrodd am y ffaith honno.

Nid oes gennyf unrhyw beth i'w adrodd yn hyn o beth.

## Barn ar faterion eraill

Yn fy marn i, yn seiliedig ar y gwaith a wnaed yn ystod fy archwiliad:

- mae'r wybodaeth a gynhwysir yn yr Adroddiad Naratif ar gyfer y flwyddyn ariannol y mae'r datganiadau ariannol yn cael eu paratoi ar ei chyfer yn gyson â'r datganiadau ariannol ac mae'r Adroddiad Naratif wedi'i baratoi yn unol â'r Cod Ymarfer ar Gyfrifeg Awdurdodau Lleol yn y Deyrnas Unedig 2022-23; ac
- mae'r wybodaeth a roddir yn y Datganiad Llywodraethu Blynyddol ar gyfer y flwyddyn ariannol y mae'r datganiadau ariannol yn cael eu paratoi ar ei chyfer yn gyson â'r datganiadau ariannol ac mae'r Datganiad Llywodraethu Blynyddol wedi'i baratoi yn unol â'r canllawiau.

## **Materion yr wyf yn adrodd amdanynt drwy eithriad**

Yng ngoleuni gwybodaeth a dealltwriaeth y Cyd-bwyllgor a'i amgylchedd a gafwyd yn ystod yr archwiliad, nid wyf wedi nodi camddatganiadau perthnasol yn yr Adroddiad Naratif na'r Datganiad Llywodraethu Blynyddol.

Nid oes gennyf unrhyw beth i'w adrodd mewn perthynas â'r materion canlynol, yr wyf yn eu hadrodd i chi, os, yn fy marn i:

- Nid wyf wedi derbyn yr holl wybodaeth ac esboniadau sydd eu hangen arnaf ar gyfer fy archwiliad;
- Nid yw cofnodion cyfrifeg digonol wedi'u cadw, neu ni dderbyniwyd ffurflenni sy'n ddigonol ar gyfer fy archwiliad gan ganghennau nad ymwelwyd â hwy gan fy nhîm; neu
- Nid yw'r datganiadau ariannol yn cytuno â'r cofnodion a'r ffurflenni cyfrifyddu.

## **Cyfrifoldebau'r swyddog ariannol cyfrifol am y datganiadau ariannol**

Fel yr esboniwyd yn llawnach yn y Datganiad Cyfrifoldebau ar gyfer y Datganiad Cyfrifon a nodir ar dudalennau 18 a 19, mae'r swyddog ariannol cyfrifol yn gyfrifol am:

- paratoi'r datganiad cyfrifon sy'n rhoi barn wir a theg ac yn cydymffurfio ag arferion priodol;
- cadw cofnodion cyfrifyddu priodol;
- Mae rheolaethau mewnol fel y mae'r swyddog ariannol cyfrifol yn penderfynu arnynt yn angenrheidiol er mwyn galluogi paratoi datganiadau cyfrifon sy'n rhydd o gamddatganiadau perthnasol, boed hynny oherwydd twyll neu gamgymeriad; ac
- asesu gallu'r Cyd-bwyllgor i barhau fel busnes gweithredol, datgelu fel y bo'n berthnasol, materion sy'n ymwneud â busnes gweithredol a defnyddio sail barhaus cyfrifyddu oni bai bod y swyddog ariannol cyfrifol yn rhagweld na fydd y gwasanaethau a ddarperir gan y Cyd-bwyllgor yn parhau i gael eu darparu yn y dyfodol.

## **Cyfrifoldebau'r Archwilydd dros archwilio'r datganiadau ariannol**

Fy nghyfrifoldeb i yw archwilio'r datganiadau ariannol yn unol â Deddf Archwilio Cyhoeddus (Cymru) 2004.

Fy amcanion yw cael sicrwydd rhesymol ynghylch a yw'r datganiadau ariannol yn eu cyfanrwydd yn rhydd o gamddatganiadau perthnasol, boed hynny oherwydd twyll neu gamgymeriad, a chyhoeddi adroddiad archwilydd sy'n cynnwys fy marn i. Mae sicrwydd rhesymol yn lefel uchel o sicrwydd ond nid yw'n warant y bydd archwiliad a gynhelir yn unol ag ISAs (DU) bob amser yn canfod camddatganiad perthnasol pan fydd yn bodoli. Gall camddatganiadau godi o dwyll neu gamgymeriad ac fe'u hystyrir yn ddeunydd os gellid disgwyl yn rhesymol iddynt ddylanwadu ar benderfyniadau economaidd defnyddwyr a wneir ar sail y datganiadau ariannol hyn.

Mae afreoleidd-dra, gan gynnwys twyll, yn achosion o ddiffyg cydymffurfio â deddfau a rheoliadau. Rwy'n dylunio gweithdrefnau yn unol â'm cyfrifoldebau, a amlinellir uchod, i

ganfod camddatganiadau perthnasol mewn perthynas ag afreoleidd-dra, gan gynnwys twyll.

Roedd fy ngweithdrefnau yn cynnwys y canlynol:

- Ymchwilio i'r rheolwyr, pennaeth archwilio mewnol y Cyd-bwyllgor a'r rhai sy'n gyfrifol am lywodraethu, gan gynnwys cael ac adolygu dogfennau ategol sy'n ymwneud â pholisïau a gweithdrefnau'r Cyd-bwyllgor sy'n ymwneud â:
  - nodi, gwerthuso a chydymffurfio â deddfau a rheoliadau ac a oeddent yn ymwybodol o unrhyw achosion o ddiffyg cydymffurfio;
  - canfod ac ymateb i risgiau twyll ac a oes ganddynt wybodaeth am unrhyw dwyll gwirioneddol, amheuaeth neu honedig; ac
  - y rheolaethau mewnol a sefydlwyd i liniaru risgiau sy'n gysylltiedig â thwyll neu ddiffyg cydymffurfio â deddfau a rheoliadau.
- ystyried fel tîm archwilio sut a ble y gallai twyll ddigwydd yn y datganiadau ariannol ac unrhyw ddangosyddion posibl o dwyll. Fel rhan o'r drafodaeth hon, nodais botensial ar gyfer twyll wrth bostio cyfnodolion anarferol.
- cael dealltwriaeth o fframwaith awdurdod y Cyd-bwyllgor yn ogystal â fframweithiau cyfreithiol a rheoleiddiol eraill y mae Cyd-bwyllgor Bargen Ddinesig Bae Abertawe yn gweithredu ynddynt, gan ganolbwyntio ar y cyfreithiau a'r rheoliadau hynny a gafodd effaith uniongyrchol ar y datganiadau ariannol neu a gafodd effaith sylfaenol ar weithrediadau'r Cyd-bwyllgor.
- Cael dealltwriaeth o berthnasoedd parti cysylltiedig.

Yn ogystal â'r uchod, roedd fy ngweithdrefnau i ymateb i risgiau a nodwyd yn cynnwys y canlynol:

- adolygu'r datganiadau ariannol a phroffion i ddogfennau ategol i asesu cydymffurfiaeth â deddfau a rheoliadau perthnasol a drafodwyd uchod;
- holi rheolwyr, y Cyd-bwyllgor a chynghorwyr cyfreithiol ynghylch ymglybiaethau a hawliadau gwirioneddol a posibl;
- darllen cofnodion cyfarfodydd y rhai sy'n gyfrifol am lywodraethu a'r Cyd-bwyllgor; ac
- wrth fynd i'r afael â'r risg o dwyll trwy wrthdroi rheolaeth rheolaethau, profi priodoldeb cofnodion cyfnodolion ac addasiadau eraill; asesu a yw'r dyfarniadau a wnaed wrth wneud amcangyfrifon cyfrifyddu yn arwydd o ragfarn bosibl; a gwerthuso rhesymeg busnes unrhyw drafodion sylweddol sy'n anarferol neu y tu allan i gwrs busnes arferol.

Fe wnes i hefyd gyfleu deddfau a rheoliadau a nodwyd yn berthnasol a risgiau posibl i dwyll i'r holl dîm archwilio a pharhau i fod yn effro i unrhyw arwyddion o dwyll neu ddiffyg cydymffurfio â chyfreithiau a rheoliadau drwy gydol yr archwiliad.

Mae'r graddau y mae fy ngweithdrefnau'n gallu canfod afreoleidd-dra, gan gynnwys twyll, yn cael ei effeithio gan yr anhawster cynhenid wrth ganfod afreoleidd-dra, effeithiolrwydd rheolaethau'r Cyd-bwyllgor, a natur, amseriad a maint y gweithdrefnau archwilio a gyflawnir.



Ceir disgrifiad pellach o gyfrifoldebau'r archwilydd dros archwilio'r datganiadau ariannol ar wefan y Cyngor Adrodd Ariannol [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). Mae'r disgrifiad hwn yn rhan o adroddiad fy archwilydd.

## **Cyfrifoldebau archwilydd eraill**

Rwy'n cyfathrebu â'r rhai sy'n gyfrifol am lywodraethu ynghylch cwmpas ac amseriad arfaethedig yr archwiliad a chanfyddiadau archwilio sylweddol ymhlith materion eraill, gan gynnwys unrhyw ddiffygion sylweddol mewn rheolaeth fewnol a nodaf yn ystod fy archwiliad.

## **Tystysgrif cwblhau archwiliad**

Rwy'n ardystio fy mod wedi cwblhau'r archwiliad o gyfrifon Cyd-bwyllgor Bargen Ddinesig Bae Abertawe yn unol â gofynion Deddf Archwilio Cyhoeddus (Cymru) 2004 a Chod Ymarfer Archwilio Archwilydd Cyffredinol Cymru.

Adrian Crompton  
Archwilydd Cyffredinol Cymru  
23 Tachwedd 2023

1 Cwr y Ddinas  
Stryd Tyndall  
Caerdydd  
CF10 4BZ

# Atodiad 3

## Crynodeb o'r cywiriadau a wnaed

Yn ystod ein harchwiliad, gwnaethom nodi'r camddatganiadau canlynol sydd wedi'u cywiro gan reolwyr, ond yr ydym yn ystyried y dylid eu tynnu at eich sylw oherwydd eu perthnasedd i'ch cyfrifoldebau dros y broses adrodd ariannol.

### Arddangosyn 2: crynodeb o'r cywiriadau a wnaed

Gwerth cywiro	Natur cywiro	Rheswm dros gywiro
£12,746 (Cynnydd i wariant ar gyflenwadau a gwasanaethau yn y CIES)	<b>Datganiad Incwm a Gwariant Cynhwysfawr (CIES) a Nodyn 8 – Ffioedd Archwilio Allanol</b> Diwygiwyd y ffioedd archwilio ar gyfer 2022-23 i sicrhau eu bod yn cytuno i'r Cynllun Archwilio a gyflwynwyd i'r Cyd-bwyllgor. Arweiniodd hyn at gynnydd o £12,746 i wariant ar gyflenwadau a gwasanaethau yn y CIES. Diwygiwyd Nodyn 8 (Ffioedd Archwilio Allanol) hefyd i rannu'r ffi archwilio rhwng gwaith Archwilio Cyfrifon a gwaith Archwilio Perfformiad.	I ddatgelu'r ffioedd archwilio gwirioneddol yn gywir.
Amryw (Dim effaith gyffredinol ar y datganiadau sylfaenol)	Gwnaed nifer o fân ddiwygiadau i'r datganiadau ariannol yn ymwneud naill ai â diwygiadau i ddatgelu gwybodaeth neu newidiadau naratif.	Sicrhau cywirdeb y datganiadau ariannol.



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We welcome correspondence and telephone calls in Welsh and English.  
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

# Agenda Item 9



Swansea Bay City Region Joint Committee - 16 November 2023

## Swansea Bay City Deal Statement of Accounts 2022/23

<b>Purpose:</b>	To seek Joint Committee's approval for the SBCD Programme's Annual Statement of Accounts for the 2022/2023 financial year.
<b>Policy Framework:</b>	Swansea Bay City Deal (SBCD) Joint Committee Agreement (JCA)
<b>Recommendation(s):</b>	It is recommended that Joint Committee:  1) Approves the 2022/2023 post-audit SBCD Statement of Accounts
<b>Report Author:</b>	Chris Moore, SBCD S151 Officer
<b>Finance Officer:</b>	Chris Moore, SBCD S151 Officer
<b>Legal Officer:</b>	Debbie Smith, Deputy Chief Legal Officer, SBCD

### 1. Introduction

1.1 Carmarthenshire County Council as the Accountable Body is responsible for the financial stewardship of the Swansea Bay City Deal. This is the third year the Swansea Bay City Deal Joint Committee has had to compile a Statement of Accounts in line with the Accounts and Audit (Wales) Regulations 2014, as amended in 2018. The Statement of Accounts has been reviewed by Audit Wales and the amendments noted in the Audit of Accounts Report (ISA 260) have been included. Audit Wales has issued an unqualified audit opinion on these Accounts, which has been included within the Statement of Accounts. The Statement of Accounts 2022/23 is attached at Appendix A.

### 2. Statement of Accounts 2022/2023

2.1 The Statement of Accounts present full financial statements for the financial year 2022/23, as required by legislation. To the period which ended on 31st March 2023, the Joint Committee and Portfolio Management Office expenditure incurred totalled £1,603k, income through partner contributions, top slice and interest earned totalling £1,524k. This resulted in a deficit of £80k with the balance being transferred to the City Deal reserve, which now demonstrates £140.8k in total.

2.2 Further income received by the Joint Committee included the sixth instalment of Welsh and UK Government City Deal Grant totalling £23.1m. Grant of £24.4m was dispersed to projects during the year. Accrued interest is dispersed to projects on an annual basis apportioned on the basis of the City Deal grant award. This was approved at Joint Committee on July 10, 2020. Debtor and creditor amounts represent contributions outstanding from partners and funders, and the amount owing to Carmarthenshire County Council as the Accountable Body.

### **3. Financial Implications**

3.1 The total annual expenditure of the Joint Committee was £1,056k. The total expenditure for the Portfolio Management Office was £547k. Income through partner contributions £400k, top slice of £253k and interest earned of £871k. This resulted in a deficit position of £80k. The current reserves reside at £140.8k for the Joint Committee, and £51.2m for the portfolio investment fund.

3.2 City Deal grant totalling £2.13m and generated interest of £871k was accounted for within the year. Payments totalling £24.4m have been disseminated from the Accountable body.

3.3 The estimated portfolio forecasted investment position (as at 31<sup>st</sup> March 2023) demonstrates an underinvestment of £10.8m. Currently the portfolio is presenting a total investment over the fifteen-year life span of the Swansea Bay City Region Deal of £1.256.4bn. This is subject to fluctuation over the life span of the project and will be monitored quarterly through financial templates and through the Portfolio risk register. The remaining business cases were approved within the year and the portfolio is now in full delivery.

### **4. Legal Implications**

4.1 There are no further legal implications associated with this report.

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

5.1 The Swansea Bay City Deal programme 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: Swansea Bay City Deal Joint Committee - Statement of Accounts 2022/23



# Joint Committee Statement of Accounts 2022/23



The Swansea Bay City Deal is an alliance of four Regional Local Authorities, supported by four co-opt regional partners governed by a legally constituted Joint Committee.

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## Swansea Bay City Deal

The Swansea Bay City Deal is a £1.2 billion investment in 9 major projects across the Swansea Bay City Region – which is made up of Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea.

The City Deal is being funded, subject to the approval of project business cases, by the UK Government, the Welsh Government, the public sector and the private sector.

Over the next 10 years, the City Deal will boost the regional economy by £1.8 billion and generate over 9,000 new, high-quality jobs.

City Deal projects are based on key themes of Economic Acceleration, Life Science and Well-being, Energy, and Smart Manufacturing. Each project will be supported by world class digital infrastructure and a Skills and Talent initiative that will give local people a pathway to access the jobs that will be created.

The Swansea Bay City Deal is being led by the four regional local authorities – Carmarthenshire County Council, City and County of Swansea Council, Neath Port Talbot County Borough Council and Pembrokeshire County Council - together with the Swansea Bay Health Board and Hywel Dda University Health Board, Swansea University, the University of Wales Trinity Saint David. The UK and Welsh Governments are funding bodies supporting the City Deal Grant.

# Chair's Statement

"It is my pleasure to introduce the Swansea Bay City Deal financial statement for 2022/2023. This year has seen further significant progress throughout the delivery of the portfolio, ongoing growth and investment across our region, continued economic recovery and the achievement of further key milestones.

We have continued to build success through our collaborative working, with the four local authorities, two health boards and two universities, and regional businesses supporting each other for our economy to grow, and we have seen further transformation across South-West Wales with many projects excelling in delivery.

Over the last 12 months the City Deal has also proven to be a catalyst for further investment by placing our region on the map, demonstrating that we are delivering our ambitions and seeing aligned and complementary initiatives coming to fruition. These include several Levelling Up Funding bids, the successful Celtic Freeport bid, securing commitment from Skyline, the Blue Eden project and the Global Centre of Rail Excellence in Wales.

I look forward to another exciting 12 months for the SBCD and feel privileged to be part of the fantastic journey that is shaping our region for the better."



*Councillor **Rob Stewart***

***Chair of Swansea Bay City Region Deal Joint Committee***

***Leader of City and County of Swansea Council***



# Narrative Report

The Swansea Bay City Region is an important driver for the Welsh and UK economy. An area with a significant coastal footprint, with rural idyllic landscape, complimented with diverse urban centres, the region offers opportunities far and wide reaching.

The Portfolio offers regional partners new ways of working and resource to unlock significant potential, to stimulate economic growth and increase added value in the region.

Taking a regional collaborative approach enables the Authorities to plan and deliver services more effectively, through strategic land use planning, strategic transport and economic development.

The City Deal is expected to boost the region estimating;

- Funding and investment of £1.2 billion for interventions to stimulate economic growth.
- Pan-region investment, ensuring all localities and citizens can benefit.
- Over 9,000 additional gross direct jobs.
- A contribution to regional Gross Value Added of over £1.8 billion.

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.

Within the United Kingdom City Deals have been adopted by Governments to give local areas specific powers and freedoms to help regions in supporting economic growth, job creation and to stimulate investment in local projects.

During March 2017 the then Prime Minister Theresa May visited the City of Swansea to meet with region Council Leaders to formally sign-off the Swansea Bay City Region Deal, bringing the current portfolio into fruition.

The award of City Deal funding was based on local demand-led elements labelled under four key themes, each adopted to provide the region with value added growth and economic stimulation. The portfolio comprises of nine projects each designed around four key themes of Internet of Economic Acceleration, Life Science and Well-being, Energy, and Smart Manufacturing.

On establishment of the Swansea Bay City Region Deal, a shadow Joint Committee was formed consisting of all four regional participating Authorities, with support from four co-opt portfolio partners (Swansea University, University of Wales Trinity St David, Swansea Bay Local Health Board and Hywel Dda Local Health Board) to oversee delivery of all eleven projects within the established portfolio.

On approval by all four participating Authorities the Joint Committee was formalised by the investiture of the Joint Committee Agreement (JCA) on 29th August 2018. The JCA constitutes governance arrangements, embedding a structured framework of control through outlining accountability and responsibility, thus allowing Authorities to discharge their functions appropriately to successfully deliver projects under the City Deal Portfolio.

## OUR VISION

---

Based on the Swansea Bay City Region Economic Regeneration Strategy 2013-2030, the Swansea Bay City Deal sets out an integrated, transformational approach to delivering the scale and nature of investment needed to support plans for growth in the Region.

The strategic vision is to create a super smart innovation region which will inform and advance solutions to some of the most pressing challenges of modern times in the areas of economic acceleration, smart manufacturing, energy, life sciences and well-being.

The City Deal provides a once in a generation opportunity to further consolidate the region's role in technological innovation through the creation of interconnected testbeds and living laboratories, designed not only for proof of concept but also for proof of business.

Using the transformational powers of next generation digital technologies, and supported by a portfolio of tailored skills development, the City Deal will accelerate the region's innovation, technological and commercialisation capabilities to support the establishment and growth of local innovation businesses, while also acting as a catalyst to attract further inward investment.

---

## Swansea Bay City Region Deal Investment

The City Deal program is fabricated through three forms of funding components, constituting in £1.2 billion of investment within the South Wales region.

The total investment package is made up of £235.80 million (19%) UK and Welsh Government funding, £382.2 million (30%) other public sector investment, and £638.6 million (51%) from the private sector. This totalling £1,256.6 billion.

The Heads of Terms set out the commitment by both Welsh and Central Government to support the City Deal with an investment totalling £236 million. The balance of this investment in being considered by the Joint Committee.

### Funding Apportionment



## Swansea Bay City Region Deal Grant Funding Profile

It is the aim of the Swansea Bay City Region Deal that all projects will be delivered by 2028/29 in order to maximise the full benefits realisation of the operational schemes during the lifetime of City Deal funding, which is to be released in the form of a capital grant to the Region from both the UK and the Welsh Governments over a 15-year period. On 2<sup>nd</sup> March 2021 the UK Government announced that it would be cutting its grant payment profile term from fifteen to ten years, front loading its financial commitment to 2027/28.

The Portfolio will disperse funding to the regional Project Authority Leads to support the projects on which the grant was awarded. Funding will only be released by the Accountable Body on behalf of the Joint Committee on the successful approval of business cases by both UK and Welsh Government.

With the funding being released to the portfolio over a fifteen-year period an inherent temporary funding gap is recognised. Each Lead Authority is responsible for managing the cashflows in respect of the projects in which they hold responsibility for delivery, and subsequently are accountable for managing inherent risks and the funding gaps recognised. Each Authority shall be responsible for borrowing to provide funding or securing funding for projects in its own area.

## Swansea Bay City Region Deal Investment Breakdown

The Swansea Bay City Region Deal partnership, through the 'Internet Coast' publication and subsequent discussions with the Welsh and UK Governments, has developed a clear strategy which has been underpinned with identified interventions to deliver widespread and sustainable economic growth across the region. These interventions, subject to the submission and approval of detailed business cases for the now nine identified projects by the Welsh and UK governments, and the agreement of necessary governance arrangement and delivery models.

The overall estimated investment position is demonstrated at £1.256.4 billion over the fifteen-year life of the portfolio. The revised budget comprised of a total investment of £1.245.6 billion. Currently the City Deal is presenting overinvestment against the revised budget of £10.8m. Details of significant variances are outlined below:

Swansea Arena is currently demonstrating an underinvestment of £4 million against budget due to the reappropriation of costs across the whole Copr Bay site. Work on final costs is being undertaken and will be reported on in Quarter4 in line with the amended programme being agreed with the contractor.

The Innovation matrix is currently demonstrating an over investment of £2m, which will be reviewed during quarter 4. A business case revision is currently being undertaken with a review of financials included.

Pentre Awel has commenced construction and is demonstrating £6m over investment against budget. Work is estimated to be completed during August 2024.

### Portfolio Investment Breakdown

Prior Quarter Portfolio Forcasted Total (£m)	Investment Component	Revised Budget (Quarter 1) Total (£m)	Quarter 4 Portfolio Forcasted Total (£m)	Variance (£m)	Variance
235.70	City Deal	235.70	235.75	0.05	0.02%
382.83	Public	380.37	382.00	1.63	0.43%
629.16	Private	629.55	638.66	9.11	1.45%
<b>1,247.69</b>	<b>Grand Total</b>	<b>1,245.62</b>	<b>1,256.41</b>	<b>10.79</b>	<b>0.87%</b>

Funding elements are subject to change as the portfolio evolves and matures. On the successful approval of business cases the Accountable Body will release Government grant funding to projects up to the maximum of the agreed allocated value. Grant values are subject to change, however this will be supported by a full business case and approval by the Joint Committee and both UK and Welsh Governments, as outlined within the Joint Committee Agreement.

# Organisational Overview and External Environment

The Joint Committee is composed of the four Regional Local Authority Leaders, supported by the four Authority Chief Executive Officers and four non-voting co-opt partners. Internal Audit and External Audit (Audit Wales) report independently to the Joint Committee. Chaired by Councillor Rob Stewart, Leader of the City and County of Swansea Council, the Joint Committee whilst not itself a legal entity, rather a joint arrangement under a joint committee agreement, holds responsibility and accountability for the delivery of the Swansea Bay City Region Deal Portfolio.

To oversee delivery of the portfolio, the Joint Committee is supported by an Economic Strategy Board (ESB) (comprising of private sector advisers), Portfolio Board (comprising of the four regional authority Chief Executive Officers and co-opt partners), and an oversight board in the form of a Joint Scrutiny Committee. The Joint Committee has ultimate responsibility and accountability for decisions taken in relation to the Swansea Bay City Region Deal. The role of the Portfolio Board is to ensure that all schemes are developed in accordance with the agreed process, analysing the financial viability, deliverability and risk of each City Deal project proposal. This detailed analysis will then be reported to the ESB and Joint Committee.

To ensure successful delivery the portfolio has embedded core administration functions conforming to statutory and regulatory requirements, with a constructive governance framework entrenching transparency, integrity, objectivity, accountability and responsibility.

**The financial structure of the portfolio has been split in to two distinct delivery areas the Joint Committee including administration and statutory functions, and the Portfolio Investment Fund.**

## Joint Committee

The Joint Committee has ultimate responsibility and accountability for decisions taken and the delivery of the City Deal Portfolio. There is recognition by both the UK and Welsh Governments of a requirement for revenue funding to support the Joint Committee's activities, including the administration and statutory functions. This was also acknowledged by all partners and subsequently an agreement was concluded to support these central functions with an amalgamation of funding consisting of partner contributions (£50k per partner) and applying a top slice to Government grants of 1.5%.

## Portfolio Investment Fund

The Portfolio Investment Fund is overseen and upheld by the Accountable Body who administer the receipt and distribution of City Deal grant on behalf of the Joint Committee. The Accountable Body is accountable to the Joint Committee and manages the City Deal grant and investment pool in line with Carmarthenshire County Council's approved Treasury Management Strategy.

The Joint Committee distributes Government grants on a programme/project basis to Project Lead Authorities. An annual grant award is received from Welsh Government on behalf of both Governments and then distributed on actual expenditure in arrears ensuring clear financial governance is pursued. The total investment package is an anticipated £1.2 billion, with grant totalling £236m relating to the Portfolio Investment Fund (UK and Welsh Governments). Any portfolio cash balances are invested to ensure effective optimisation of resources until approval is confirmed to initiate the release of funds from the Portfolio. Joint Committee have formally agreed it will afford Lead Authorities to borrow from any such balances that reside in the portfolio, this is done at a set rate on a 12-month term, as cashflow determines.

## Government Grant 'Top Slice'

The Joint Committee has approved the 'Top Slice' of Government grants on an annual basis up to a value of 1.5%. This allocation will be earmarked to finance the Joint Committee, central administration and statutory functions required to support the delivery of the Portfolio.

## Retention of National Non-Domestic Rates

Welsh Government have agreed in principle (as per below) that 50% of the additional net yield generated through City Deal developments can be retained by the region to support revenue costs associated with the portfolio. This has been acknowledged by the Lead Authorities within the Joint Committee Agreement (JCA - 29th April 2018).

Welsh Government (Cabinet Secretary for Finance, 11th April 2018)

*'I intend to initiate arrangements to allow the region to retain 50% of the additional net yield in Non-Domestic rates generated by the 9 projects which are to be delivered by the Deal'*

The Joint Committee formally agreed (JC-10<sup>th</sup> February 2022) the distribution basis of the allocated retention. Officers are working with Welsh Government to establish a robust process for the drawdown of the retention of rates.

## Gateway Reviews

The Welsh Government Assurance Process (consistent with the OGC Gateway) is the responsibility of the Integrated Assurance Hub (IAH) and authorised to deliver assurance under accredited license from the Infrastructure and Projects Authority (IPA), which is part of the UK's Cabinet Office. This process is designed to provide independent guidance to Senior Responsible Owners (SROs), portfolio and project teams and to the departments who commission their work, on how best to ensure that their portfolios and projects are successful.

As part of the assurance arrangements for the SBCD Portfolio, an independent Gateway 0 Review was undertaken in July 2021.

The Review was undertaken by an independent, external team in accordance with the Welsh Government Integrated Assurance Hub Guidelines. Seventeen 'conversations' were held with stakeholders between 19th -21st July together with a workshop session with the four local authority Leaders.

The SBCD Portfolio received an Amber-Green Delivery Confidence Assessment (DCA) rating.

The next Review is due in July 2023.

## Current Economic Climate

Partners and Governments are fully committed to the City Deal recognising it as an important driver in the economic recovery of the region and country. Despite the unprecedented national and global challenges, the City Deal's continued progress should reassure regional businesses and residents that partners remain focused on delivering the City Deal as soon as possible. The remaining programme/project business cases were approved during the year, with the portfolio now in full delivery.

The Joint Committee has conducted an assessment of the risks and issues affecting the delivery of the portfolio and will address and manage the matters identified that could significantly impact the delivery or scope of the Swansea Bay City Deal Portfolio. The Joint Committee will continue to monitor these impacts, risks, and issues.

The financial statements are required to reflect the conditions applying at the end of the financial year.

The City Deal's financial standing has been maintained at a prudent level, with internal audit presenting an assurance rating of 'Substantial' (Green Rating) once again. There continue to be no or few weaknesses in the adequacy and/or effectiveness of the governance, internal control, risk management and financial management arrangements, and they would either be unlikely to occur or their impact is not likely to affect the achievement of the SBCD objectives.

There are unprecedented significant inflationary and construction cost increases that are impacting the projects. During the year an assessment of increasing construction costs and mitigating actions that are being taken to address them was presented to the Joint Committee. A construction impact assessment summary report is also presented at each Committee meeting.

The impact of interest rate increases during the year has had a positive effect on the finances of the City Deal. Cash balances have been high so substantial additional interest has been redistributed to the projects.

## Operational Model

## Business Case Model

The need to get the best possible value from spending public money will always remain a constant for the Joint Committee and its partners. To this end, all City Deal business cases must be developed using the HM Treasury and Welsh Government's Five Case Model - an approach which is both scalable and proportionate. It is recognised as best practice and is the Treasury's standard methodology.

The business case, both as a product and a process, provides decision-makers, stakeholders and the public with a management tool for evidence-based, transparent decision-making and a framework for the delivery, management and performance monitoring of the resultant scheme.

Each business case in support of a SBCD project must evidence:

- Strategic Case - the intervention is supported by a compelling case for change that provides a holistic fit with other parts of the organisation and public sector
- Economic Case - the intervention represents best public value (to the UK as a whole)
- Commercial Case - the proposed project is attractive to the marketplace, can be procured and is commercially viable
- Financial Case - the proposed spend is affordable
- Management Case - what is required from all parties is achievable

As set out in the Joint Committee Agreement, the Project Business Case shall include a Resolution of the Project Authority Lead and all Councils in whose area the project shall take place will approve the submission of the Project Business case.

The Portfolio Management Office has day to day responsibility for managing the assessment process for projects.

To assist a speedier assessment process, the UK Government and Welsh Government have agreed an informal iterative review process for assessing draft versions of business cases in order to assist Project Leads in the production of complete full business cases which are appropriate for 5 case formal review process.

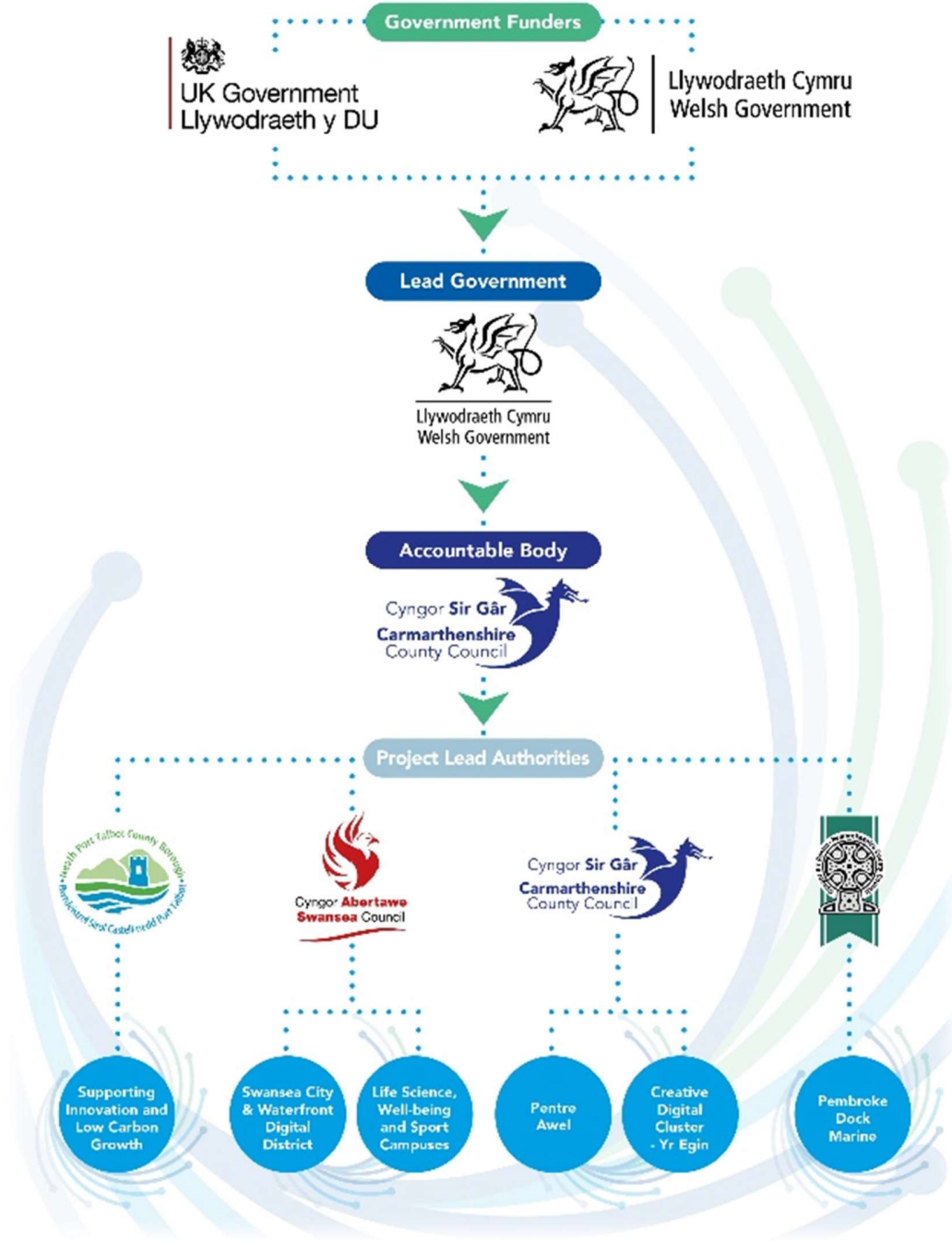
On completion of the final draft business case and following approval from the respective Regional/Project Authority Lead(s), full business cases for each of the City Deal projects will undergo assessment by the Portfolio Management Office before being considered by the respective City Deal governance structures. After approval by the Joint Committee the project business case will be forwarded to the UK Government and Welsh Government for approval to release City Deal Government project funding to the Accountable Body.

## City Deal Flow of Finances

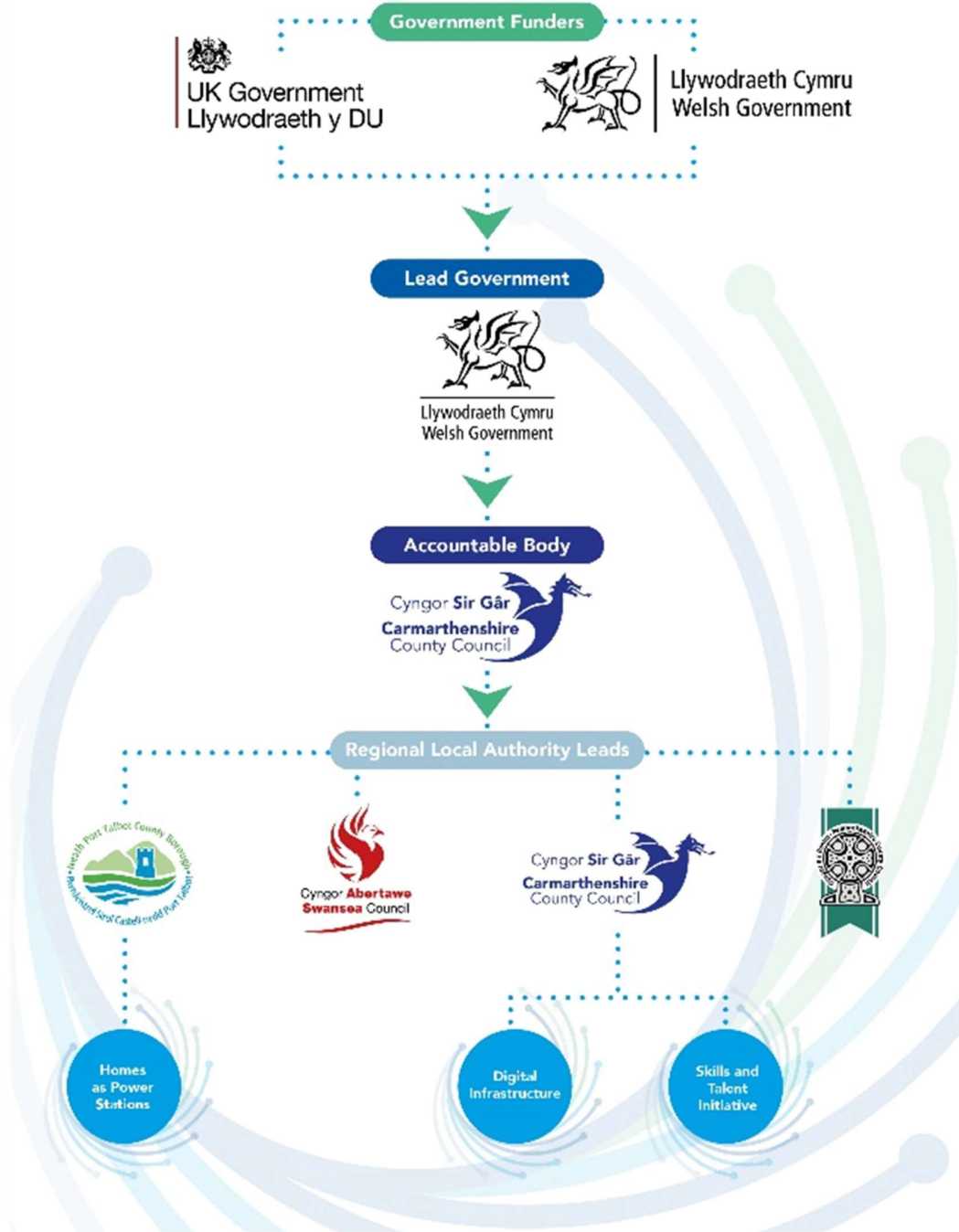
The release of funds from the Accountable Body will follow one of two funding routes. This is determined on a Programme/project basis depending on whether funding is being released to a regional project or a Local Authority lead project. The flow of funding is demonstrated below:



## Local Delivery Funding Flow



## Regional Delivery Funding Flow



# Summary of Financial Performance

## Joint Committee Annual Year-End Outturn Position 2022/23

The year-end outturn position compared with the predetermined set annual budget is demonstrated below for both the Joint Committee and Portfolio Investment Fund (PIF). An extract of the Joint Committee's reserve is also summarised.

## Joint Committee Budget and Out-Turn Position 2022/23

<u>Actual 2021/22</u> <u>(£)</u>	<u>Description</u>	<u>Budget 2022/23</u> <u>(£)</u>	<u>Actual 2022/23</u> <u>(£)</u>	<u>Variance 2022/23</u> <u>(£)</u>
	<u>Gross Expenditure</u>			
82,067	Joint Committee	114,766	84,360	30,406
88,045	Accountable Body	81,435	951,145	(869,710)
21,332	Joint Scrutny Committee	29,487	21,115	8,372
556,705	Portfolio Management Office	806,557	546,550	260,007
-	City Deal Assurance Grant	-	-	-
<b>748,149</b>	<b>Total Expenditure</b>	<b>1,032,245</b>	<b>1,603,170</b>	<b>(570,925)</b>
	<u>Income</u>			
(400,000)	Partner Contributions	(400,000)	(400,000)	-
(314,119)	'Top Slice' of Government Grants	(723,000)	(252,978)	(470,022)
(39,575)	Investment Income	-	(870,633)	870,633
-	WG Government Revenue Grants	-	-	-
<b>(753,694)</b>	<b>Total Income</b>	<b>(1,123,000)</b>	<b>(1,523,611)</b>	<b>400,611</b>
<b>(5,545)</b>	<b>Net Annual Total - (Surplus)/Deficit</b>	<b>(90,755)</b>	<b>79,559</b>	<b>(170,314)</b>
<b>* (£170,314) is the difference between the Budget and Actuals and is not an additional surplus</b>				

Portfolio Investment Fund Out-Turn Position 2022/23

<u>Actual 2021/22</u>		<u>Budget 2022/23</u>	<u>Actual 2022/23</u>	<u>Variance 2022/23</u>
(£)	Description	(£)	(£)	(£)
	<u>Gross Expenditure</u>			
13,538,281	Project Lead Authorities	23,086,000	24,406,436	1,320,436
<b>13,538,281</b>	<b>Total Expenditure</b>	<b>23,086,000</b>	<b>24,406,436</b>	
	<u>Income</u>			
(23,086,000)	Government Grant Income	(23,086,000)	(23,086,000)	-
<b>(23,086,000)</b>	<b>Total Income</b>	<b>(23,086,000)</b>	<b>(23,086,000)</b>	-
<b>(9,547,719)</b>	<b>Net Annual Total - (Surplus)/Deficit</b>	-	<b>1,320,436</b>	<b>1,320,436</b>

Summary of Reserves (Extract from Balance Sheet) 2022/23

<u>31st March 2022</u>	<u>Description</u>	<u>31st March 2023</u>
(£)		(£)
220,361	Usable Reserves - Revenue	140,802
52,344,399	Capital Grants Unapplied	51,023,963
	- Unusable Reserves	-
<b>52,564,760</b>	<b>Total Reserves</b>	<b>51,164,765</b>

## Supporting Information

### Operational Summary

The operation costs demonstrate a deficit of £80k which will be funded from the ring-fenced reserve.

### Salary and Pension Liabilities

The Joint Committee is not itself a separate legal entity and as such cannot enter into contracts for the provision of goods and services. Officers directly employed to support the Joint Committee are contractually employed through Carmarthenshire County Council. It is the responsibility of the employing Authority to remunerate officers and commit to current and future pension liabilities that may arise from these arrangements. Eight staff members continued to support the activities of the portfolio during the year.

The Joint Committee reimburse all costs in respect of salary and on-costs, including all employer related pension costs and account for this within its Income and Expenditure account. No liability is recognised within the statements of the Joint Committee in respect of future pension liabilities.

### Investment Activities

Portfolio balances are invested in line with Carmarthenshire County Council's approved Treasury Management Strategy. Interest is calculated on an average rate and ring fenced to the City Deal portfolio. Throughout the year balances have been invested through approved institutions in short-term financial instruments in adherence to the protocols set out within the applied Treasury Management Strategy.

On the 11<sup>th</sup> June 2020, the Joint Committee approved the distribution of income generated from investments back to programmed/projects based on an allocation outlined within the original SBCD Heads of Terms. The £871k interest earned on balances during 2022/23 has been distributed to the 4 Authorities.

### General Reserves

#### Usable Reserves

A General Fund Usable Reserve has been established due to income through partner contributions, interest on investments and 'Top slice of Government Grants' exceeding actual spend to date. The reserve currently resides at £140.8k and will support operations in future years.

#### Capital Grants Unapplied Reserve

The Capital Grants Unapplied Reserve comprises of portfolio balances created through the receipt of City Deal Government grant exceeding funding released to Project Authority Leads. Funding is only released to Project Authority Leads based on spend in arrears and upon approval of business cases and engagement in funding agreements. Payments and commitments to projects with a total of £24m were transacted during the year.

The SBCD received the grant award offer letter for financial year 2022/23 totalling £23.09 million on the 30th March 2023, with subsequent acceptance and grant receipt during April 2023.

# Annual Review

“The dedicated and hard work of our Swansea Bay City Region partners is starting to pay off. 2022-23 has been highly successful as we continue to strive forward to create jobs, realise aspirations and transform our region into the perfect place to work and live. We have seen a series of planning applications awarded, commencement of groundworks on key sites across the region, tenders being developed, and contractors appointed to flagship initiatives, contracts being awarded to the local supply chain, and partnering between industry and training providers to offer opportunities for young people gain valuable skills that equip them to become our future workforce.

Swansea Arena has been open for a full year, welcoming over 240,000 visitors and the Bay Technology Centre has also welcomed its first tenants. We have witnessed the ground breaking of Pentre Awel, The Innovation Matrix and elements at Pembroke Dock Marine project, as well as significant construction on the Kingsway in Swansea. The three regional projects are also progressing well and all of which are starting to have an impact on our region through Digital Infrastructure, Skills development and Homes as Power Stations.

We will continue to improve and push to realise our regional ambitions. Attracting further contractors for the design and build of infrastructure, partner with operators to manage the facilities, develop partnership and collaborations for R&D, innovation and skills development initiatives, work with businesses, tenants and partners to ensure we meet their immediate and growth needs and most importantly tell you all about the amazing opportunities we have to offer both within region and with broader investors and collaborators.

The SBCD Portfolio Office will continue to offer a professional service that supports regional partners and both Governments to deliver key benefits that make a real difference to people and businesses. In doing so, we will continue to follow robust governance and our monitoring and reporting ensure that everyone is kept up to date with the latest developments.

The Portfolio assurance process was undertaken in July 2022 and received a third consecutive Green/Amber status with the recent completion of all key recommendations. The 2022 Regional Audit also reflected positively on the governance and reporting arrangements of the SBCD with all recommendations also being successfully completed.

We are working hard to build on the success of the last 12 months and move forward with our commitment to improve the South West Wales economy, creating a prosperous future for generations to come.”



*Dr Jonathan Burnes*

*Portfolio Director*

*Swansea Bay City Deal*

# Statement of Responsibilities

## *for the Statement of Accounts*

### The Joint Committee Responsibilities

The Joint Committee is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of these affairs. In this Authority, that officer is the Director of Corporate Services.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

### Joint Committee Approval

Approval of Statement of Accounts post audit.

Signed:

Dated:

*Councillor Rob Stewart*

Chair of Swansea Bay City Region Deal Joint Committee

Leader of City and County of Swansea Council



# Certificate of the Chief Finance Officer

## The Director of Corporate Services Responsibilities

The Portfolio Section 151 Officer (Director of Corporate Services) is responsible for the preparation of the Joint Committee's Statement of Accounts, in accordance with proper accounting practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code) 2022/23.

In preparing this Statement of Accounts, the Director of Corporate Services has:

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code;
- Kept proper and timely accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities;

## Certification of Accounts

I certify that the Statement of Accounts on pages 26 to 41 demonstrates a true and fair view of the financial position of Swansea Bay City Region Deal at 31st March 2023 and its income and expenditure for the year ended 31st March 2023.

Signed:

Dated:

**Chris Moore** *FCCA*

Director of Corporate Services

Swansea Bay City Region Deal Section 151 Officer

Carmarthenshire County Council





# Audit Report

## The independent auditor's report of the Auditor General for Wales to the members of Swansea Bay City Deal Joint Committee

### Opinion on financial statements

I have audited the financial statements of Swansea Bay City Deal Joint Committee for the year ended 31 March 2023 under the Public Audit (Wales) Act 2004.

Swansea Bay City Deal Joint Committee's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

In my opinion the financial statements:

give a true and fair view of the financial position of Swansea Bay City Deal Joint Committee as at 31 March 2023 and of its income and expenditure for the year then ended; and

have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

### Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the Joint Committee in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Joint Committee's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises the information included in the annual statement of accounts other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual statement of accounts. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

## Matters on which I report by exception

In the light of the knowledge and understanding of the Joint Committee and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Annual Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

I have not received all the information and explanations I require for my audit;

adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team; or  
the financial statements are not in agreement with the accounting records and returns.

## **Responsibilities of the responsible financial officer for the financial statements**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on pages 18 and 19, the responsible financial officer is responsible for:

- the preparation of the statement of accounts which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error;
- assessing the Joint Committee's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by the Joint Committee will not continue to be provided in the future.

## **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- enquiring of management, the Joint Committee's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Joint Committee's policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the posting of unusual journals.

- obtaining an understanding of the Joint Committee’s framework of authority as well as other legal and regulatory frameworks that Swansea Bay City Deal Joint Committee operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Joint Committee.
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Joint Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Joint Committee; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Joint Committee’s controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor’s responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor’s report.

### **Other auditor’s responsibilities**

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### **Certificate of completion of audit**

I certify that I have completed the audit of the accounts of Swansea Bay City Deal Joint Committee in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales’ Code of Audit Practice.

Adrian Crompton  
Auditor General for Wales  
23 November 2023

1 Capital Quarter  
Tyndall Street  
Cardiff,  
CF10 4B

# A

# ccounting Policies

The Statement of Accounts summarises the transactions of the Swansea Bay City Region Deal for the 2022/23 financial year and its position at the year ended 31 March 2023.

Carmarthenshire County Council as the Accountable Body is required to prepare annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and the Service Reporting Code of Practice 2022/23, supported by International Financial Reporting Standards (IFRS).

## Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Assets constructed or held as part of a project delivered within the portfolio will disclosed and held on the Balance Sheet within the Project Lead Authority responsible for the delivery of such project.

Assets constructed or held as part of a regional project within the portfolio will be proportioned accordingly or reside within the balance sheet of the Project Authority Lead in which constituency such asset resides.

**The Joint Committee will hold no such physical asset as categorised above within its legal remit.**

## Related Party Disclosures

Related parties denote the possibility that the SBCD financial position and profit or loss may have been affected or influenced by the existence of related parties, inhibiting the SBCD Joint Committee to operate and conduct its duties independently.

A related party is a person or an entity that is related to the reporting entity:

- A person or a close member of that person's family is related to a reporting entity if that person has control, joint control, or significant influence over the entity or is a member of its key management personnel.
- An entity is related to a reporting entity if, among other circumstances, it is a parent, subsidiary, fellow subsidiary, associate, or joint venture of the reporting entity, or it is controlled, jointly controlled, or significantly influenced or managed by a person who is a related party.

Disclosure:

For the financial year 2022/23 all related party transactions are identified under the Notes to the Accounts, schedule 7: Related Party Disclosures.

### Accruals Basis (Concept)

Financial Statements are prepared under the Accruals Concept of accounting which requires that income and expense must be recognised in the accounting periods to which they relate rather than on a cash basis. An exception to this general rule is the cash flow statement whose main purpose is to present the cash flow effects of transaction during an accounting period.

**The Joint Committee applied the Accruals concept throughout the preparation of the Financial Statements and Accounts.**

Under the Accruals basis of accounting, the Joint Committee recognized income in the accounting period in which it was earned. Income received was recognised within accounting period in which it arose, rather than in the subsequent period in which it will be received. Expenses, in contradiction, were recorded in the accounting period in which they incurred. Therefore, accrued expenditure was recognized in the accounting period in which it occurred, rather than period in which it was paid.

### Revenue Income

It has been recognised by the Joint Committee and by both Governments that an element of revenue funding is required to support the central services employed to deliver the City Deal Portfolio. Revenue income to support the portfolio has been agreed as an amalgamation of partner contributions (£50k per partner) and “Top Slice” of Government grants (1.5%). Any surpluses are transferred to a ring-fenced reserve.

### Cash and Cash Equivalents

Cash Equivalents are investments that are readily convertible to known amounts of cash with no change in value. Cash is withdrawn and deposited depending on a deficit or surplus of cash on the day. All call accounts are classified for this purpose. Cash Equivalents also includes fixed term investments that mature within three months or less from the date of acquisition.

**The Joint Committee does not operate its own independent bank account, all cash related transactions are managed through Carmarthenshire County Council as the Accountable Body.**

Carmarthenshire manage the Joint Committee’s cash balances and short-term Investments in line with their own approved Treasury Management Strategy.

The Treasury Management Strategy allows Carmarthenshire to successfully manage the Joint Committee’s funds independently from its own resources and ring-fence any reserves for future utilisation by the Committee. Arrangements consist of short-term investments through approved financial institutions to maximise the return on cash balances, whilst managing the cash requirement of approved projects within the portfolio.

## Government Grants

The Government grant was awarded to fund expenditure incurred and future spend in the delivery of the approved projects within the portfolio. The terms and conditions of the grant award were not accepted by 31<sup>st</sup> March 2023, and as such, transactions in respect of the grant award have been included based on the below judgments and methodology in line with **The Code of Practice on Local Authority Accounting in the UK, Section C: Government and Non-Government Grants**.

Government grants are recognised within the statements of the Portfolio when there is reasonable assurance that:

- o the Portfolio (projects) will comply with the conditions attached to the payments, and
- o the grants or contributions will be received.

Repayment of funding attached to the grant award will be initiated as a last resort on the occurrence of a notification event, and subsequent failed remedy (Welsh Government, Award of Funding - Terms and Conditions). As such, the Terms and Conditions are interpreted to be that of a **restrictive** nature, under **The Code of Practice on Local Authority Accounting in the UK** (Restriction - Paragraph 2.3.2.14; a return of funding obligation does not arise until such time as it is expected that a condition based on the occurrence (or otherwise) of a specified future event will be breached).

The afore mentioned accounting principle has concluded in the below treatment of government grants;

The receipt of grant is included within the balance sheet as Cash and Cash Equivalent, with a Capital Grants Unapplied Reserve created.

Funding Agreements demonstrating the legal framework between the Accountable Body and Lead Authorities embedding the terms and conditions, obligations and target outputs attached to the funding, were approved by the Joint Committee.

## Events After the Reporting Period

Events occurring between the end of the reporting period and the date when the financial statements are authorised for issue are required to be accounted for in accordance with International Accounting Standard 10.

**No events have been recognised as occurring after the reporting period.**

## Reserves

**All reserves are considered usable reserves as they are available for future use in the delivery of the portfolio**. There are two forms of reserve held within the City Deal:

### Usable Reserves

This reserve is created through partner contributions, interest and the “Top Slice of Government Grants” exceeding operational expenditure. A prior year reserve was carried forward and is included within the Movement in Reserves Statement.

### Capital Grants Unapplied Reserve

Reserves are created through the value of capital grant received exceeding the allowable release of funding to Project Lead Authorities in line with project delivery. Relevant grant is released and matched with eligible expenditure, with any balance residing in this reserve. This reserve is held within the accounts of the Accountable Body but ring-fenced to the Swansea Bay City Region Deal.

### Financial Instruments

It is recognised that throughout the lifecycle of the City Deal Portfolio, cash balances will arise through cashflow movements as and when projects become live and actual expenditure is incurred.

Portfolio balances are invested in line with Carmarthenshire County Council's Treasury Management Policy to optimise the return on cash surpluses. Interest is calculated on an average rate and ring fenced to the City Deal portfolio. Throughout the year balances have been invested through approved institutions in short-term financial instruments in adherence to the protocols set out within the applied Treasury Policy. Within the Treasury strategy, investments are only employed with Counterparties whose risk appetite is very low.

Carmarthenshire County Council conducts its treasury management activities in accordance with the Prudential Code of Practice first developed for public services in 2002 by the Chartered Institute of Public Finance and Accountancy (CIPFA). This Code was last revised in 2017. The Council also carries out its treasury management activities in accordance with the CIPFA Treasury Management Code of Practice 2017.

### Going Concern

The Swansea Bay City Deal Joint Committee Statement of Accounts have been prepared on a going concern basis. There has been no indication that the Swansea Bay City Deal cannot operate in its current form or fail to deliver its objectives outlined within the original Heads of Terms. Five projects have currently been approved by both UK and Welsh Government and three grant awards have been received and in line with the agreed profile.

### Value Added Tax

VAT payable has been excluded from expenditure with exception where it is not recoverable from HMRC. The VAT on income receivable has been omitted from the statements.



## Provisions, Contingent Assets and Liabilities

### Provisions

A provision is a liability of uncertain timing or amount. The liability may be a legal obligation or a constructive obligation. A constructive obligation arises from the entity's actions, through which it has indicated to others that it will accept certain responsibilities, and as a result has created an expectation that it will discharge those responsibilities.

The Joint Committee will recognise a provision if it is probable that an outflow of cash or other economic resource will be required to settle the provision. If an outflow is not probable, the item is treated as a contingent liability. When payments are made, they are charged to the provision account held within the balance sheet and are credited back to the service category if no longer required. All provisions are reviewed at the end of the financial year.

### Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the entity. Contingent liabilities also include obligations that are not recognised because their amount cannot be measured reliably or because settlement is not probable.

Contingent liabilities do not include provisions for which it is certain that the entity has a present obligation that is more likely than not to lead to an outflow of cash or other economic resources, even though the amount or timing is uncertain.

A contingent liability is not recognised in the Statement of Financial position. However, unless the possibility of an outflow of economic resources is remote, a contingent liability is disclosed in the notes of the Statement of Accounts.

### Contingent assets

Contingent assets are possible assets whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events that are not wholly within the control of the entity. Contingent assets are not recognised, but they are disclosed when it is more likely than not that an inflow of benefits will occur. However, when the inflow of benefits is virtually certain an asset is recognised in the statement of financial position, because that asset is no longer considered to be contingent.

## Judgements and Key Assumptions

There were no further critical judgments made in the preparation of the financial statements other than those outlined within the specific accounting policies adopted and the estimations used in the compilation of the statement of accounts.

No information key assumptions concerning the future, and other key sources of estimation uncertainty were disclosed at the end of the reporting period.

# F inancial Statements

## Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of the delivery of portfolio outputs in accordance with generally accepted accounting practices, rather than the amount to be funded from the award of grant. The reconciliation to the grant position is shown in the Movement in Reserves Statement.

## Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Joint Committee, analysed into usable reserves. The Provision of Services line shows a deficit of £1,399,995 with operational expenditure of £1,603,170 being the true economic cost of providing the Joint Committee's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

## The Balance Sheet

This shows the assets and liabilities of the Joint Committee as at 31 March 2023.

## The Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Joint Committee during the reporting period.

## Notes to the Financial Statements

These are the notes that accompany the financial statements and provide further information to support the stated accounts.

# Comprehensive Income and Expenditure Statement

The below statement demonstrates all income and expenditure, received and incurred by the Joint Committee throughout the financial year. The statement represents the accounting cost of service provision during the financial year 2022/23, aligned with United Kingdom Generally Accepted Accounting Practices.

Actuals 2021/22 (£)	Description	Actuals 2022/23 (£)	Notes
	<b>Cost of Service</b>		
463,060	Employee Expenditure	486,398	1
21,577	Premises Related Expenditure	21,577	2
76	Transport Related Expenditure	769	3
183,416	Supplies & Services	1,014,174	4
80,020	Support Services	80,252	5
<b>748,149</b>	<b>Total Operating Expenditure</b>	<b>1,603,170</b>	
	<b>Income</b>		
(400,000)	Partner Contributions	(400,000)	6
(314,119)	'Top Slice' of Government Grants	(252,978)	6
0	Other: Government Grant	-	6
<b>(714,119)</b>	<b>Total Operating Income</b>	<b>(652,978)</b>	
<b>34,030</b>	<b>Net Cost of Service - (Surplus) / Deficit</b>	<b>950,192</b>	
	<b>Financing and Investment Activities</b>		
(39,575)	Investment Interest Income	(870,633)	14
<b>(39,575)</b>	<b>Net Financing and Investment Activities</b>	<b>(870,633)</b>	
	<b>Taxation and Non-Specific Grant Income and Expenditure</b>		
(23,086,000)	Capital Grants and Contributions Received	(23,086,000)	15
13,538,281	Capital Grants and Contributions Applied	24,406,436	15
<b>(9,547,719)</b>	<b>Net Taxation and Non-Specific Grant Income</b>	<b>1,320,436</b>	
<b>(9,553,264)</b>	<b>Total (Surplus) / Deficit on Service Provision</b>	<b>1,399,995</b>	
	<b>Other Comprehensive Income and Expenditure</b>		
-	Other Income and Expenditure	-	
-	<b>Net Other Comprehensive Income and Expenditure</b>	-	
<b>(9,553,264)</b>	<b>Total (Surplus)/Defecit on Comprehensive Income and Expenditure</b>	<b>1,399,995</b>	

# Movement in Reserves Statement

The statement below demonstrates the Swansea Bay City Deal reserve position as at 31st March 2023.

Description	General Fund Balance (£)	General Fund Earmarked Reserves (£)	Capital Grants Unapplied (£)	Total Usable Reserves (£)	Unusable Reserves (£)	Total Reserves (£)
<b>Balance Brought Forward (as at 1st April 2021)</b>	<b>214,816</b>	-	<b>42,796,680</b>	<b>43,011,496</b>	-	<b>43,011,496</b>
<b>Movements in Reserve during Financial year 2021/22:</b>						
Provision of Services - Surplus / (Deficit)	9,553,264	-	-	<b>9,553,264</b>	-	<b>9,553,264</b>
Adjustments Between Accounting Basis and Funding Basis Under Regulations - Surplus / (Deficit)	(9,547,719)	-	9,547,719	-	-	-
<b>Total In-Year Reserve Movement</b>	<b>5,545</b>	-	<b>9,547,719</b>	<b>9,553,264</b>	-	<b>9,553,264</b>
<b>Balance Carried Forward (as at 31<sup>st</sup> March 2022)</b>	<b>220,361</b>	-	<b>52,344,399</b>	<b>52,564,760</b>	-	<b>52,564,760</b>
<b>Movements in Reserve during Financial year 2022/23:</b>						
Provision of Services - Surplus / (Deficit)	(1,399,995)	-	-	<b>(1,399,995)</b>	-	<b>(1,399,995)</b>
Adjustments Between Accounting Basis and Funding Basis Under Regulations - Surplus / (Deficit)	1,320,436	-	(1,320,436)	-	-	-
<b>Total In-Year Reserve Movement</b>	<b>(79,559)</b>	-	<b>(1,320,436)</b>	<b>(1,399,995)</b>	-	<b>(1,399,995)</b>
<b>Balance Carried Forward (as at 31<sup>st</sup> March 2023)</b>	<b>140,802</b>	-	<b>51,023,963</b>	<b>51,164,765</b>	-	<b>51,164,765</b>

# Balance Sheet

The below statement demonstrates the assets held and the committed obligations and liabilities of the Joint Committee, together with its current reserve balance, as at the 31<sup>st</sup> March 2023.

<u>31st March 2022</u> (£)	<u>Description</u>	<u>31st March 2023</u> (£)	<u>Notes</u>
	<b><u>Non-Current Assets</u></b>		
	- Long Term Debtors Capital	-	
	<b>- Total Long Term Assets</b>	<b>-</b>	
	<b><u>Current Assets</u></b>		
23,157,874	Short Term Debtors	23,685,872	<b>9</b>
34,862,577	Cash and Cash Equivalents	33,448,200	<b>10</b>
<b>58,020,451</b>	<b>Total Current Assets</b>	<b>57,134,072</b>	
	<b><u>Current Liabilities</u></b>		
(5,455,691)	Short Term Creditors	(5,969,307)	<b>12</b>
<b>(5,455,691)</b>	<b>Total Current Liabilities</b>	<b>(5,969,307)</b>	
	<b><u>Long Term Liabilities</u></b>		
	- Long Term Creditor	-	
	<b>- Total Long Term Liabilities</b>	<b>-</b>	
<b>52,564,760</b>	<b>Total Net Assets</b>	<b>51,164,765</b>	
	<b><u>Total Reserves</u></b>		
220,361	Usable Reserves - Revenue	140,802	<b>13</b>
52,344,399	Capital Grants Unapplied	51,023,963	<b>15</b>
	- Unusable Reserves	-	
<b>52,564,760</b>	<b>Total Reserves</b>	<b>51,164,765</b>	

# Cashflow Statement

The statement below demonstrates how cash and cash equivalents are generated and applied to the portfolio by the Joint Committee. These are presented through classifying cashflows as ascending from either operating, investing or financing activities, during the Financial Year.

<u>Actuals 2021/22</u> (£)	<u>Description</u>	<u>Actuals 2022/23</u> (£)	<u>Notes</u>
(9,553,264)	Net (surplus)/Deficit on the provision of services	1,399,995	
27,369,771	Adjust net surplus or deficit on the provision of services for non-cash movements	(435,421)	17
<b>17,816,507</b>	<b>Net Cashflows from operating activities</b>	<b>964,574</b>	
(9,587,294)	Investing Activities	449,803	17
	- Financing Activities	-	17
<b>8,229,213</b>	<b>(Net increase) / Decrease in cash and cash equivalents</b>	<b>1,414,377</b>	
(43,091,790)	Cash and cash equivalents at the beginning of the reporting period	(34,862,577)	
<b>(34,862,577)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>(33,448,200)</b>	

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## 1. Employee and Related Expenditure

<u>Actuals 2021/22</u>	<u>Description</u>	<u>Actuals 2022/23</u>
<u>(£)</u>		<u>(£)</u>
461,840	Employee and Related Expenditure	486,398
1,220	Training Of Staff	-
<b>463,060</b>	<b>Total Employee and Related Expenditure</b>	<b>486,398</b>

Direct employees supporting the activities of the Joint committee are contractually employed by Carmarthenshire County Council, with additional support being provided by Carmarthenshire on a recharge methodology.

In adherence with the International Accounting Standard; IAS 19- Employee Benefits, the employing body is required to provide disclosure of information concerning the income and expenditure of its pension scheme and any related assets and liabilities.

As the Joint Committee is not by right a separate a legal entity, it cannot enter into employee contracts of employment. The Joint Committee therefore does not directly employ officers, as such, related statutory disclosures do not apply, as employee remuneration costs will be disclosed within the Financial Statements of each employing organisation.

### Employee Voluntary Remuneration Disclosures

Under the Accounts and Audit (Wales) Regulations 2014 it is a requirement to disclose the number of employees in receipt of remuneration exceeding £60,000 per annum. Further disclosure is required under the afore mentioned regulation in respect of senior officers employed within the portfolio.

Details of officer remuneration have been made on voluntary basis, as per the reasoning outlined above. Disclosures of officers who fall within the Officer Emoluments criteria are demonstrated below:

Number of Senior Employees (Exceeding £60,000)

Remuneration Bandings	Number of Employees	
	2021/22	2022/23
£60,000 to £64,999	-	2
£95,000 to £99,999	1	-
£100,000 to £104,999	-	1

Senior Officer Disclosures

<u>Total Remuneration</u> <u>2021/22 (£)</u>	<u>Senior Employee Position Title</u>	<u>Salary, Fees &amp;</u> <u>Allowances (£)</u>	<u>Employers Pension</u> <u>Contribution (£)</u>	<u>Total Remuneration</u> <u>2022/23 (£)</u>
114,323	Programme Director	100,348	18,063	118,411
58,398	PMO Manager	52,539	9,457	61,996
58,534	Project Development Manager	52,539	9,457	61,996
<b>231,255</b>		<b>205,426</b>	<b>36,977</b>	<b>242,403</b>

2. Premises Related Expenditure

The total premises costs incurred for the year is demonstrated below;

<u>Actuals 2021/22</u> <u>(£)</u>	<u>Description</u>	<u>Actuals 2022/23</u> <u>(£)</u>
14,889	Rents & Room Hire	14,889
-	Premises Maintenance	-
6,688	National Non Domestic Rates	6,688
<b>21,577</b>	<b>Total Premises Related Expenditure</b>	<b>21,577</b>



### 3. Transport Related Expenditure

The total transport related costs incurred for the year is demonstrated below:

<u>Actuals 2021/22</u> (£)	<u>Description</u>	<u>Actuals 2022/23</u> (£)
-	Public Transport - Staff	-
76	Staff Travelling Expenses	769
<b>76</b>	<b>Total Transport Related Expenditure</b>	<b>769</b>

### 4. Supplies and Services

The total supplies and services costs incurred for the year is demonstrated below:

<u>Actuals 2021/22</u> (£)	<u>Description</u>	<u>Actuals 2022/23</u> (£)
123,320	Professional Fees	113,786
43	Admin, Office & Operational Consumables	10,511
-	Computer software	415
3,317	Translation/Interpret Services	7,048
10	Subsistence & Meetings Expenses	68
17,151	Promotions, Marketing & Advertising	11,713
39,575	Projects & Activities Expenditure*	870,633
<b>183,416</b>	<b>Total Supplies and Services</b>	<b>1,014,174</b>
<i>* Relates to interest earned on cash balances, paid out to projects</i>		

### 5. Support Services

The total support services expenditure incurred for the year is demonstrated below:

<u>Actuals 2021/22</u> (£)	<u>Description</u>	<u>Actuals 2022/23</u> (£)
55,329	Recharges - Employee costs (in-direct)	56,435
24,607	Central Recharges	23,712
84	Photocopying Recharge	105
<b>80,020</b>	<b>Total Support Services</b>	<b>80,252</b>

## 6. Income

The total received income during the year is demonstrated below:

<u>Actuals 2021/22</u> <u>(£)</u>	<u>Description</u>	<u>Actuals 2022/23</u> <u>(£)</u>
(400,000)	Income - Partnership Contributions	(400,000)
(314,119)	Top Slice' of Government Grants	(252,978)
	0 Government Revenue Grants - WAG	0
<b>(714,119)</b>	<b>Total Income</b>	<b>(652,978)</b>

### Partnership Income

Within the Joint Committee Agreement there is acknowledgment that all partners will contribute £50,000 per annum to support the central and administrative functions of the portfolio. This applies to all eight partners (including co-opt members).

### 'Top Slice of Government Grants'

The income in respect of the 'Top slice' has been drawn down against grant paid and committed throughout the year. The top slice is agreed at 1.5% of the grant value as outlined within the Joint Committee Agreement.

## 7. Related Party Disclosures

Under International Accounting Standard 24 – Related Party Disclosures the Joint Committee is required to disclose material transactions between partners, bodies, individuals or related parties, that could potentially influence the decisions of the Joint Committee or be influenced by the Joint Committee.

Any transactions between parties outlined above will require disclosure to allow the users of these Financial statements to assess the extent to which the Joint Committee independence could potentially been impaired or influenced another party's ability to transact with the Joint Committee.

Welsh and UK Governments could influence the Joint Committees decision making abilities or operational delivery, through grant terms and conditions or legislation and regulation. Details of grant receipts are outlined in note **6. Income**.

### Related Party Transactions

Actuals 2022/23							
Related Party	Revenue Income (£)	Revenue Expenditure (£)	Total Revenue (£)	Capital Receipts (£)	Capital Expenditure (£)	Total Capital (£)	Total (£)
PEMBROKESHIRE COUNTY COUNCIL	(50,000)	10,217,888	10,167,888	-	307,636	307,636	10,475,523
HYWEL DDA UNIVERSITY HEALTH BOARD	(50,000)	-	(50,000)	-	-	-	(50,000)
SWANSEA UNIVERSITY	(50,000)	-	(50,000)	-	-	-	(50,000)
CITY & COUNTY OF SWANSEA	(50,000)	1,462	(48,538)	-	2,150	2,150	(46,388)
SWANSEA UNIVERSITY HEALTHBOARD	(50,000)	-	(50,000)	-	-	-	(50,000)
NEATH PORT TALBOT CBC	(50,000)	3,123,414	3,073,414	-	(168,645)	(168,645)	2,904,769
UNIVERSITY OF WALES TRINITY SAINT DAVID	(50,000)	-	(50,000)	-	-	-	(50,000)
CARMARTHENSHIRE COUNTY COUNCIL	(1,523,611)	1,603,170	79,559	(23,086,000)	24,406,436	1,320,436	1,399,995

Actuals 2021/22							
Related Party	Revenue Income (£)	Revenue Expenditure (£)	Total Revenue (£)	Capital Receipts (£)	Capital Expenditure (£)	Total Capital (£)	Total (£)
PEMBROKESHIRE COUNTY COUNCIL	(50,000)	51,119	1,119	-	1,790,181	1,790,181	1,791,300
HYWEL DDA UNIVERSITY HEALTH BOARD	(50,000)	-	(50,000)	-	-	-	(50,000)
SWANSEA UNIVERSITY	(50,000)	-	(50,000)	-	-	-	(50,000)
CITY & COUNTY OF SWANSEA	(50,000)	84,718	34,718	-	4,789,627	4,789,627	4,824,345
SWANSEA UNIVERSITY HEALTHBOARD	(50,000)	-	(50,000)	-	-	-	(50,000)
NEATH PORT TALBOT CBC	(50,000)	69,973	19,973	-	1,947	1,947	21,920
UNIVERSITY OF WALES TRINITY SAINT DAVID	(50,000)	-	(50,000)	-	-	-	(50,000)
CARMARTHENSHIRE COUNTY COUNCIL	(753,694)	748,149	(5,545)	(23,086,000)	13,538,281	(9,547,719)	(9,553,264)

### Balance Sheet Disclosures

Actuals 2021/22			Description	Actuals 2022/23		
Debtors (£)	Creditors (£)	Balance (£)		Debtors (£)	Creditors (£)	Balance (£)
71,874	(5,428,911)	(5,357,037)	Partner Local Authorities	599,872	(5,935,003)	(5,335,131)
23,086,000	(4,950)	23,081,050	Central Government Bodies	23,086,000	(4,950)	23,081,050
<b>23,157,874</b>	<b>(5,433,861)</b>	<b>17,724,013</b>	<b>Total</b>	<b>23,685,872</b>	<b>(5,939,953)</b>	<b>17,745,919</b>

### Carmarthenshire County Council (as the Accountable Body) Disclosures

Actuals 2021/22 (£)	Description	Actuals 2022/23 (£)
748,149	Expenditure	1,603,170
(753,694)	Income	(1,523,611)
<b>(5,545)</b>	<b>Net Cost of Service - (Surplus) / Deficit</b>	<b>79,559</b>
58,020,451	Assets	57,134,072
(5,444,786)	Liabilities	(5,969,307)
<b>52,575,665</b>	<b>Total Net Assets</b>	<b>51,164,765</b>
<b>52,575,665</b>	<b>Total Reserves</b>	<b>51,164,765</b>

## 8. External Audit Fees

The following charge is the cost payable to Audit Wales for external audit services provided to the Swansea Bay City Region Deal:

<u>Actuals 2021/22</u> (£)	<u>Description</u>	<u>Actuals 2022/23</u> (£)
11,330	Audit Fees - Audit of Accounts	11,330
10,500	Audit Fees - Performance Audit	12,746
<b>21,830</b>	<b>Total External Audit Fees</b>	<b>24,076</b>

## 9. Debtors

The total outstanding debtor balances as at 31<sup>st</sup> March 2023 are demonstrated below:

<u>31st March 2022</u> (£)	<u>Description</u>	<u>31st March 2023</u> (£)
71,874	Income - other Authorities & Bodies	599,872
23,086,000	Government Grant Income	23,086,000
<b>23,157,874</b>	<b>Total Debtor Balance</b>	<b>23,685,872</b>

## 10. Cash and Cash Equivalents

The Joint Committee itself does not operate or control its own individual bank account to facilitate the delivery of the Portfolio. Carmarthenshire County Council in its role as the Accountable Body administer all cash and cash equivalent transactions on behalf of the Joint Committee.

Portfolio balances are invested in line with Carmarthenshire County Council's Treasury Management Policy to optimise the return on cash surpluses. Interest yielded is recognised in the Comprehensive Income and Expenditure Statement and accounted for within Carmarthenshire Council's Statement of Accounts.

All monies demonstrated within the Cash and Cash equivalents are retained within the accounts of Carmarthenshire County Council as the accountable body, ring-fenced to the Swansea Bay City Deal Joint Committee and available for immediate use.

<u>31st March 2022</u> (£)	<u>Description</u>	<u>31st March 2023</u> (£)
43,091,790	Balance B/F	34,862,577
(8,229,213)	Cash and Cash Equivalents In Year Movements	(1,414,377)
<b>34,862,577</b>	<b>Total Cash and Cash Equivalents</b>	<b>33,448,200</b>

## 11. Financial Instruments

Financial instruments held by the Joint Committee consist of the cash and cash equivalents as stated in schedule 10. **Cash and Cash Equivalents.**

It is recognised that throughout the lifecycle of the City Deal Portfolio, cash balances will arise through cashflow movements as and when projects become live and actual expenditure is incurred.

Portfolio balances are invested in line with Carmarthenshire County Council's Treasury Management Policy to optimise the return on cash surpluses. Interest is calculated on an average rate and ring fenced to the City Deal portfolio. Throughout the year balances have been invested through approved institutions in short-term financial instruments in adherence to the protocols set out within the applied Treasury strategy. Within the Treasury strategy, investments are only employed with Counterparties whose risk appetite is very low.

Carmarthenshire Council carries out its treasury management activities in accordance with the Prudential Code of Practice first developed for public services in 2002 by the Chartered Institute of Public Finance and Accountancy (CIPFA). This Code was last revised in 2017. The Council also carries out its treasury management activities in accordance with the CIPFA Treasury Management Code of Practice 2017.

All cash and cash equivalents are demonstrated within these financial statement's representative of their fair value, which equates to their carrying value, in accordance with the requirements of **IFRS 9 Financial Instruments**.

<u>31st March 2022</u>	<u>Description</u>	<u>31st March 2023</u>
(£)		(£)
Fair Value		Fair Value
43,091,790	Balance B/F	34,862,577
(8,229,213)	Cash and Cash Equivalents In Year Movements	(1,414,377)
<b>34,862,577</b>	<b>Total Financial Instruments</b>	<b>33,448,200</b>

## 12. Creditors

The total outstanding creditor balances as at 31<sup>st</sup> March 2023 are demonstrated below:

<u>31st March 2022</u>	<u>Description</u>	<u>31st March 2023</u>
(£)		(£)
(4,950)	Central Government Bodies	(4,950)
(5,428,911)	Local Authorities	(5,935,003)
(21,830)	Other: Short Term Creditors	(29,354)
<b>(5,455,691)</b>	<b>Total Creditors Balance</b>	<b>(5,969,307)</b>

### 13. Usable Reserves

Usable reserves in respect of the Swansea Bay City Region Deal Portfolio are demonstrated below:

<u>31st March 2022</u> (£)	<u>Description</u>	<u>31st March 2023</u> (£)
214,816	Balance B/F	220,361
5,545	Usable Reserves In Year Movements	(79,559)
<b>220,361</b>	<b>Total Usable Reserves</b>	<b>140,802</b>

### 14. Interest

Carmarthenshire County Council upholds responsibility as the Accountable Body for managing investments of cash balances held by the Joint Committee. Portfolio balances are invested in line with Carmarthenshire County Council's treasury policy. Interest is calculated on an average rate and ring fenced to the Swansea Bay City Region Deal Portfolio.

Investment activities consist of short-term investments through approved institutions to optimise returns, whilst maintaining and managing cash requirements of approved projects within the Portfolio.

<u>31st March 2022</u> (£)	<u>Description</u>	<u>31st March 2023</u> (£)
(39,575)	Interest Income	(870,633)
<b>(39,575)</b>	<b>Total Interest Income Balance</b>	<b>(870,633)</b>

### 15. Capital Grants Unapplied Reserve

This reserve is in sole respect of the capital grant received by the portfolio from the Welsh and UK Governments.

<u>31st March 2022</u> (£)	<u>Description</u>	<u>31st March 2023</u> (£)
42,796,680	Balance B/F	52,344,399
23,086,000	Capital Grants Unapplied	23,086,000
(13,538,281)	Capital Grants Applied	(24,406,436)
<b>52,344,399</b>	<b>Total Capital Grants Unapplied</b>	<b>51,023,963</b>

## 16. Grant Income – Capital

Capital grant income received is demonstrated below:

<u>31st March 2022</u>	<u>Description</u>	<u>31st March 2023</u>
<u>(£)</u>		<u>(£)</u>
(54,000,000)	Balance B/F	(77,086,000)
(23,086,000)	Government Grant Income	(23,086,000)
<b>(77,086,000)</b>	<b>Total Government Grant Income</b>	<b>(100,172,000)</b>

## 17. Notes in Respect of the Cashflow Statement

### Operating Activities

This statement outlines the cash generated through the activities of the Joint Committee, including the Portfolio Investment Fund.

<u>Actuals 2021/22</u>	<u>Description</u>	<u>Actuals 2022/23</u>
<u>(£)</u>		<u>(£)</u>
(5,325,397)	Creditors - (Increase) / Decrease	(513,616)
23,107,874	Debtors - Increase / (Decrease)	527,998
23,086,000	Capital grants and contributions recognised in CIES	23,086,000
(13,538,281)	Capital Grants and Contributions Applied in CEIS	(24,406,436)
39,575	Interest Received	870,633
<b>27,369,771</b>	<b>Net Cashflow from Operating Activities</b>	<b>(435,421)</b>

### Investing Activities

This component of the cashflow statement demonstrates changes in assets and investments. Effectively, it documents the cash spend or the drawdown of cash from investments.

<u>Actuals 2021/22</u>	<u>Description</u>	<u>Actuals 2022/23</u>
<u>(£)</u>		<u>(£)</u>
(9,547,719)	Short-Term Investments	1,320,436
(39,575)	Interest Received	(870,633)
<b>(9,587,294)</b>	<b>Net Cashflow from Investing Activities</b>	<b>449,803</b>

### Financing Activities

This component relates to finance-driven changes and activities to the Joint Committee.

<u>Actuals 2021/22</u> <u>(£)</u>	<u>Description</u>	<u>Actuals 2022/23</u> <u>(£)</u>
0	Government Grants Received - Revenue	0
0	Government Grants Received - Capital	0
<b>0</b>	<b>Net Cashflow from Financing Activities</b>	<b>0</b>

### 18. Expenditure and Funding Analysis

The Expenditure and Funding Analysis breakdown was omitted from the financial statements due to the transactions being of minimal value and as such immaterial in the presentation of the accounts.

### 19. Contingent Liabilities

During the financial year 2020/21 it was agreed to extend the budget for the Portfolio Management Office to five operational years to 2024/25. Within the budget there was a provision for redundancy in respect of the eight posts employed by Carmarthenshire directly attributable to the City Deal.

All employees are permanently contracted to Carmarthenshire County Council and at present the probability of redundancy preceding the budgeted operational term is considered remote due to the delay in the commencement of programmes / projects. An estimated redundancy valuation has been used within the management accounts to support the management of reserves. Due to the subjectivity of redundancy calculations, this figure cannot be accurately defined.



# Annual Governance Statement

## Scope of Responsibility

The Swansea Bay City Region Joint Committee is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It must also ensure that public money is safeguarded and properly accounted for and used economically, efficiently and effectively and to secure continuous improvement and delivery in this regard.

The Joint Committee is responsible for putting in place appropriate arrangements for the Governance of its affairs and facilitating the effective exercise of its functions including having appropriate arrangements for the management of risk and portfolio delivery.

The Joint Committee details how it deals with all aspects of Governance through its Joint Committee Agreement which defines the standards, roles and responsibilities of the Chair, its Members, Committees and its Officers. The Joint Committee Agreement includes a Scheme of Delegation outlining the decision-making process taking into account the relevant legislation.

## The Governance Framework

The Governance Framework comprises of the systems, processes, cultures and values by which the Joint Committee is directed and controlled and also the way it accounts to, engages with and leads the Region and Community. It enables the Committee to monitor the achievement of its strategic objectives and to consider whether those objectives are/have led to the delivery of appropriate, relevant, value for money projects.

The system of internal control is a significant part of that framework and is designed to manage risk to an appropriate level. It aims to identify and prioritise the risks to the achievement of the Committee's policies, aims and objectives. It evaluates the likelihood and impact of identified risks being realised and to manage individual risks appropriately.

This Statement explains how the Joint Committee has complied with the various elements of the Governance Framework.

The Joint Committee has adopted and implemented a code of Corporate Governance based on the Framework 'Delivering Good Governance in Local Government' published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives and Senior Managers (SOLACE).

## The Governance Environment

The Governance framework comprises of 7 fundamental principles implemented to endorse high standards of confidence and trust in the governance and operation of the Portfolio, whilst upholding a commitment to ongoing improvement on a continuing basis through a process of evaluation and review.

The CIPFA/SOLACE Governance Framework sets out 7 fundamental principles of Corporate Governance. The 'CIPFA Seven' are:

1. Integrity and Values - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
2. Openness and engagement - Ensuring openness and comprehensive stakeholder engagement.
3. Making a difference - Defining outcomes in terms of sustainable economic, social, and environmental benefits.
4. Making sure we achieve what we set out to do - Determining the interventions necessary to optimise the achievement of the intended outcomes.
5. Valuing our people; engaging, leading and supporting - Developing capacity and the capability of leadership and individuals.
6. Managing risks, performance and finance - Managing risks and performance through robust internal control and strong public financial management.
7. Good transparency and accountability - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

## Integrity and Values

- The behaviour and expectations of Officers/Members are set out in the Swansea Bay City Region Joint Committee Agreement. The Agreement sets out the procedure for meetings, highlights conflicts of interest and includes Rules of Conduct of Co-opted Members of the Joint Committee and the Economic Strategy Board.
- The Joint Committee Agreement sets out requirements for members and officers to disclose gifts and hospitality annually.
- The Joint Committee Agreement provides that Members must at all times act in accordance with the Member Code of Conduct of their respective authorities. The Code of Conduct will apply when they are acting in their capacity as Joint Committee Member.
- Declarations of interest is a standing item of the agenda for both Portfolio Board and Joint Committee.
- All members of the Joint Committee, Programme Board, Economic Strategy Board, as well as Statutory Officers and direct SBCD portfolio employees, are required to complete a declaration of interest form on a six month basis, including within, third party interests and related party disclosures.
- Compliance with policies and rules set out in the Joint Committee Agreement.
- Reports to both Portfolio Board and Joint Committee have legal/finance clearance prior to publication.
- Comprehensive scrutiny function.
- Comprehensive audit scrutiny.
- The Monitoring Officer ensures compliance with statute and reports on any maladministration.
- External challenge from auditors.

## Openness and Engagement

- The Joint Committee ensures an open culture evidenced by open meetings and publication of agendas, minutes and webcasts where appropriate.
- There is enough opportunity for public questions at Joint Committee.
- Portfolio and project risks are published.
- There is appropriate consultation and engagement supporting the decision-making process including annual budget consultation, engagement with Governments, Economic Strategy Board regional advisers and key stakeholders.
- The scrutiny function invites stakeholder participation and contribution.
- The Portfolio's Marketing and Media function promotes the work of the Portfolio and supports proactive engagement with members of the public, helping them to access information on project delivery wherever and whenever it is convenient to them.

### Making a difference

- The portfolio has a clear vision set out within its heads of terms.
- The portfolio deliverables will make a step change in the economic prosperity of the Swansea Bay Region.
- The Portfolio Management Office presents quarterly the Implementation Plan and has developed an Integrated Assurance Action Plan, Monitoring and Evaluation Plan and a Portfolio Business Plan.
- The Accountable Body provides regular Financial monitoring updates.
- Portfolio risk management policy ensures consistent application of risk registers and terminology and audit scrutiny.
- Improved communications and regional working across all 8 primary stakeholders.

### Making sure we achieve what we set out to do

- Establishment of a regional Portfolio Management Office to oversee the governance, assurance and portfolio progression.
- Appointment of a Senior Responsible Officer for the Swansea Bay City Deal Portfolio to work with the Portfolio Director and Joint Committee.
- There is regular public and stakeholder engagement at project level.
- The Portfolio takes a sustainable view, with Lead Authorities each having their own independent social and environmental policies and plans, including;
  - *Medium term financial plan*
  - *Corporate Plan*
  - *Annual reports*
- Projects are supported by detailed business cases with clear deliverables and are managed locally.
- There is an annual budget setting process in place. There is regular financial monitoring updates and engagement in respect of financial matters with members.
- The portfolio has a detailed risk management procedure.

## Valuing our people; engaging, leading and supporting

- The Joint Committee ensures that members and officers have the right skills, knowledge and mind set to operate efficiently and effectively to achieve its intended outcomes by:
  - *Providing a comprehensive induction portfolio*
  - *Annual performance review*
  - *Providing job related training*
- The Joint Committee encompasses a robust governance structure including private sector advisors.
- Effective shared leadership and understanding of roles and objectives is supported by:
  - *Clear and defined leadership roles.*
  - *Appraisal of Portfolio Director role and remuneration.*
  - *Regular committee and board meetings.*
  - *The JCS sets out clearly defined roles and responsibilities of members, officers and advisers.*

## Managing risks, performance and finance

- Decision making supported by;
  - *Risk register*
  - *Issue log*
  - *Progress update log*
- Regular financial monitoring updates by the Section 151 officer.
- Monthly review of all risk logs and registers
- There are regular individual project updates, given by respective Lead Authority leaders/chief executives.
- Internal audit provides an independent and objective assurance on the effectiveness of internal control, risk management and governance.
- The portfolio has approved and embedded anti-fraud and corruption policy.
- The Internal Audit plan is approved by Joint Committee
- The External Audit plan is approved by Joint Committee.
- Financial Management is integrated through all levels of planning and control by;
  - *Specific corporate risk around financial control within the risk register.*
  - *Financial implications are included within all decision-making reports.*

## Good Transparency and Accountability

- Joint Committee Agreement demonstrates clear accountability of project delivery leads.
- Project outputs and outcomes linked to grant funding.
- Government progress updates.
- Reports are published on the City Deal website and are available in the Welsh language.
- Where possible exempt reports are split so the main report can be heard in public with confidential information being a separate exempt report.
- The Joint Committee have adopted the Code of Corporate Governance based on CIPFA framework.
- Implementation of Audit Wales and Internal Audit recommended actions monitored by Joint Committee.
- Peer review and inspection from regulatory bodies, including Gateway Assurance Processes.

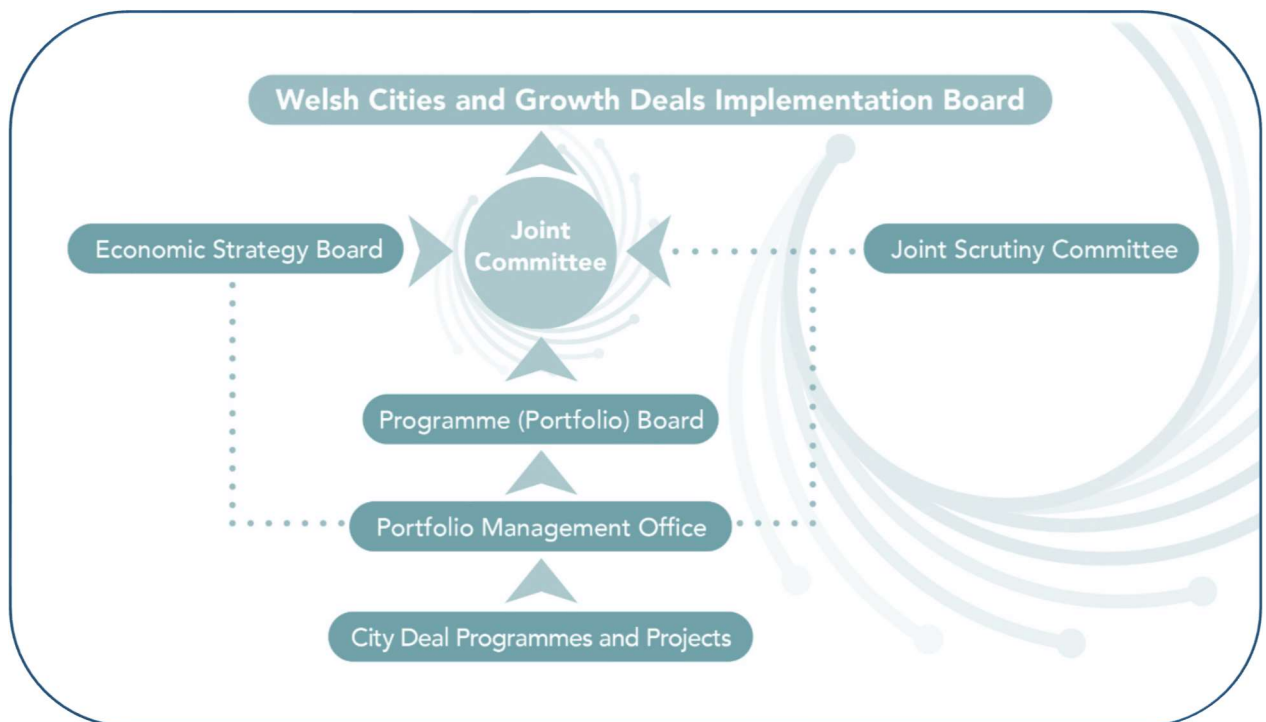
## Embracing good governance in the Public Sector



## Governance Structure

The Governance Structure details the hierarchy of committees and boards adopted to successfully manage, control, and deliver the Swansea Bay City Region Deal portfolio. The formal Governance Structure adopted by the City Deal for project implementation is demonstrated below. The Joint Committee upholds ultimate responsibility and accountability for decisions taken in the City Deal portfolio. However, this is not an independent entity, rather a collaborative leadership group consisting of the four regional Local Authorities, underpinned by a Joint Committee Agreement.

### Swansea Bay City Deal Governance Structure



## Swansea Bay City Deal Accountable Officers

**Chair of the Joint Committee** - Councillor Rob Stewart, Leader of City and County of Swansea Council

**Senior Responsible Owner** – Wendy Walters, Chief Executive of Carmarthenshire County Council

**Section 151 Officer** – Chris Moore, Director of Corporate Services, Carmarthenshire County Council.

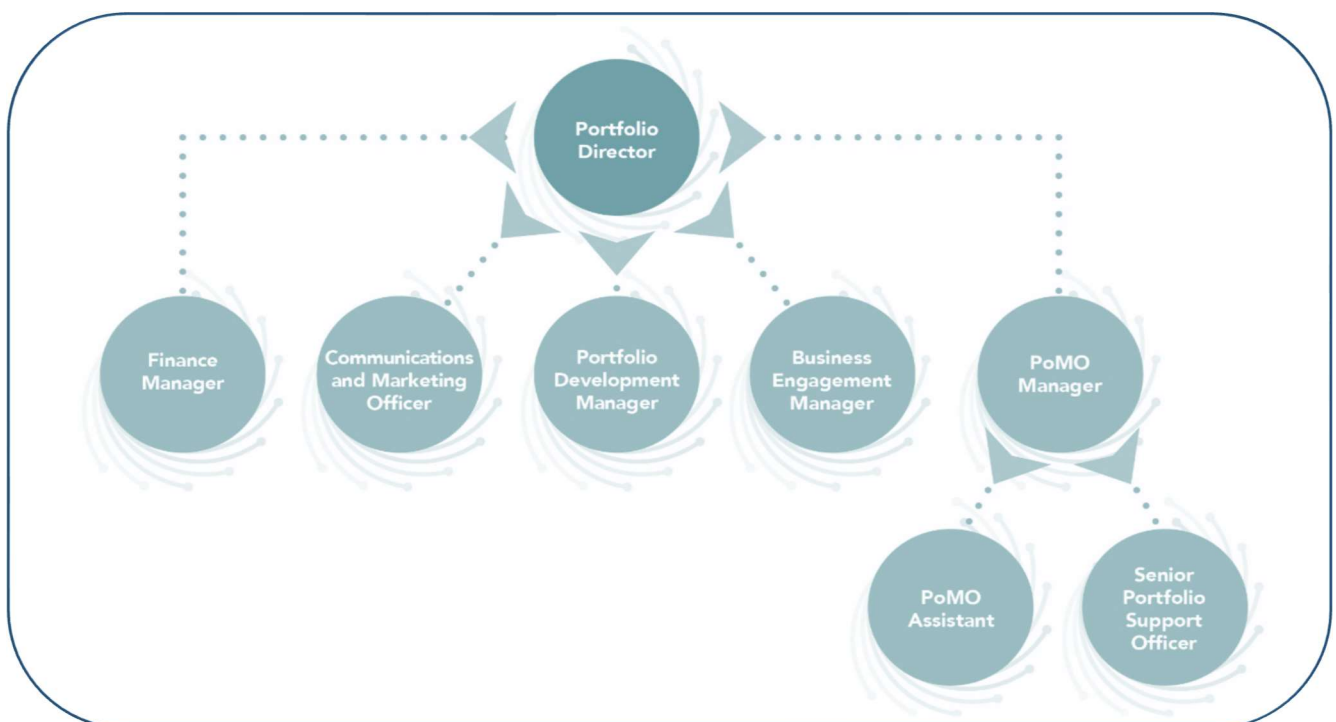
**Monitoring Officer** – Tracey Meredith, Chief Legal Officer and Monitoring Officer, City and County of Swansea Council

**Portfolio Management Office** – Dr Jonathan Burnes, Portfolio Director

## Portfolio Management Office

The PoMO is tasked with the responsibility for the day-to-day management of matters relating to the Swansea Bay City Deal. One post is vacant as at year end (PoMO Assistant). The PoMO staffing structure is outlined below:

### Portfolio Management Office Staffing Structure\*



\*The Finance Manager is responsible to the Portfolio Section 151 Officer.



## Internal Sources of Assurance

### Governance Structure

#### Joint Committee

The Joint Committee comprises of the four Local Authority Leaders of Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea councils.

The Joint Committee will be chaired by a Local Authority Leader, and it has been agreed by the four Councils that the Leader of Swansea Council will take on this responsibility. The Chair of the Joint Committee will be elected for a two-year term in the first instance, reviewed annually thereafter.

The Joint Committee has ultimate responsibility and accountability for decisions taken in relation to the Swansea Bay City Deal, in line with the visions and interests of all participating parties and the Swansea Bay City Deal document signed on 20th March 2017.

Since the signing of the Heads of Terms document, in order to maintain momentum, the Joint Committee operated in shadow form. The first formal meeting of this committee took place on 29<sup>th</sup> August 2018 when each of the four Local Authorities signed the Joint Committee Agreement, the legal document which sets out how the Councils will work together.

The Head of Paid Service, Monitoring Officer and Section 151 officer of each of the Councils shall be entitled to attend meetings of the Joint Committee as an adviser and shall not have a vote.

The Leaders have agreed to co-opt to the Joint Committee the Chair of the Economic Strategy Board, and one representative each from the University of Wales Trinity Saint David, Swansea University, Hywel Dda University Health Board and Swansea Bay University Health Board. Voting rights will be reserved to the four Local Authority Leaders.

The Joint Committee meets currently on a monthly basis and as set out in the Joint Committee Agreement; its function includes:

- Identifying and implementing appropriate governance structures for the implementation of any projects within the Swansea Bay City Deal portfolio. This shall include the formation of bodies corporate and any other structures which the Councils can lawfully establish or participate in.
- Agreeing and planning the overall strategy for and delivery of the portfolio for the Swansea Bay City Deal.
- Performance management of the Swansea Bay City Deal portfolio.
- Strategic communications
- Monitoring of the impact of the Swansea Bay City Deal portfolio and reporting on this to the Councils.
- Authorising the Accountable Body to commission external support and to oversee the delivery and management of project expenditure.
- Progressing a regional approach for the Swansea Bay City Region for the discharge of strategic functions. These functions may include land use planning, transport planning and economic development.
- Approval and adoption of the Implementation Plan.
- Approval of any extension agreed by the Councils to the deadline for approval of the Implementation Plan.
- Agreeing the terms and conditions of Government Funding.
- Overseeing the proportion of each Council's responsibility for borrowing to provide funding for regional projects.
- Reviewing performance of the Chair of the Economic Strategy Board on an annual basis.
- Agreeing the Annual Costs Budget.

Following the process as set out in the Joint Committee Agreement, the Joint Committee shall consider the project business case and the recommendations of the Portfolio Board and the Economic Strategy Board and shall decide whether or not to approve the project for submission to the UK Government and Welsh Government for approval by the UK Government and Welsh Government for the release of government funding for the project.

### COVID-19 Impact

Some governance arrangements within the Swansea Bay City Deal have required adaption as a consequence of the current COVID-19 pandemic. The main significant change as a result of the pandemic was in respect of the undertaking of committees and boards, with these conducted and facilitated on a remote basis.

The overall delivery of the portfolio is still on target to be achieved and additional monitoring has been undertaken within the year in the form of a COVID-19 impact assessment. Risks and issues identified within this assessment have been included within the portfolio risk register with actions to manage and/or mitigate.

## Economic Strategy Board

Reporting to the Joint Committee, the Economic Strategy Board will represent the wider community, including the private sector.

The Economic Strategy Board will act as the voice of business and will provide strategic direction for the Swansea Bay City Deal, through advice to the Joint Committee on matters relating to the Swansea Bay City Region. It will have a role in advising the Joint Committee on opportunities to strengthen the City Deal's impact.

The Chair will be accountable to the Joint Committee. The Economic Strategy Board will not have any formal decision-making powers and it will reach agreement by consensus.

The Economic Strategy Board will meet with the following frequency or as and when required:

- Quarterly in advance of any Joint Committee meeting.
- When necessary to deal with business as agreed by the Chair of the Economic Strategy Board.
- The Portfolio Management Office will arrange for minutes of the proceedings of each meeting to be taken, approved and recorded. Key activities of the Economic Strategy Board include.
- Submit strategic objectives for the Swansea Bay City Region.
- Assess the individual Project Business Cases against the strategic aims and objectives of the Swansea Bay City Deal and make a recommendation to the Joint Committee on whether or not the Project Business Case should proceed.
- Consider implications of a proposed withdrawal or change of Project Authority Lead and any proposal for a new project and provide recommendations to the Joint Committee on whether the new project proposed should replace the project to be withdrawn and if not the process for selecting new projects or reallocation of funding.
- Monitor progress with regard to the delivery of the Swansea Bay City Deal.

The Chair of the Economic Strategy Board has been appointed following an open competition exercise. The process of appointing other members of the Economic Strategy Board has taken place through an open recruitment and nomination process, membership being drawn from across the wider private and public sectors. The Economic Strategy Board membership was agreed through a vote at the first formal meeting of the Joint Committee on 29<sup>th</sup> August 2018. Members are expected to adhere to the conditions of membership as outlined in schedule 13 of the Joint Committee Agreement.

## Portfolio Board

The Portfolio Board is accountable to the Joint Committee and consists of the Head of Paid Service of each of the four Councils, or another officer nominated by the Head of Paid Service. The Portfolio Board Chair shall be reviewed annually.

The Portfolio Board may co-opt additional representatives to the Board. Co-opted members may include representatives of Swansea University, University of Wales Trinity St David, Hywel Dda University Health Board and Swansea Bay University Health Board.

It has been unanimously agreed by the Councils that the Chief Executive of Carmarthenshire County Council will chair the Portfolio Board meetings.

Portfolio Board was formally established by the Joint Committee at its first meeting.

The Portfolio Board has four distinct roles:

- Preparing recommendations on the Swansea Bay City Deal portfolio:
  - *Ensuring that all schemes are developed in accordance with the agreed package, analysing the financial viability, deliverability and risk of each City Deal project proposal.*
  - *Overseeing production of business case.*
- Advising on the strategic direction of the Economic Strategy Board.
- Overseeing performance and delivery of the delivery of projects, reviewing progress against agreed milestones, focusing on delivery and financial risks and identifying any necessary remedial action.
- Working on a regional basis to improve public services especially in the areas of economic development, transport, planning and strategic land use, housing and regeneration.

Meetings of the Portfolio Board take place on a monthly basis before the Joint Committee meeting and before all quarterly meetings of the Economic Strategy Board.

## Portfolio Management Office

Reporting directly to the Accountable Officer and the Joint Committee, the Portfolio Management Office plays a pivotal coordinating and supporting role and it is responsible for the day-to-day management of matters relating to the Joint Committee and the Swansea Bay City Deal.

Key activities of the Portfolio Management Office include:

- Strategic liaison with UK Government and Welsh Governments and policy advisors.
- Governance support for all aspects of the City Deal governance structure, the SBCD Joint Committee, Portfolio Board and Economic Strategy Board.
- Portfolio implementation co-ordination, monitoring and evaluation.
- Undertake research, analysis and report on findings as requested by groups within the governance structure.
- Strategic project co-ordination includes advising on and coordinating the development and submission of 5 case business models for City Deal projects.
- Liaison and engagement with government funding bodies and portfolios, and with the Universities and Health Boards.
- Responsibility for managing the identification, assessment, approval, monitoring and evaluation processes for Regional interventions and projects.
- Communications and engagement management for the Swansea Bay City Deal.
- Private sector involvement, business development and inward investment.

Utilising the Joint Committee's governance model to lead in the consideration and development of opportunities for additional capital and revenue external funding bids for additional funding sources to assist in the delivery of the regional activities which are complimentary to the SBCD.

## Accountable Body

The Councils have agreed that Carmarthenshire County Council will act as the Accountable Body responsible for discharging the Councils' Obligations in relation to the Swansea Bay City Deal in accordance with the Joint Committee Agreement.

The role of the Accountable Body is to:

- Act as the primary interface with Welsh Government, UK Government and any other funding bodies necessary to discharge the Councils' Obligations.
- Hold and release any Government Funding in relation to the Swansea Bay City Deal and only to use and release such funds as agreed in accordance with the terms of such funding and the Joint Committee Agreement.
- Comply with the Funding Conditions as set out in the JCA.
- Undertake the accounting responsibilities set out in this Agreement.
- Employ the Regional Office staff.

The Joint Committee will designate the Chief Executive of the Accountable Body as Lead Chief Executive to act as its principal adviser and as Accountable Officer to manage and oversee the work of the Accountable Body and the Portfolio Management Office team.

## Monitoring Officer

The Monitoring Officer is responsible for ensuring good governance and maintaining the highest ethical standards, ensuring the legality of arrangements as well as ensuring that the Joint Committee Agreement is adhered to. The Monitoring Officer has access to all meetings of the Joint Committee including the Economic Strategy Board and the Portfolio Board.

The Councils have agreed that the Monitoring Officer function and occupation with responsibility for discharging the Councils' Obligations in relation to the Swansea Bay City Deal in accordance with the Joint Committee Agreement, will be supported by the City and County of Swansea.

The Monitoring Officer is well placed to play a proactive role in supporting Members and Officers in both formal and informal settings to comply with the law and with the Joint Committee's own procedures. The Monitoring Officer is supported by the Democratic Services function of City and County of Swansea Council who is responsible for the formal recording and publication of the democratic decision-making process.

The Monitoring Officer works closely with the Portfolio Director and the Section 151 Officer in accordance with the provisions of the Local Government and Housing Act 1989 and will report to Joint Committee or the Portfolio Board if she considers that any proposal will give rise to unlawfulness.

## Financial Services (Section 151 Officer)

The Director of Corporate Services Carmarthenshire County Council is the responsible officer for the administration of the Joint Committees affairs under Section 151 of the Local Government Act 1972 and carries overall responsibility for the financial administration of the Swansea Bay City Region Deal.

The Chartered Institute of Public Finance and Accountancy (CIPFA) previously published a “Statement on the Role of the Chief Financial Officer in Local Government”. The Statement describes the role and responsibilities of the Chief Financial Officer (CFO) and sets out 5 Key Principles (see below) that define the core activities and behaviours that belong to the role of CFO in public service organisations and the organisational arrangements needed to support them. Carmarthenshire County Council through the appointment of the Director of Corporate Services fully complies with the Statement.

- Principle 1 - The CFO in a Local Authority is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the Authority’s strategic objectives sustainably and in the public interest.
- Principle 2 - The CFO in a Local Authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the Authority’s overall financial strategy.
- Principle 3 - The CFO in a Local Authority must lead the promotion and delivery by the whole Authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.
- Principle 4 - The CFO in a Local Authority must lead and direct a finance function that is resourced to be fit for purpose.
- Principle 5 - The CFO in a Local Authority must be professionally qualified and suitably experienced.

The Financial Services function provides support to the Joint Committee and co-ordinates and supports the budget preparation and financial monitoring process.

## Internal Audit

The review of the effectiveness of the system of Internal Control and Governance arrangements is informed by the work of the Internal Auditors on which the Joint Committee gains assurance. Internal Audit are required to undertake their work in accordance with the standards as set out in the Public Sector Internal Audit Standards (PSIAS) established in 2013 are the agreed professional standards for Internal Audit in Local Government. The principles of Internal audit are demonstrated below.

As required by the Standards, the Head of Internal Audit (Pembrokeshire County Council) prepares an annual report for consideration by the Joint Committee. The format of the Annual Report complies with the requirements of the Code of Practice.

### Internal Audit Report – Swansea Bay City Deal

The audit aims to provide assurance that the Swansea Bay City Deal has adequate governance, internal control, risk management and financial management arrangements in place, which are operating effectively and assisting it to achieve its objectives.

### Audit Scope

Area	Description
<b>Governance:</b>	<ul style="list-style-type: none"><li>• Follow Up of Previous Recommendations</li><li>• Joint Committee Agreement, Governance Boards &amp; Decision Making</li><li>• Assurance, Monitoring and Evaluation Arrangements</li></ul>
<b>Risk Management:</b>	<ul style="list-style-type: none"><li>• Risk Management Arrangements</li></ul>
<b>Internal Control</b>	<ul style="list-style-type: none"><li>• Project Management, Process and Monitoring</li><li>• Impact of Inflation and Construction Price Rises</li><li>• Project Outcomes and Benefit Realisation</li></ul>
<b>Financial Management:</b>	<ul style="list-style-type: none"><li>• Budgetary Control</li><li>• Grant Funding</li></ul>

The internal audit report, agreed by Joint Committee on 27<sup>th</sup> July 2023, has determined an audit assurance rating of 'Substantial'; There are none or few weaknesses in the adequacy and/or effectiveness of the governance, internal control, risk management and financial management arrangements, and they would either be unlikely to occur, or their impact is not likely to affect the achievement of the SBCD objectives.

The Strategic and Annual Audit Plans are approved by Joint Committee annually and regular reports are made to the Joint Committee throughout the year on progress and any significant weaknesses identified.

In addition to the planned work, the Internal Audit Unit undertakes fraud investigation and proactive fraud detection work.

## Committees

### Joint Scrutiny Committee

The Joint Scrutiny Committee comprise of 12 members in total, three from each of the four Constituent Authorities. The Role of the Joint Scrutiny Committee is to provide advice, challenge and support to the Joint Committee. The Joint Scrutiny Committee is required to:

- Review and Scrutinise the Joint Committee's financial affairs.
- Review and assess the Joint Committees risk management, internal control and corporate governance arrangements.
- Review and assess the economy, efficiency and effectiveness with which resources have been used.
- Make reports and recommendations to the Joint Committee in relation to the points outlines above.

The purpose of the Joint Scrutiny Committee shall be:

- Performing the overview and scrutiny function for the Swansea Bay City Deal on behalf of the four constituent authorities.
- To develop a forward work Portfolio reflecting the functions as demonstrated in the Joint Committee Agreement (Cl. 2.1.1)
- To seek reassurance and consider if the city deal is operating according to the Joint Committee Agreement, its business plan, timetable and/or is being managed effectively.
- To monitor any City Deal Regional projects against its portfolio plan.
- To make any reports and recommendations to the constituent authorities, whether to their executive boards or Full Council as appropriate, in respect of any function which has been delegated to the Joint Committee pursuant to the Joint Committee Agreement.

Scrutiny of individual authorities' projects shall be a matter for the relevant Constituent authorities Scrutiny Committee.

## External Sources of Assurance

### External Audit

The Auditor General (Audit Wales) is the auditor for Carmarthenshire County Council and discharges his responsibilities under the Public Audit (Wales) Act 2004 through the external audit of the Swansea Bay City Deal Joint Committee statement of accounts.

Carmarthenshire County Council holds responsibility of the Accountable Body function on behalf of the Swansea Bay City Deal Joint Committee.

The agreed Annual Audit plan 2023 outlined the proposed audit plan and scope of the external audit to be undertaken by Audit Wales of the Swansea Bay City Deal Joint Committees Statement of Accounts. This plan was prepared and agreed by the Joint Committee and represents the third year of external audit work.



## Gateway Reviews

Office of Government Commerce (OGC) Gateway Reviews will be appropriately carried out at both a City Deal Portfolio (Gate 0) and project level (Project Assessment Reviews (PARS) or Gates 1-5) to examine specific points in their lifecycles. This will assure successful progression and overall delivery, while supporting the Senior Responsible Owner (SRO) in the successful discharge of their duties.

These reviews are among a suite of assurance activities the City Deal's Portfolio Management Office will organise, with the best course of action determined by the maturity of the portfolio or the stage of a constituent project's development or delivery.

To support this process the Portfolio SRO and Joint Committee will ensure the delivery of an Integrated Assurance and Approval Plan (IAAP), a Monitoring and Evaluation Plan and a Portfolio plan. The Regional Portfolio Management Office will provide visibility to the SRO and Joint Committee of the collaborative work undertaken with Welsh Assurance Hub to develop these assurances and monitoring plans over the coming months. A portfolio level IAAP has been developed and implemented together with individual IAAPs for each of the constituent projects. A Joint SBCD / WG / UKG Assurance Panel has been established and a Portfolio Assurance Framework developed to inform and guide assurance activity across the Portfolio.

## Government Review (5 case business model)

The need to get the best possible value from spending public money will always remain a constant for the Joint Committee and its partners. To this end, all City Deal business cases must be developed using the HM Treasury and Welsh Government's Five Case Model - an approach which is both scalable and proportionate. It is recognised as best practice and is the Treasury's standard methodology.

The business case, both as a product and a process, provides decision-makers, stakeholders and the public with a management tool for evidence-based, transparent decision-making and a framework for the delivery, management and performance monitoring of the resultant scheme.

Each business case in support of SBCD project must evidence:

The Case	The question	What the Business Case must demonstrate	
Strategic Case	Is the proposal needed?	will it further the aims and objectives?	is there a clear case for change?
Economic Case	Is it value for money?	has a range of options been considered?	is it the best balance of cost, benefits and risk?
Commercial Case	Is it viable?	is there a supplier who can meet our needs?	can we secure a value for money deal?
Financial Case	Is it affordable?	are the costs realistic and affordable?	is the required funding available and supported?
Management Case	Is it achievable?	are we capable of delivering the project?	do we have robust systems and processes in place?

- o Strategic Case - the intervention is supported by a compelling case for change that provides a holistic fit with other parts of the organisation and public sector

- Economic Case - the intervention represents best public value (to the UK as a whole)
- Commercial Case - the proposed project is attractive to the marketplace, can be procured and is commercially viable
- Financial Case - the proposed spend is affordable
- Management Case - what is required from all parties is deliverable

As set out in the Joint Committee Agreement, the Project Business Case shall include a Resolution of the Project Authority Lead and all Councils in whose area the project shall take place that they approve the submission of the Project Business case.

The Portfolio Management Office has day to day responsibility for managing the assessment and approval process for all City Deal projects.

To assist a speedier assessment process, the UK Government and Welsh Government have agreed an informal iterative review process for assessing business cases to assist Project Leads in the production of robust outline business cases which are appropriate for 5 case formal review process.

On completion of the final draft business case and following approval from the respective Regional/Project Authority Lead(s), business cases for each of the City Deal projects will undergo assessment by the Portfolio Management Office before being considered by the respective City Deal governance structures. After approval by the Joint Committee the project business case will be forwarded to the UK Government and Welsh Government for approval to release City Deal Government project funding to the Accountable Body. Following outline business case approval there is an expectation that all the SBCD project and programme business cases are developed as they progress into Full Business Case stage and reported through the SBCD Governance arrangements. A Business Case Update process has been developed and approved to facilitate this process.

### Well-being of Future Generations Act (Wales) 2015

The Swansea Bay City Deal demonstrates close alignment with the Well-being of Future Generations Act (Wales) 2015, as well as the seven well-being goals for Wales, which are at the core of the investment portfolio.

This is evidenced both at a portfolio business case level, as well as within business cases for the City Deal's constituent projects.

City Deal reports considered at both Portfolio Board and Joint Committee also demonstrate alignment with the legislation.

### OGC Gateway™ Review 0: Strategic assessment

A Gateway 0 Strategic Assessment Review on the SBCD Portfolio was undertaken in July 2022. The Review awarded an Amber/Green Delivery Confidence Assessment rating with the following summary findings:

1. Swansea Bay City Deal Portfolio has made significant progress in the past 12 months.
2. The establishment of a professional, well-resourced Portfolio Management Office has been key to the progress, as has the dedication and commitment of the SRO in evolving the governance arrangements.
3. It is also evident that the leadership of the individual programmes and projects has been key to successful delivery in these regards.
4. There is strong stakeholder support and optimism across all sectors and a commitment from the Joint Committee to spending wisely now that the funding has come on stream from UKG/WG.

The Amber / Green DCA rating states that Successful delivery appears probable. However, continual attention will be needed to ensure risks do not materialise into major issues that could threaten successful delivery of the Portfolio. It should be noted that the Delivery Confidence Assessment does not imply that all programmes and

projects within the portfolio discretely carry the same rating: they are subject to their own, more detailed Assurance via individual Gateway Reviews.

The Review Team makes a small number of recommendations in the areas of:

1. Business case development
2. Monitoring of costs and benefits across the portfolio
3. Increase access to PoMO intelligence for programmes and projects
4. Use of plain language and executive summaries in reporting

All of the recommendations of the Review team have been actioned as shown below.

Ref. No.	Recommendation	Urgency (C/E/R)	Target date for completion	Complete
1.	Ensure that individual Business Cases are maintained as live governance tools to keep pace with changing dynamics of the operating environment.	R - Recommended	End of December 2022	✓
2.	Embed active monitoring of costs across the Portfolio and map against the benefits profiles, to inform any downstream prioritisation or re-phasing options.	R - Recommended	End of December 2022	✓
3.	Increase access to PoMO intelligence and data for individual Projects, to facilitate proactive analysis and options planning, thus tightening the governance links and improving speed and quality of decision making.	R - Recommended	End of September 2022	✓
4.	Enhance the clarity of reports and communications through increased use of plain, clear language and executive summaries.	R - Recommended	End of September 2022	✓

## Internal review

### Project approval process and flow of funds

On completion of a final draft business case and following approval from the respective regional/project authority lead, business cases for each of the City Deal projects will undergo assessment by the Regional Portfolio Management Office before being considered by the respective City Deal governance structures. After regional approval by the Joint Committee, the project business case will undergo an external Stage Gate review before progressing to the UK Government and Welsh Government for Ministerial approval.

The flow of funds for the City Deal portfolio is set out in the financial section of this Portfolio Business Case.

### Governance Assessment Process

Each Swansea Bay City Deal project has its own governance structure and management arrangements to oversee their development and delivery, which are outlined in their individual business case.

Portfolio level governance arrangements are also in place that each project will be expected to implement and provide updates on.

These include, but are not limited to:

- Implementation plan
  - Risk and issue management
  - Monitoring and evaluation
  - Benefits realisation
  - Community Benefits
  - Change control
- Dependencies and interdependencies
  - Escalation and reporting structures
  - Integrated Assurance and Approval Plan
  - Construction Impact Assessment
  - Procurement Pipeline Activity
  - Financial control and contingency management

## Integrated Assurance and Approval Plan

This plan will ensure the planning, coordination and provision of assurance activities and approval points throughout the City Deal portfolio, proportionate to levels of project cost and risk. As well as a portfolio level IAAP, constituent projects will also feed into the overall plan. The IAAP is a live document that will be kept updated and actioned throughout the lifecycle of the City Deal portfolio.

## Risk Management Arrangements

The Swansea Bay City Deal risk register logs risks both at a project and portfolio level. These include business, organisational and external risks. Each risk is updated periodically and reported to Portfolio Board where each risk details the description, owner, consequence and review update, accompanied by a scoring based on probability and impact.

Key business risks captured in a portfolio risk register include SBCD partner withdrawal, delays to project approval and funding draw down and portfolio delivery delays.

Following Portfolio Board review, the portfolio red risks and portfolio red issues, are considered by Joint Committee on a quarterly basis. These documents are also considered by Joint Scrutiny Committee at each of its meetings, which take place once every two months.

Organisational risks are captured in project specific risk registers.

The current portfolio risk register demonstrates risks of an operational, governance and financial nature with emphasis on the significant (red) risks, which are risks that will significantly impact the delivery of the portfolio. A summary of the current significant risks are demonstrated below:

Risk	Review Update/Control Actions
Slippage in delivery of programmes / projects against key milestones	Reprofiling exercise will follow 2022/23 in year slippage to determine accurate spend profiles and completion milestones. Project Leads have undertaken a refresher Change Management process training session with the PoMO. Project Leads to complete outstanding change notifications/requests asap.
Private sector funding contribution/s not realised in line with business case projections	Private Sector contribution report submitted to SBCD Governance Boards in April/May 2023. Private Sector contribution submissions now form part of quarterly monitoring as of July 2023 (Q1 2023/24). PoMO to produce an annual Private Sector Investment Status Report using Q4 monitoring in June 2024.
Increase in cost of construction	No change in forecast cost increases since Q3 2022/23 with a funding gap of £31m. Finance Manager to review inflationary impacts of forthcoming procurements.
WG 2021 update of Technical Advice Note (TAN) 15 development risk of flooding, coastal erosion and associated flood planning maps	Analysis of the consultation responses is now underway and there is a substantial amount of detailed work to be undertaken in analysing the responses. Given the size and complexity of the task in analysing the responses and making further changes to the TAN it is unlikely that the new version of the TAN will come into force before the end of this year.
Prog/Proj delivering all outputs and outcomes within the business case	Portfolio benefits profiles have been agreed with all programmes/projects. Other major programme/project benefits are being forecasted and will be reported via SBCD governance. Joint scrutiny Committee and partner Local Authority scrutiny committees are requesting more visibility on Benefits Realisation reporting.
Pressure on construction industry to meet demand of City Deal and other public sector procurements	Construction & Community Benefits Subgroup formed. Construction Impact Assessment and Funding Gap paper has been combined, which provides clearer oversight of increased costs once procurement activity completed.

## Benefits Realisation Arrangements

The Swansea Bay City Deal headline benefits are at least a £1.8 billion boost to regional GVA and the creation of at least 9,000 high-value jobs.

The focus on the regional economy across the SBCD projects will also support regional supply chain businesses, with the City Deal's energy theme due to further accelerate the growth of the region's blue and green economies, helping meet regional, Wales and UK-wide decarbonisation targets.

As well as financial benefits, the City Deal will also lead to societal benefits. These include tackling fuel poverty, improving people's health and well-being, and creating more resilient communities and businesses.

The benefits realisation plan is made up from the constituent projects, where they are required to develop and submit a benefit's register as part of the business case submission. The approach to monitoring and evaluating the portfolio benefits features in the Portfolio's Monitoring and Evaluation Plan and are regularly reported at project and portfolio level at the Portfolio Board and Joint Committee governance groups.

Monitoring and evaluating the portfolio performance and impact will improve informed decision making and planning and risk management in order to deliver the widest possible benefits to the region and value for money. It will also create a culture of learning from doing and sharing.

The Portfolio SRO will oversee the vision, objectives and project governance arrangements, in conjunction with the Joint Committee and Portfolio Director, including the benefits realisation of the portfolio.

## Post Implementation and Evaluation Arrangements

The Swansea Bay City Deal deliverables are aligned to SMART (specific, measurable, achievable, realistic and timebound) objectives. These will aid with the post evaluation at both project and portfolio level.

The objectives will be detailed in the tools adopted in the Monitoring and Evaluation Plan at both a portfolio and individual project level. Periodic reports and evaluations will be undertaken both at key project and portfolio milestones and at the end of the implementation stage. External stage gate reviews will form part of this process, along with regional reviews and assessments.

## Action Plan of Portfolio Governance Issues July 2023

Governance Issues	Action	Target for Completion
<p>Monthly and quarterly monitoring reports are prepared and presented to the Joint Committee and the Programme (Portfolio) Board, providing a narrative update of Programme/Project Progress. The Progress/Reporting Dashboard provides Members with a high level summary of the progress of Programmes/Projects, and whether they are on track, along with key data such as the Portfolio Delivery Timeline, Risk Management, and Benefits Realisation data amongst other items. The Total Annual Investment is also submitted to Members. This process is supplemented by Highlight Reports, allowing members a summary update between quarterly reporting periods. It was noted that there is no direct connection between the financial status of Programmes/Projects and the overall status of Programmes/Projects. Whilst a RAG rating of the financial status is included at a summary level the detail provided relates to overall budgets rather than whether actual spend is in line with budgets, or whether grant drawn-down is in line with the forecasted funding profile. The detailing of parameters would also allow Members to understand the boundaries within each RAG rating is applied. Enhanced financial reporting would allow a greater correlation between activities and finances for each of the Headline Programmes/Projects. Testing identified that there is currently slippage in time recorded against the delivery date for nine Programmes/Projects. Whilst this is currently highlighted in terms of RAG rating, reporting could be enhanced by providing a narrative indication within the Quarterly Monitoring report as to the level of slippage when compared to the original planned timescale. This would provide Members with a greater insight into the progress of projects, and enable greater scrutiny on projects which are significantly behind target.</p>	<p>As each of the Programmes/Projects move into full delivery, quarterly monitoring reports presented to the Joint Committee and Programme (Portfolio) Board should be developed to incorporate enhanced financial monitoring, including whether expenditure is in line with forecasts and whether grant drawn-down is in line with the agreed funding profile. Reporting would also benefit from enhanced data regarding delivery timescales. This would provide correlation and synergy between project progress and financial reporting.</p>	<p>Q1 2023/24</p>
<p>A defined Change Control Procedure is in place, and has been approved by the Joint Committee. During 2022-23, the PoMO received three change notifications. Internal Audit were advised that a formal Programme/Project change request is also anticipated to be received.</p> <p>The Change Control Procedure states that “change control reporting will take place for all Swansea Bay City Deal Portfolio change and include full summarisation for significant change and notification only of minor change”. Determination of ‘significant’ changes to Programmes/Projects has not been made within the Procedure, with the Portfolio Manager advising this would relate to an instance where any of the Portfolio benefits were impacted, or a substantial change in the required funding (for example 10%).</p>	<p>The change notification process (including potential baseline thresholds) should be clearly defined, to provide clarity to Programmes/Projects as to when they need to comply with the change notification process, and bring consistency across the Portfolio</p>	<p>Q2 2023/24</p>

<p>Change notifications are managed at Programme/Project level, with a requirement for the PoMO to be notified for reporting purposes. Thresholds for changes to cost/time/quality have not been formally defined, which could result in ambiguity within Programmes/Projects as to whether a change notification is required to be submitted to the PoMO. The introduction of baseline thresholds would enable a consistency in approach across all Programmes/Projects and support the PoMO in gathering the necessary Programme/Project intelligence data.</p>		
<p>The PoMO are monitoring the impact of the current financial climate on the Portfolio. Increase in Cost of Construction is recorded as a red risk on the Portfolio Risk Register, as is 'Pressure on Construction Industry to meet demand'. Five projects also detail construction risks within the latest Highlight Report.</p> <p>To ensure the Joint Committee remain apprised of the situation, the PoMO have introduced a Construction Impact Assessment Summary Report into the Quarterly Report which is submitted to Governance Boards. Joint Committee were advised in the November 2022 update that the PoMO had undertaken an assessment of the potential funding gap for the portfolio, following a request from the Programme (Portfolio) Board, and had identified a forecast funding gap of £31m as a result of inflation and increased construction costs. A detailed Construction Impact Assessment was also included as an appendix to the updated Business Case that was submitted to Joint Committee in April 2023.</p> <p>A detailed update to Programme (Portfolio) Board took place in November 2022. Review of the paper presented identified that potential mitigating actions have been documented, and a qualitative assessment undertaken against these. However, there was no detail recorded of the quantitative impact of the mitigations. Given the volatility on the market, and the impact this could have on the Portfolio, regular detailed updates should be provided. Additionally, further detail regarding the funding gap, and potential mitigations, should be provided to Joint Committee, to allow Members to be fully apprised of the mitigating actions being taken by the PoMO, Programmes and Projects.</p>	<p>Regular updates on the impact of the current financial climate should be tabled as standing agenda items for the Programme (Portfolio) Board to enable regular monitoring on the impact of the current climate on the Portfolio. This should include periodic updates to the financial assessment, and regular review of the mitigating actions developed to ensure they are deliverable, and achieving the intended benefit. Periodic updates on the forecast pressure and mitigating actions should also be provided to the Joint Committee, to keep them fully apprised of the matter.</p>	<p>Q1 2023/24</p>
<p>There has been a staffing change within the financial management arrangements for Swansea Bay City Deal during 2022-23, with the departure of the Finance Manager in November 2022. Following an unsuccessful recruitment exercise to replace the Finance Manager, temporary arrangements have been developed, with an Interim Officer appointed, who is supported by members of Carmarthenshire County Council's Finance team.</p> <p>The Joint Committee approved the five-year budget (2020-21 to 2024-25) for the administration and support functions of the Swansea Bay City Deal on 09 July 2020. Annual budgets are also presented to Joint Committee for approval. The 2022-23 budget was presented to the Programme (Portfolio) Board on 29 March 2022, and approved by the Joint Committee on 23 June 2022. At the time of the Internal Audit review a draft budget for the 2023-24 financial year had not been prepared. The 2023-24 draft budget is due to be presented to the Programme (Portfolio) Board on 16 May 2023. The 2022-23 financial year was the final year in which contributions were</p>	<p>The development of the Swansea Bay City Region budget for 2023-24 should be concluded at the earliest opportunity (recognising that a five-year budget has previously been approved by the Joint Committee). Moving forward, arrangements should be made to ensure that draft budgets are presented for approval prior to the start of the upcoming financial year.</p>	<p>July 2023</p>



<p>received from partner organisations to support the PoMO budget; with future years' budget to be funded via the top slice of grant funding.</p> <p>Budget monitoring reports are submitted to the relevant Governance Boards on a quarterly basis to inform members of the current financial position. At the time of the audit review, it was predicted that the overall position for the PoMO and Accountable Body budget had slipped into an in-year deficit of c.£80k, due to a slip in funding to projects, which in turn reduces the amount that can be drawn down from the top slice. The Joint Committee were reassured that this position would resolve itself in future years as funding to projects accelerates.</p>		
<p>Funding agreements stipulate that grant claims should be submitted by lead bodies on a quarterly basis, to allow funding to be distributed to programmes/ projects.</p> <p>Testing identified that only a small number of grant claim forms had been received during 2022-23; four in respect of Pembroke Dock Marine (one relating to Q4 2021-22 and three relating to Q1-Q3 2022-23) and one in respect of Supporting Innovation and Low Carbon Growth (SILCG).</p> <p>Testing also identified that the grant claim forms are not always used consistently, when grant funding is transferred to Carmarthenshire County Council, with it identified that a grant claim form was used for one project, with a journal prepared and utilised for another. Assurance was provided, however, that the process details that both grant claim forms and journals are utilised.</p> <p>Review of the grant claim forms for Pembroke Dock Marine and SILCG identified that the incorrect amount of grant funding was paid to Pembrokeshire County Council (for Pembroke Dock Marine), for the quarter three grant claim form, due to the incorrect figure being used for the 'gross grant eligible for release' when compared to the revised payment profile. This resulted in an over payment to Pembrokeshire County Council of £318.5k when compared to the payment profile for 2022-23.</p> <p>The budget for PoMO and Accountable Body is supported by top slice funding of grant paid within each financial year; if insufficient grant funding is paid to Programmes/Projects within a financial year, there is a risk that sufficient top slice funding will not be generated to support the annual Portfolio Management Office budget. Whilst this risk will be alleviated in future years, as spending accelerates, it could place the in-year budgets in a precarious position through the usage of reserves to cover the short-term.</p>	<p>Grant claim forms should be used by all Programmes/Projects when requesting funding from Swansea Bay City Deal. Programmes/Projects in delivery should be advised that quarterly grant claims should be submitted, to allow funding to be distributed to lead bodies in a timely manner. Additionally, verification of the grant claim forms should be undertaken prior to payment being made, to ensure the total value of grant paid does not exceed the balances included within the payment profile.</p>	<p>Immediate</p>

The above governance issues will be monitored and assessed as part of the internal audit work undertaken on the City Deal and through the implementation of an Annual Governance Statement.

## Certificate of Approval

Chair of Joint Committee Approval:

Signed:

Date:

**Councillor Rob Stewart**

Chair of Swansea Bay City Region Deal Joint Committee

Leader of City and County of Swansea Council



Senior Responsible Owner Approval:

Signed:

Date:

**Wendy Walters**

Chair of Swansea Bay City Deal Portfolio Board

Chief Executive, Carmarthenshire County Council



# Glossary of Terms

The following section summarises expiation around the technical terminology demonstrated and included within the Financial Statements and accompanying narrative.

## General Terms

### Accrual

An accrual is a sum shown in our accounts to cover income or expenditure for the accounting period that was not paid at the date of the balance sheet.

### Audit

An audit is an independent examination of our activities.

### Audit Wales

An independent body lead by the Auditor General for Wales who is responsible for the appointment of external auditors to local authorities.

### Balance

The surplus or deficit on any account at any point in time.

### Balance Sheet

This is a statement of our assets, liabilities and other balances at the end of the financial year.

### Budget

A budget is a spending plan, usually for the following financial year.

### Capital Expenditure

Capital expenditure is spending on non-current assets such as Property, Plant and Equipment, Investment Properties and Heritage Assets. This would include the purchase or construction of new assets, together with subsequent expenditure on major maintenance or development work.

### Capital Receipt

These are the sales proceeds from the disposal of land and buildings which are restricted in their use by statute. They can only be used to fund new capital expenditure or set aside to finance historic capital expenditure.

### Creditor

A creditor is someone to whom money is owed at the end of the financial year for work done, goods received, or services rendered.

### Current Assets

These are short-term assets that are available for us to use in the following accounting year.

### Current Liabilities

These are short-term liabilities that are due for payment by us in the following accounting year.

### Debtor

A debtor is someone who owes money to us at end of the financial year.

### Depreciation

Depreciation is a method of allocating the cost of Property Plant and Equipment assets over their useful lives.

### Employer Contributions

The employer contributions are the amounts actually paid by the employer during the year. They include any amounts paid in respect of early retirement strains and any recharges in respect of compulsory added years benefits.

### Financial Year

This is the accounting period. For local authorities it starts on 1 April and finishes on 31 March in the following year.

### Gross Expenditure

The total cost of providing the council's services before taking into account income, such as fees and charges for services etc.

### IFRS\*

International Financial Reporting Standard.

### IFRIC\*

International Financial Reporting Interpretations Committee.

*\*The above two are accounting standards which provide a guideline for financial accounting.*

### Liability

A liability is an amount due and payable at some time in the future.

### National Non-Domestic Rates (NNDR)

The NNDR, or Business Rate, is the charge occupiers of business premises pay to finance part of local Authority spending. The NNDR is set by Government and is a percentage of the rateable values. The percentage is the same throughout Wales. The total collected is split among individual authorities in proportion to their adult populations.

### Net Realisable Value

The selling price of the asset reduced by the relevant costs of selling it.

### Operating Leases

A means by which capital items are bought. These are leases where risks (and rewards) of ownership of the asset remain with the owner.

### Pension Fund

The fund maintained to meet pension payments on the retirement of participants.

### Property, Plant and Equipment

These are assets with a physical substance that are held for use in the production or supply of goods and services, for rental to others (as part of a service) or for administrative purposes. Any asset included in this category is expected to be used for more than one financial year.

### Provision

Provisions are amounts set aside for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain.

### Prudential Code

The Prudential Code is a professional code of practice to support local authorities in making capital investment decisions.

### Public Works Loan Board (PWLb)

This is a Government agency that provides longer-term loans to local authorities. It charges interest rates only slightly higher than those at which the Government itself can borrow.

### Reserve

Reserves are amounts set aside that do not fall within the definition of provisions and include general reserves (or 'balances') which every Authority must maintain as a matter of prudence.

#### Revenue Account

This is an account that records our day-to-day spending and income on items such as salaries and wages, running costs of services and the financing of capital expenditure.

#### Securities

These are investments such as stocks, shares and bonds.

#### Inventories

Inventories are raw materials purchased for day-to-day use. The value of those items not used at the end of the financial year is shown within current assets in the balance sheet.

#### Subjective Analysis

An analysis of income and expenditure according to type. Such expenditure headings include employee, premises and

transport expenses. Income includes government grants and fees and charges.

#### Variance

The difference between actual expenditure and budget - expressed in cash or percentage terms.



## Portfolio Management Office

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Llanelli  
Carmarthenshire  
SA14 8LQ

✉ [Citydeal@Carmarthenshire.gov.uk](mailto:Citydeal@Carmarthenshire.gov.uk)

☎ 01267 242362

## Accountable Body

County Hall  
Castle Hill  
Carmarthen  
Carmarthenshire  
SA31 1JP

✉ [stoaldred-jones@Carmarthenshire.gov.uk](mailto:stoaldred-jones@Carmarthenshire.gov.uk)



The Swansea Bay City Deal is an alliance of four Regional Local Authorities governed by a legally constituted Joint Committee.

# Agenda Item 10



Swansea Bay City Region Joint Committee – 16 November 2023

## Letter of Representation to Audit Wales

<b>Purpose:</b>	To receive Joint Committee's formal acknowledgement of the SBCD Section 151 Officer's Letter of Representation to Audit Wales
<b>Policy Framework:</b>	Swansea Bay City Deal (SBCD) Joint Committee Agreement (JCA)
<b>Recommendation(s):</b>	It is recommended that Joint Committee:  1) Acknowledge the Letter of Representation from the SBCD Section 151 Officer and the Chair of Joint Committee to Audit Wales
<b>Report Author:</b>	Chris Moore, SBCD S151 Officer
<b>Finance Officer:</b>	Chris Moore, SBCD S151 Officer
<b>Legal Officer:</b>	Debbie Smith, Deputy Chief Legal Officer, SBCD

### 1. Introduction

1.1 A Letter of Representation from the SBCD Programme's Section 151 Officer to Audit Wales is a requirement under the current auditing standards.

### 2. Letter of Representation

2.1 In line with the Statement of Auditing Standards (SAS440 – Management Representations), Audit Wales require a Letter of Representation on an annual basis from the SBCD Programme's Section 151 Officer.

2.2 Audit Wales require that the Joint Committee responsible for approving the Statement of Accounts under regulation 8 of the Accounts and Audit Regulations formally acknowledge this response. The Letter of Representation is attached at Appendix A.

### 3. Financial Implications

3.1 There are no financial implications within this report.

### 4. Legal Implications

4.1 There are no legal implications associated with this report.

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

- 5.1 The SBCD Programme 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: Letter of Representation to Audit Wales



## Appendix A

Eich cyf / Your ref:	Gofynner am / Please ask for:	
Fy nghyf / My ref:	Linell Uniongyrchol / Direct Line:	01267 224121
Dyddiad / Date:	16 <sup>th</sup> November 2023	E-bost / E-mail: CMoore@carmarthenshire.gov.uk

Auditor General for Wales  
Wales Audit Office  
1 Capital Quarter  
Tyndall Street  
Cardiff  
CF10 4BZ

16 November 2023

## Representations regarding the 2022-23 financial statements

This letter is provided in connection with your audit of the financial statements of Swansea Bay City Deal Joint Committee for the year ended 31 March 2023 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

## Management representations

### Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom UK 2022-23; in particular the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

## Information provided

We have provided you with:

- full access to:

### Chris Moore FCCA

Cyfarwyddwr y Gwasanaethau Corfforaethol,  
Neuadd y Sir, Caerfyrddin, Sir Gaerfyrddin SA31 1JP  
Director of Corporate Services,  
County Hall, Carmarthen Carmarthenshire SA31 1JP



Mae croeso i chi gysylltu â mi yn y Gymraeg neu'r Saesneg

You are welcome to contact me in Welsh or English

- all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- our knowledge of fraud or suspected fraud that we are aware of and that affects Swansea Bay City Deal Joint Committee and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements.
- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements; and
- the identity of all related parties and all the related party relationships and transactions of which we are aware.

## Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. There are no uncorrected misstatements in the financial statements.

### Chris Moore FCCA

Cyfarwyddwr y Gwasanaethau Corfforaethol,  
Neuadd y Sir, Caerfyrddin, Sir Gaerfyrddin SA31 1JP

Director of Corporate Services,

County Hall, Carmarthen Carmarthenshire SA31 1JP



BUDDSODDWYR | INVESTORS  
MEWN POBL | IN PEOPLE

## Representations by those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Committee on 16 November 2023.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Section 151 Officer

Date:

Signed by:

Chair of the Committee

Date:

### Chris Moore FCCA

Cyfarwyddwr y Gwasanaethau Corfforaethol,  
Neuadd y Sir, Caerfyrddin, Sir Gaerfyrddin SA31 1JP

Director of Corporate Services,  
County Hall, Carmarthen Carmarthenshire SA31 1JP



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# Agenda Item 11



Swansea Bay City Region Joint Committee - 16 November 2023

## Supporting Innovation & Low Carbon Growth Programme – Change Request to Incorporate the National Net Zero Skills Centre of Excellence

<b>Purpose:</b>	To seek approval from Joint Committee for a change request to the Supporting Innovation and Low Carbon Growth (SILCG) Programme to incorporate the National Net Zero Skills Centre of Excellence (NNZSCoE) into the approved Advance Manufacturing Production Facility (AMPF) project.
<b>Policy Framework:</b>	Swansea Bay City Deal Region Joint Committee Agreement
<b>Recommendation(s):</b>	It is recommended that:  1) Joint Committee approves the Change Request at Appendix A for the incorporation of the National Net Zero Skills Centre of Excellence into the SILCG programme as detailed in the Outline Business Case in Appendix B.
<b>Report Author:</b>	Dr Brett C Suddell (SILCG Programme Manager)
<b>Finance Officer:</b>	Chris Moore (SBCR S151 Officer)
<b>Legal Officer:</b>	Debbie Smith (SBCR Monitoring Officer)

### 1. Purpose

- 1.1 The purpose of this report is to present a Change Request to Joint Committee for approval of the inclusion of the National Net Zero Skills Centre of Excellence into the Supporting Innovation and Low Carbon Growth programme.
- 1.2 The Change Request is attached at Appendix A and was developed in accordance with the SBCD Change Control process. The request involves the utilisation of the unallocated £5.3m City Deal funding to incorporate the NNZSCoE into the approved Advanced Manufacturing Production Facility project. The change resolution and its impact are detailed on the attached Change Request.

1.3 The Change Request is supported by the submission of an Outline Business Base (OBC) for the project proposal which has been developed in accordance with Government's Better Business Case 5 Case Model and provides detail on the Strategic, Economic, Commercial, Financial and Management dimensions of the project. The OBC is attached at Appendix B.

## 2. Programme Overview

2.1 The Supporting Innovation & Low Carbon Growth (SILCG) programme is made up of seven interlinked projects:

- **Bay Technology Centre** – developed in response to well-evidenced demand for high quality, flexible business premises. A hybrid building providing a range of high quality, flexible, speculative office and laboratory space to support start-up businesses and indigenous business growth. The design of the building has established it as Wales' first commercial 'building as a power station' (energy positive) with a link to the Hydrogen Centre providing a proof of concept to use renewables to create hydrogen and fuel vehicles demonstrating the potential to decarbonise vehicle refuelling.
- **SWITCH (South Wales industrial Transition from Carbon Hub) Harbourside** – SWITCH will provide a specialist facility on Harbourside, Port Talbot to carry out research to support the steels and metals industry and supply chain to improve competitiveness by increasing product capability and reduce carbon emissions to meet legislative requirements. This will be achieved by strengthening collaboration between industry and academia and increasing the level of applied research to accelerate the adoption of improved products and processes. The City Deal funding will be used to construct a purpose built facility and purchase specialist equipment.
- **Advanced Manufacturing Production facility (AMPF)** – This project has been developed in response to the well evidenced need for business sites and premises, including industrial premises. The project is to develop a hybrid building providing a range of production units incorporating a pilot line with office space to support start-up companies and indigenous business growth in the innovation and manufacturing sectors.
- **Hydrogen stimulus programme** - This project has been developed to demonstrate the viability and commercial opportunities to the creation of hydrogen from renewable sources. The project will establish an electrical link between the Swansea Bay Technology Centre and the Hydrogen Centre on Baglan Energy Park, including necessary upgrades to the equipment including electrolyser to create smart energy systems and to use excess electricity to convert to hydrogen to fuel vehicles for council use which will also be purchased with City Deal funding. There is potential to replicate this activity on a commercial scale which will be explored during the delivery of this initial project.
- **Air quality monitoring programme** – this project has been developed in response to air quality issues and the need to understand levels of pollution to make informed decisions on mitigation and intervention measures. The project will incorporate a monitoring and analysis system to provide verified sources of air quality data. The data analytics generated by the project will help to identify correlation with factors such as pollution sources, both internal and external to the area. The funding will be used to purchase air quality monitors and the data analytics side of the project. There is potential to replicate this activity across the region, Wales, the UK and worldwide.

- **Electric vehicle charging infrastructure route map project** – this project has been developed in response to the need to decarbonise transport, and address the new challenges posed by the increasing number of electric vehicles. The project consists of three phases:
  - Phase 1 – to consult with leading academics, industry partners and the public sector to produce an effective, impactful and future-proof electric vehicle charging strategy.
  - Phase 2 - will focus on the physical implementation of smart charging stations and the grid infrastructure required to support modern charging technologies.
  - Phase 3 – To use information gathered from the implemented smart charging stations to build a detailed dataset of electric vehicle charging behaviours within the area. This will be used to fuel research into topics including vehicle-to-grid transfer for flexible energy systems, virtual power plants, and future economic/business models for electric vehicle charging stations.
- **Property Development Fund** - this project has been developed to support the viability of private sector schemes to develop bespoke and speculative buildings in the Port Talbot Waterfront Enterprise Zone. The fund will be administered by Neath Port Talbot CBC as a £10m fund (£5m gap funding non-repayable finance / £5m Private Sector investment). The PDF will target 3 schemes of 2,000 m2 each

### 3. Background to Unallocated £5.3M and development of the NNZSCoE OBC

- 3.1 SBCD Programme Board and Joint Committee agreed for Neath Port Talbot Council to develop an OBC for approval by Programme and Joint Committee to secure the unallocated funding


#### 4.0 Need / demand

- 4.1 There is a lack of skills provision in SW Wales to meet future needs of Industry and support activities around SBCD portfolio:
- e.g. **FLOW** 7,407FTE/GW 4.5GW available = 33,331 jobs - pessimistic calcs (+10K)[BVG Associates]
  - Celtic Freeport** – 16,000 new green jobs (possibly includes some figures above) with £5.5bn of investment forecast
  - Tata £1.2bn Electric arc furnace investment and possible knock on consequences
  - Lanzatech £500m sustainable aviation fuels site in Port Talbot
- 4.2 **RLSP Skills survey from 2022** created the **skills barometer** highlighted significant gaps for various sectors around skills provision regionally as shown in the graphics below. The list on the right indicates existing Job roles with no training provision within the region:

## Manufacturing

Next 5-10 Years Skill Requirements Skills Survey 2022

- Specialist Engineering
- Smart Manufacturing
- Renewables
- Digital coding / web



## Construction

Next 5-10 Years Skill Requirements Skills Survey 2022

- Renewables
- Retrofit
- Specialist Engineering




## Energy

Next 5-10 Years Skill requirements Skills Survey 2022

- Renewables
- Specialist / Smart Engineering
- Digital, Coding Web
- Construction

36% of surveyed employers have apprentices  
42% experience barriers to training

- No Framework for Net Zero
- No capacity to train
- Recruiting difficulty



### HAPS/Construction

- ASBESTOS ANALYST & SUPERVISOR
- Building Service engineering technologies
- BUILDING CONTROL SURVEYOR (integrated degree)
- CHARTERED TOWN PLANNER
- Junior Energy Manager
- Interior systems installer
- Quality and Governance
- Structural Steelwork fabricator
- Construction Design and Build Technician
- Construction Site Engineering Technician

### Low Carbon

- Chartered surveyor
- Building services engineering ductwork installer
- Construction Assembly and installation operative
- Building control surveyor (integrated degree)
- Commercial thermal insulation operative
- Biochemistry

- 4.3 October '23 Skills and Talent project have concluded a comprehensive piece of work mapping the skills needs and jobs created within each city deal project.
- 4.4 Skills & Talent project to establish 3 Centres of Excellence in SBCD region.
- 4.5 There is also a need for an **industry led skills facility** to add value / enhance existing FE and HE provision – unique in Wales.
- 4.6 Industry Wales indicates that Wales lags behind England by some way in its level 3+ provision around manufacturing related skills – needs to be addressed.
- 4.7 Key point is around **avoiding duplication** NNZSCoE is about 'plugging the gaps' and bringing industry and skills providers together for more joined up approach and being complementary to existing activity.
- 4.8 In support of this initiative we have undertaken a process to identify similar facilities across the UK and has included:

Title	Location	Launched	Size (m2)	Cost
Manufacturing Technology Centre (MTC)	Coventry	2011 (100 staff now 740)	12,000	£40M
- Lloyds Bank Advanced Manufacturing Training Centre (AMTC)	Ansty Business Park, Coventry	2015		£15M sponsorship to 2030
The Hive	Ebbw Vale	Build start 09/23	1.96 acre site	£9M
AMRC Cymru	Broughton, Flintshire	2019	2,000	£20M
National Manufacturing Institute Scotland (NMIS)	Strathclyde, Glasgow	2020	3.5 ha/1.5 football pitches	£42M
- Manufacturing Skills Academy	As above	2023		
CATCH	Humber	2017	Multiple buildings on site	
- Catch <b>National Net Zero Training Centre</b>	As Above	Announced Oct 23		£60M
Advanced Manufacturing Training Centre of Excellence (AMTCE)	Dundalk, Ireland	2020	5,100	Euros 5.4m (£4.66m) 9/22 Euros 8M 11/22 Euros 11M

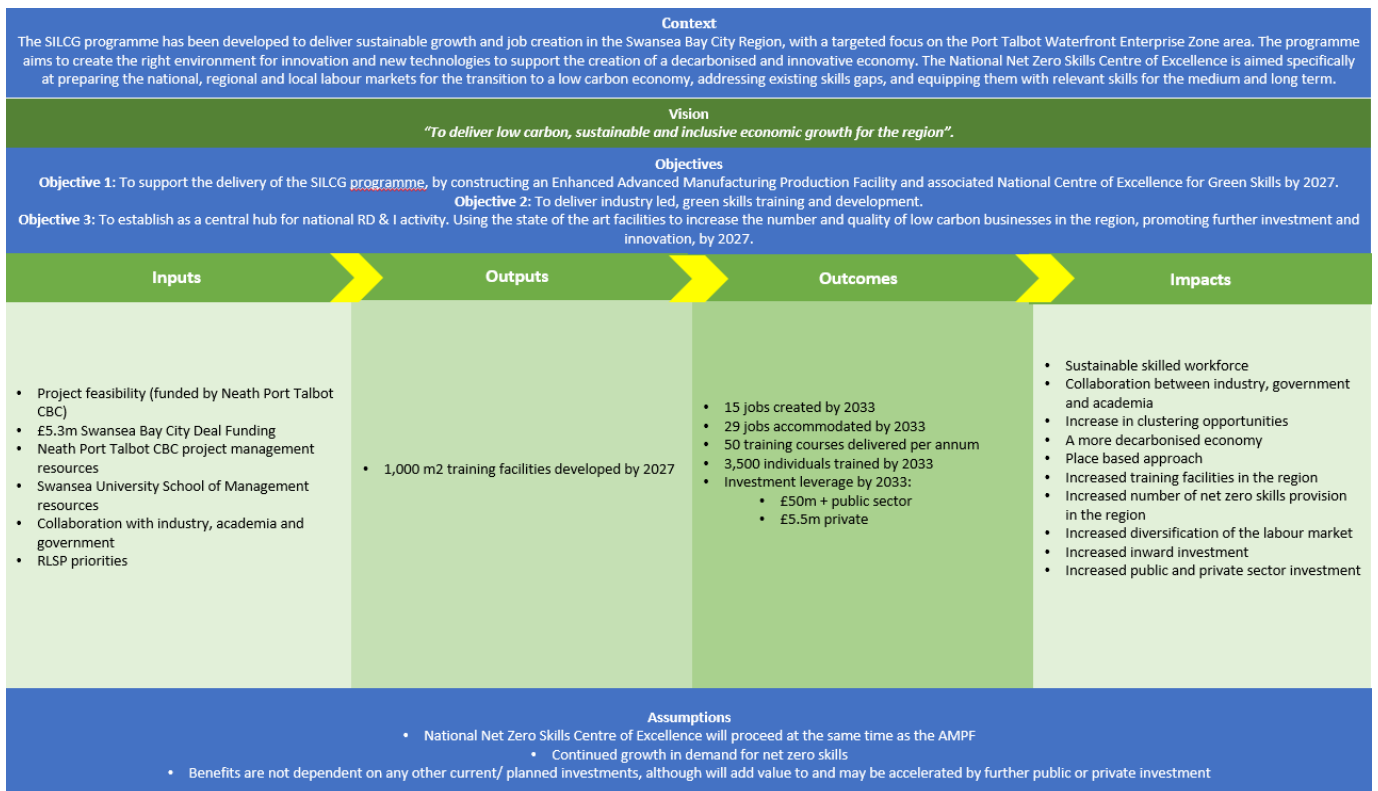
- 4.9 It is important to note that in Wales there is currently only the AMRC Cymru (run by Sheffield University) which is a pure research centre, and the recently announced 'The Hive' in Ebbw Vales part of Coleg Gwent. There is no combined manufacturing and skills centre located within Wales.
- 4.10 Also to note from the table above is the level of investment secured which in the majority of cases is an order of magnitude greater than the £5.3M under discussion. Therefore, we view this as a Phase 1 activity of a much larger activity to be undertaken over the next 3 years.
- 4.11 Letters of Support as shown in Appendix 2 of the OBC include Net Zero Industry Wales, South Wales Industrial Cluster, Local FE and HE institutions, Regional Learning and Skills Partnership, Celtic FREEPORT, GCRE, etc.
- 4.12 NPT have also consulted with Industry Wales and Welsh Government in interactions with similar facilities AMRC Cymru and NMIS (national Manufacturing



Institute Scotland) with the assistance of Professor Keith Ridgeway Chair of Industry Wales and involved in the setting up of AMRC Cymru and NMIS.

## 5. Programme Outcomes

- 5.1 The NNZSCoE will deliver significant beneficial outcomes.
- 5.2 The combined effect of the AMPF and the NNZSCoE will improve the offer for innovative, manufacturing businesses and create an environment where these businesses can thrive and support staff with upskilling and/or reskilling.
- 5.3 The logic table below shows the inputs, outputs, outcomes and impacts expected from the NNZSCoE activity.



## 6. Project Investment Objectives

- 6.1 The table below shows the NNZSCoE three investment objectives.
- 6.2 Measures for the NNZSCoE are shown in column 2 with combined measures of the AMPF + NNZSCoE creating the Enhanced Advanced Manufacturing Facility shown in the final column.

	<b>Investment Objective</b>	<b>Measures NNZSCoE</b>	<b>Total Measures EAMPF</b>
<b>1</b>	To support the delivery of the SILCG programme, by constructing an Enhanced Advanced Manufacturing Production Facility incorporating the National Net Zero Skills Centre of Excellence by 2027.	<ul style="list-style-type: none"> <li>• 1,000 sqm training facilities developed by 2027.</li> <li>• 15 Jobs Created by 2033.</li> <li>• 29 Jobs accommodated by 2033.</li> </ul>	<ul style="list-style-type: none"> <li>• 5,000 sqm of hybrid production &amp; training facility developed by 2027.</li> <li>• 113 Jobs created by 2033.</li> <li>• 140 Jobs accommodated by 2033.</li> </ul>
<b>2</b>	To deliver industry led, green skills training and development. Upskilling the local/regional/national labour markets with appropriate green skills to enable transition to a net zero economy, whilst supporting the development of local and regional low carbon projects by 2027.	<ul style="list-style-type: none"> <li>• 50 Training courses per annum delivered by 2033.</li> <li>• 3,500 individuals trained by 2033.</li> </ul>	<ul style="list-style-type: none"> <li>• 50 training courses per annum delivered by 2033</li> <li>• 3,500 individuals trained by 2033.</li> </ul>
<b>3</b>	To establish as a central hub for national RD & I activity. Using the state of the art facilities to increase the number and quality of low carbon businesses in the region, promoting further investment and innovation, by 2027.	<ul style="list-style-type: none"> <li>• Investment attracted £50m + public / £5.5m Private by 2033.</li> </ul>	<ul style="list-style-type: none"> <li>• Investment attracted £50m + public /£9m Private by 2033.</li> <li>• 15 SMEs accommodated</li> </ul>

## 7. Outline Business Case (OBC) Development

- 7.1 The original Outline Business Case (OBC) for the National Net Zero Skills Centre of Excellence is before SBCD PB today in relation to the unallocated £5.3M of City deal funding assigned to NPT.
- 7.2 The OBC has been prepared using the agreed standards and format for business cases, as set out in the Green Book Supplementary Guidance 5 Case Model and Better Business Case guidance.
- 7.3 The OBC has been undertaken in discussion and consultation with the SBCD PoMO and in accordance with the approved SBCD guidance for business case development.
- 7.4 The SILCG Programme Board have approved the OBC
- 7.5 The SBCD Programme (Portfolio) Board have approved the OBC on 31<sup>st</sup> October 2023.

7.6 The SBCD ESB have undertaken a 'test and challenge' activity on the OBC which took place on Friday 13<sup>th</sup> October 2023

7.7 The updated business case is attached for information with the executive summary indicating key elements around the 5 business case sections.

- The **strategic case** section. This sets out the case for change, together with the supporting investment objectives for the CoE. The SILCG programme has been developed to deliver sustainable growth and job creation in the Swansea Bay City Region, with a targeted focus on the Port Talbot Waterfront Enterprise Zone area. The programme aims to create the right environment for innovation and new technologies to support the creation of a decarbonised and innovative economy.
- The **economic case** section. The Economic Case section provides an updated perspective for the EAMPF project incorporating scope for the associated NNZS. (I.e. from AMPF in PBC to EAMPF). It is set in the context of the Supporting Innovation and Low Carbon Growth PBC, and in response to the Case for Change and broader Strategic Case. The ambitions to deliver against the SILCG programme have been built into the overarching PBC and project-level SOC, appraising (including revisiting) options against the Investment Objectives (developed as SMART in section 1.3.1). The Economic Case considers the EAMPF in its entirety, rather than appraising the NNZS as a stand-alone operation. The rationale for combining this assessment is that the AMPF and the NNZS are intrinsically linked, both in terms of activity and their co-location, and thus the combined EAMPF project will generate economic output 'more than the sum of its individual parts'. In other words, the two activities (AMPF and NNZS) will complement each other, leading to increase the economic impact of both activities by the fact they are working together/co-located. This demonstrates that the organisation has selected the most economically advantageous offer, which best meets the existing and future needs of the service and optimises value for money (VFM) demonstrating the VFM for the chosen option and confirming the updated costs, benefits and risks, demonstrating that the option offering best public value has been chosen.
- The **commercial case** section. The Commercial Case sets out the proposed procurement arrangements for delivery of the preferred option, including:
  - The proposed procurement strategy and route
  - The proposed service requirements and required outputs
  - The proposed approach to risk allocation
  - The proposed charging mechanisms
  - The proposed key contractual arrangements
- The **financial case** section, The Financial Case sets out the funding requirements for the preferred option and demonstrates overall project affordability.

- The **management case** section The purpose of the Management Case is to put in place the arrangements for the successful delivery of the project. It provides evidence that the capability and capacity is in place to govern and deliver the project, and arrangements are in place to manage project risks.

7.8 The key milestones for the delivery of the NNZSCoE programme are shown below:

Activity	Calendar Year
Enhanced Advanced Manufacturing Production Facility building stakeholder workshops / Design Brief	Q1 2024
Operator Procurement	Q2 2024
2 stage Design & Build Procurement	Q1 2024
Design Phase	Q3 2024 – Q3 2025
Construction Phase	Q3 2025 – Q4 2026
Facility Opens	Q4 2026

## 8 Financial Implication

- 8.1 Financial implications for the Supporting Innovation & Low Carbon Growth Programme are specifically included within the SILCG Business Case. Financial implications for the NNZSCoE are included within the NNZSCoE outline Business Case. Financial Risks will be managed through monitoring and evaluation at both Project and Programme level and reported, via the Swansea Bay City Deal's Programme Management Office, to the Joint Committee, where appropriate.
- 8.2 The NNZSCoE project is funded through the utilization of the unallocated £5.3m City Deal Funding assigned to NPTCBC as part of a first Phase of activity. It is expected that £50m+ public sector funding and £5m+ private sector funding will be secured to support the centre of excellence. City Deal funding will be released on the successful approval of the programme business case by UK and Welsh Government. Public sector investment consists of investment/contributions from public funded and public service organisations. Private sector investment includes regional investment from local and national private sector partners.

## 9 Legal Implications

- 9.1 There are no legal implications associated with this for Information report.

## 10 Alignment to the Well-being of Future Generations (Wales) Act 2015

- 10.1 The SBCD Portfolio and its constituent programmes / 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. The SILCG programme and the NNZSCoE are aligned to the Act as shown below:

Goals	NNZSCoE Alignment with goal
A prosperous Wales	<ul style="list-style-type: none"> <li>• Generating highly skilled, sustainable and well paid employment opportunities for Swansea bay residents</li> <li>• Growing higher added value manufacturing based activities in the region, to raise productivity levels and drive economic growth.</li> <li>• Supporting the growth of low carbon technology based business sectors</li> <li>• Low carbon strategies at heart of the new developments to reduce energy use and promote resource efficiency, with an aspiration for BREEAM Excellent rated buildings.</li> </ul>
A resilient Wales	<ul style="list-style-type: none"> <li>• Minimising the impact of the developments on ecological systems: extensive environmental and ecological assessments are being undertaken to inform the design and build of the developments.</li> </ul>
A healthier Wales	<ul style="list-style-type: none"> <li>• New green spaces and high quality public realm will contribute to a healthy urban environment that supports health, recreation and wellbeing.</li> <li>• Creating secure and sustainable employment opportunities, including training and employment opportunities for workless individuals and those in need of reskilling and upskilling</li> </ul>
A more equal Wales	<ul style="list-style-type: none"> <li>• Reducing regional differences by contributing to an improvement in economic performance and employment opportunities in the Swansea Bay City region, which lags behind Southeast Wales (and also the UK)</li> <li>• Utilising social benefit clauses to create employment and training opportunities for workless individuals</li> </ul>
A Wales of cohesive communities	<ul style="list-style-type: none"> <li>• Supports the growth of a collaborative and cohesive technology based manufacturing community in NPT, that will provide employment opportunities for local people</li> <li>• Revitalisation of the Baglan Energy Park with a gateway building focussed on advanced manufacturing and skills activities for benefit across the SW Wales region.</li> </ul>
A globally responsible Wales	<ul style="list-style-type: none"> <li>• The project will be delivered in a globally responsible way through, for example, responsible and (where possible) local sourcing of key materials, and a focus on reduced energy consumption and resource efficiency.</li> </ul>

**Background Papers:** None

**Appendices:**

Appendix A Change Request – National Net Zero Skills Centre of Excellence

Appendix B SBCD SILCG NNZSCofE OBC DRAFT For circulation v1.1

Appendix 1 - Stakeholder Engagement Activities undertaken in respect of AMPF & NNZSCoE

Appendix 2 - Letters of Support

Appendix 3 EAMPF Benefits Register

Appendix 4 EAMPF Risk Register

Appendix 5 - SBCD SILCG PBC MASTER May 2021 v 4

Appendix 6 EAMPF design and build Gantt chart

Appendix 7 Integrated Assurance and Approval Plan SILCG

## Appendix A Change Request Notification

**Project/Programme Manager:** Brett Suddell

**Project/Programme title:** Supporting Innovation and Low Carbon Growth programme

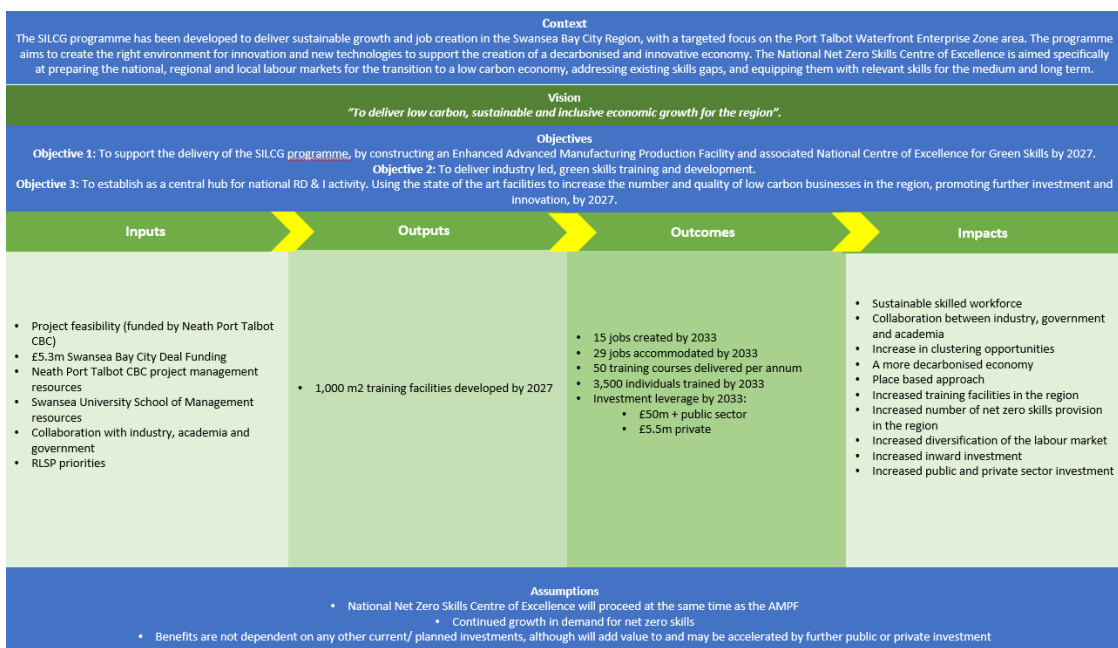
**Change Request Reference:** SILCG001

### Details of the change request should include:

- Impact the total cost;
- Impact the completion of delivery of output(s)/ key milestones;
- Impact the quality outlined within the business case for the specified Project/Programme
- Impact the benefits outlined within the business case for the specified Project/Programme;
- Impact the GVA, jobs created or inward investment.

### Change resolution and description of the impact:

- This change request will positively impact on the SILCG Programme and SBCD Portfolio.
- NPT Council obtained approval from SBCD JC to develop an enhanced business case for the SILCG AMPF projects. The NNZSCoE business case is attached detailing the Green Book 5 Case structure (strategic, economic, commercial, financial and management cases).
- This change request will need to be approved by SBCD JC and the UKG and WG.
- The cost of the change to the existing business case is £5.3m, which is within the Portfolio investment budget.
- The timescales of the AMPF are not negatively affected by the inclusion of the NNZSCoE.
- The quality of AMPF operations is enhanced due to the co-location of skills training with manufacturing facility.
- GVA is estimated to increase by £4bn, direct jobs created by 15 (29 accommodated) and inward investment circa £55m (public and private).
- The logic table below summarises the rationale, inputs, outputs, outcomes and impact which all positively contribute towards the SILCG investment objectives and the SBCD Portfolio in terms of infrastructure, economic impact, jobs created, training, and investment leveraged.



## Appendices

Appendix B: SBCD SILCG NNZSCofE OBC DRAFT For circulation v1.1

Appendix 1: Stakeholder Engagement Activities undertaken for AMPF & NNZSCoE

Appendix 2: Letters of Support

Appendix 3: EAMPF Benefits Register

Appendix 4: EAMPF Risk Register

Appendix 5: SBCD SILCG PBC MASTER May 2021 v 4

Appendix 6: EAMPF design and build Gantt chart

Appendix 7: Integrated Assurance and Approval Plan SILCG

### Was this change submitted to a change advisory board?

No. It was developed by NPT Council and PoMO colleagues and will be shared with SBCD PB, JC and Governments. ESB tested and challenged the draft business case with positive feedback for the change request to proceed for approval.

### What were the recommendations of the board?

N/A – PoMO endorse the change request.

## Distribution

All of the following stakeholders/boards will receive this change request as part of the approval process:

SRO	✓	PoMO	✓	Portfolio Board	✓	Joint Committee	✓	WG/UKG	✓
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# Supporting Innovation & Low Carbon Growth Programme

## National Net Zero Skills Centre Of Excellence Outline Business Case

October 2023



### Document Control

Note: this document may not be valid anymore.  
Please check for the latest approved version of the document

**Date:** 19<sup>th</sup> October 2023

**Version:** 1.1

**Author:** David Birch

**Owner:** Nicola Pearce (SRO)

### Confidentiality Statement

*Information in this document must be kept confidential and in accordance with the rules of disclosure.*

*This document is uncontrolled if printed.*



<b>SRO:</b>	Nicola Pearce
<b>Programme Manager:</b>	Dr Brett C Suddell
<b>Organisation:</b>	Neath Port Talbot County Borough Council

### Revision History

Version	Modified by	Changes made / review history	Date
<b>1.0</b>	Lisa Willis David Birch Brett Suddell Julia Lewis	Creation of Outline business case	Sept 2023
<b>1.1</b>	David Birch Brett Suddell	Minor additions and changes to logic model	October 2023

### Outline Business Case sign off

Version	Signed off by	Comments	Date
<b>1.0</b>	Nicola Pearce	To submit to SILCG Programme Board for approval	October 2023
	Nicola Pearce	To submit to PMO	October 2023
	ESB	To submit comments to SBCD PB	October 2023
<b>1.1</b>	PMO	To submit to SBCD PB	October 2023
	SBCD PB	To submit to SBCD JC	October 2023

## LIST OF ACRONYMS

Acronyms	Description
AMPF	Advanced Manufacturing Production Facility
NNZS	National Net Zero Skills Centre of Excellence
EAMPF	Enhanced Advanced Manufacturing Production Facility ( <i>AMPF incorporating the NNZS</i> ).
SBCD	Swansea Bay City Deal
SILCG	Supporting Innovation and Low Carbon Growth Programme
BEP	Baglan Energy Park
PTWEZ	Port Talbot Waterfront Enterprise Zone
SBCR	Swansea Bay City Region
SBCD	Swansea Bay City Deal
NPTCBC	Neath & Port Talbot County Borough Council
OBC	Outline Business Case
PBC	Programme Business Case
RLSP	Regional Learning & Skill Partnership
NPTCBC	Neath Port Talbot County Borough Council
RD&I	Research, Development & Innovation

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2		<b>Letters of Support</b>
	1	RLSP – Jane Lewis
	2	SWIC/Industry Wales – Dr Chris Williams
	3	Swansea University – Prof. Dave Worsley OBE
	4	Swansea University – David Warren
	5	Celtic Freeport – David Gwynne
	6	Net Zero Industry Wales – Ben Burggraaf
	7	SILCG Programme Board Chair – Nicola Pearce
	8	GCRE – Simon Jones
	9	Cardiff University – Hywel Thomas
	10	University of South Wales – Jon Maddy
	11	Neath Port Talbot College – Kelly Fountain Vice Principal
	12	NPTCBC - Education Department
13	UWTSD – Richard Morgan	
3		<b>Benefits Register</b>
4		<b>Risk Register</b>
5		<b>PBC (May 2021)</b>
6		<b>EAMPF Procurement and Design &amp; Build Gantt</b>
7		<b>SILCG IAAP</b>

## EXECUTIVE SUMMARY

As part of the development of the Supporting Innovation and Low Carbon Growth ('SILCG') programme, a SILCG Programme Business Case ('PBC') was submitted and approved by UK Government on 20<sup>th</sup> August 2021. Within this approval was the outline plan for an Advanced Manufacturing Production Facility ('AMPF') as one of seven SILCG programme projects. Over a period of time and a result of further engagement with industry, academia and other stakeholders it was decided to develop the AMPF project further, and that the working title for this project would be the Enhanced Advanced Manufacturing Production Facility ('EAMPF').

The AMPF is one of the seven interlinked projects of the SILCG programme and aims to develop an industry led hybrid building providing a range of production units with open access shared specialist equipment, supporting start-up companies and indigenous business growth in the innovation and manufacturing sectors, linked to energy and renewables. It is a collaborative development between government, industry and academia based on the 'proving factories' concept (late TRL level to MRL level).

Through continued consultation it was identified that the EAMPF should not only continue to deliver the original AMPF project (*with no changes from the original project as described and approved in the SILCG PBC*) but that it should be 'enhanced' by including a 1,000 sqm **National Net Zero Skills Centre of Excellence** ('NNZS') to the project – aimed specifically at preparing the national, regional and local labour markets for the transition to a low carbon economy, addressing existing skills gaps, and equipping them with relevant skills for the medium and long term.

**This OBC seeks approval of the addition of the National Net Zero Skills Centre of Excellence to the original Advanced Manufacturing Production Facility project.** (*Forming the Enhanced Advanced Manufacturing Facility or EAMPF*).

As mentioned above the original AMPF project is unchanged from the initial SILCG PBC. **Whilst this OBC sets out the business case for the NNZS, it also describes the EAMPF project in its entirety (both AMPF and NNZS combined) as they are intrinsically linked, will be co-located, and are both set within the same economic, social and technological context.**

The logic model shown on the following page sets out the objectives, inputs, outputs, outcomes and impacts for the NNZS.



## National Net Zero Skills Centre of Excellence logic model



## STRATEGIC CASE

The SILCG programme has been developed to deliver sustainable growth and job creation in the Swansea Bay City Region, with a targeted focus on the Port Talbot Waterfront Enterprise Zone area. The programme aims to create the right environment for innovation and new technologies to support the creation of a decarbonised and innovative economy.

The programme's **vision** is: ***to deliver low carbon, sustainable and inclusive economic growth for the region.***

The SILCG programme has evolved since the original 2017 Swansea Bay City Deal, and has been developed 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 local, regional and national strategies.

The SILCG programme is a place-based approach, focused on the Port Talbot Waterfront Enterprise Zone ('PTWEZ') area of Port Talbot (this includes Harbourside, Baglan Energy Park and Baglan Industrial Estate) but will have a regional, national and UK wide impact. The programme is based on both need and opportunity - building on the region's skilled workforce, excellent transport links, a growing RD&I, energy and advanced materials knowledge and expertise base and is within the South Wales Industrial Cluster (SWIC)<sup>1</sup>.

The SILCG projects are aligned to supporting the green industrial revolution and have been developed and will be delivered in partnership with government, industry and academia. The SILCG programme will promote low carbon, sustainable and inclusive growth for the region through a number of interlinked projects developed in partnership between Neath Port Talbot CBC, Swansea University and University of South Wales. The programme provides a range of specialist facilities to support collaboration and commercialisation of RD&I activities from scaling up to late TRL levels, SME development, and inward investment – supporting knowledge retention in the region. The programme will be a catalyst for further public and private investment, including supporting a transition to a green/low carbon economy.

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<sup>1</sup> <https://www.swic.cymru/>

## Key Strategic Policy Alignment

UK STRATEGY	WALES STRATEGY	REGIONAL & LOCAL STRATEGY
<b>UK Net Zero Strategy: Build Back Greener 2021</b>	<b>Net Zero Wales 2021</b>	<b>South West Wales Economic Delivery Plan</b>
<b>UK Clean Growth Strategy</b>	<b>Net Zero Skills Action Plan</b>	<b>NPTCBC Decarbonisation &amp; Renewable Energy Strategy.</b>
<b>Green Industrial Revolution</b>	<b>Wales Innovation Strategy</b>	<b>RLSP Employment &amp; Skills Plan</b>
<b>Build Back Better: Our Plan for Growth</b>	<b>Well Being of Future Generations Act 2015</b>	<b>CJC Corporate Plan</b>

## Strategic Drivers Summary

The strategic drivers at UK, national, regional and local levels outlined in the business case are clearly aligned and support the development of proposals focused on low carbon economic growth. In particular:

- **UK and Welsh Governments recognise the importance of decarbonisation to ensure economic growth is sustainable;**
- **There is a clear need to move towards renewable energy sources to increase efficiency and reduce costs, and for the public sector to exemplify this;**
- **Strategic imperatives to foster innovation and entrepreneurialism in high-value RD&I-based opportunities;**
- **The creation of high-quality jobs is a clear link through all policy levels, as is a desire to provide training and development solutions to upskill existing workers in preparation for the transition to a low carbon economy.**

- The overall cohesion of strategic drivers supports the rationale of developing the EAMPF/NNZS project. Moreover, the catalysing effect of this project is anticipated to deliver significant benefits, developing a base of expertise in a critical field that brings together research and industrial applications with the physical infrastructure that will generate inward investment and start-ups, support the sustainability of indigenous businesses, and create a supporting network of training and job opportunities in a talent pipeline.
- The vision is that the EAMPF (AMPF and NNZS) along with the other SILCG projects, will establish Neath Port Talbot and the region as an ecosystem delivering a diversified and sustainable cluster for innovative low carbon growth.

### Case for Change

The Investment Objectives for the NNZS are outlined below and support the delivery of the over-arching SILCG programme, align to UK, national and regional priorities, and describe what we wish to achieve in terms of targeted outcomes.

Stakeholder workshops were held between August 2020 and September 2023 to discuss and agree the Investment Objectives and long-list to short-list options for the investment. (See Appendix 1).

The following Investment Objectives were agreed with corresponding baseline suggested measures:

	Investment Objective	Measures	Total Measures
		NNZS	EAMPF
1	<b>To support the delivery of the SILCG programme, by constructing an Enhanced Advanced Manufacturing Production Facility and associated National Net Zero Skills Centre of Excellence by 2027.</b>	<ul style="list-style-type: none"> <li>• 1,000 sqm training facilities developed by 2027.</li> <li>• 15 Jobs Created by 2033.</li> <li>• 29 Jobs accommodated by 2033.</li> </ul>	<ul style="list-style-type: none"> <li>• 5,000 sqm of hybrid production &amp; training facility developed by 2027.</li> <li>• 113 Jobs created by 2033.</li> <li>• 140 Jobs accommodated by 2033.</li> </ul>

2.	<p><b>To deliver industry led, net zero skills training and development.</b></p> <p><b>Upskilling the local/regional/national labour markets with appropriate skills to enable transition to a net zero economy, whilst supporting the development local and regional low carbon projects by 2033.</b></p>	<ul style="list-style-type: none"> <li>• 50 Training courses per annum delivered by 2033.</li> <li>• 3,500 individuals trained by 2033.</li> </ul>	<ul style="list-style-type: none"> <li>• 50 training courses per annum delivered by 2033</li> <li>• 3,500 individuals trained by 2033.</li> </ul>
3	<p><b>To establish as a central hub for national RD &amp; I activity. Using the state of the art facilities to increase the number and quality of low carbon businesses in the region, promoting further investment and innovation, by 2033.</b></p>	<ul style="list-style-type: none"> <li>• Investment attracted £50m + public /£5.5m Private by 2033.</li> </ul>	<ul style="list-style-type: none"> <li>• Investment attracted £50m + public /£9m Private by 2033.</li> <li>• 15 SMEs accommodated</li> </ul>

The potential impact of the NNZS to address the strategic policy drivers and deliver the outcomes articulated by the Investment Objectives is wide ranging.

The case for change seeks to establish a robust case for change with a clear understanding of:

- *What we are seeking to achieve – the **Investment Objectives**;*
- *What is currently happening – the **Existing Arrangements***
- *What is required to close the gap between what is happening now (Existing Arrangements) and what we are seeking to achieve (Investment Objectives) the **Business Needs**.*

*In this way the case for change is established on the basis of **need**, rather than simply a contention that a project is a ‘good thing to do’.*

The Existing Arrangements and Business Needs were considered in the context of the EAMPF and five keys areas were determined;

- **Regional Productivity**
- **Manufacturing**
- **Academia & Research, Development & Innovation**
- **Sector Clustering**
- **Green Skills**

## Regional Productivity Summary

Existing Arrangements	Business Needs
Regional GVA per employee below UK average	Diversify the economy (industrial and manufacturing base), increase productivity and stimulate recovery by supporting the steel and metals industry and the decarbonisation of industry, alongside encouraging existing innovation clusters to further develop.
Economically active below UK average	Support the supply chain associated with the industrial and manufacturing base.
Skills levels poor in comparison to other regions of Wales and UK.	Develop skills in the region to support existing and developing industry.
Reliance upon foundational industries	Targeted investment required to arrest decline in regional economic performance.

## Manufacturing Summary

Existing Arrangements	Business Needs
Concentration of Manufacturing in South West Wales in the Steel and Metal sector.	Maintain and improve the competitiveness of the SBCR steel and metals industry.
TATA a significant employer (c.4,000 employees) likely to be affected by technological change.	Support industry, academia and government collaboration through applied research.
NPT has a large manufacturing and engineering base with 18% of total employees employed in the sectors.	Improving skills of workforce in AME sector. Reducing existing skills gaps.
26% of advanced manufacturing and engineering establishments ('AME') in Wales reported existing skills gaps.	Preparing regional and local labour for the skills required for the manufacturing sector as the economy/sector transitions to low carbon.

## Academia, Research, Development & Innovation Summary

Existing Arrangements	Business Needs
Strong academic presence regionally has led to hubs for innovation and skills development.	Support maintenance and growth of market share in the steel and metals industry by ensuring the UK and SBCR remain leaders in steel innovation, advancing RD&I and decarbonisation.

Research and development activities in NPT play a key role in creating conditions for business growth, and ensuring long term resilience.	Encourage public / private sector investment in appropriate facilities.
Key research facilities such as GCRE, TWI, and SWITCH.	Address the practical needs of RD&I that support commercialisation through spinouts, high growth start-ups and indigenous business growth – providing appropriate infrastructure and collaborative space for industry and academia, including flexible office/laboratory, industrial premises, and classroom facilities for learning/training.
Wales lags behind UK in terms of RD & I funding leveraged.	There is a need to facilitate the spin out and product development (from universities) which will be supported by increasing the stock of a range of modern commercial/industrial premises, and in relation to this proposal, the development of the EAMPF.

**Sector Clustering Summary**

Existing Arrangements	Business Needs
Strong RD & I clusters around BEP, Swansea University, University TSD, include SPECIFIC, ESR, and CSER.	There is a need to develop clean growth ‘mini clusters’ and net zero industry clusters. The South Wales Industrial Cluster (SWIC) has recently been awarded funding from UKRI to develop a net zero industrial cluster in South Wales, which includes Port Talbot <sup>2</sup> . The SILCG programme will support the delivery with its interlinked programme of projects, and in particular the EAMPF which will be a central pillar of this support.
Key emerging cluster development opportunity – Floating Offshore Wind.	Build on strong existing innovation clusters fostering further collaboration between government, industry and academia.
Freeport Status in Port Talbot.	Support maintenance and growth of market share in the steel and metals industry by ensuring the UK and SBCR remain leaders in steel innovation, advancing RD&I and decarbonisation

<sup>2</sup> <https://www.ukri.org/news/ukri-announces-winners-of-industrial-cluster-competition/>

## Net Zero Skills Summary

Existing Arrangements	Business Needs
Net Zero Skills action Plan sets out Welsh Government strategy for development.	Ensure industry has a clear path and understanding of their support network, promoting availability of upskill and reskill pathways.
Current provision is sporadic and patchy, focussed mainly on 'traditional' sustainability skills.	Additional funding for specialism and skills developments – particularly in relation to decarbonisation, which needs to be addressed in collaboration with the Skills and Talent Project within the SBCD portfolio.
Little coordination of industry led skills training and absence of flexibility in delivery method.	Develop skills for current and future regional employer's requirements, engaging learners with industry and showcasing the exciting opportunities.
Limited skills directed at local development programmes – Freeports / FLOW.	Sector perception improvement.
SBCD Skills barometer has identified current skills provision across SW Wales.	A central hub delivering industry led green skills development.
Significant skill gaps across the AME sector as well as low carbon / green industries.	A flexible green skills delivery strategy, that enables skills pathways to be designed to consider new and emerging methods and technologies as they become apparent.

## Potential Scope

This section of the Strategic Case starts the process of considering the potential scope of the project based on the changes required to satisfy the identified business needs and deliver the Investment Objectives (outcomes).

Scoping activities will continue throughout the development phase of the project to inform the business case, and a related needs analysis for the advanced manufacturing industry in the region with the focus being inclusive of:



- **New Technologies** – Differentiating between the educational offer available and working well, the educational offer available which needs improvement and finally the educational offer which is yet to be developed all based around employer need.
- **Stakeholder Perception** -The way forward and how they can be involved.
- **Staged implementation strategy** – Trying to meet the overall need of employers.
- **Legacy** – How will the strategic plan include funding not just for capital investment but for day-to-day activity in management of such an innovation centre.
- **Knowledge Flows** – Availability of Existing Local Provision, Progression, Levels, Skills Transfer, Qualifications, Outcomes and Curriculum content.
- **Talent and Skills Development** – Demographic Challenges and if companies have responded to the challenges with relevant recovery actions already, discussing the implications of such actions.

The proposal is the development of an industry led, hybrid facility offering specialist facilities to commercialise RD&I (proving factory concept) supported by industry led skills provision to complement FE/HE provision in the region.

There are a number of similar hybrid production/training facilities located around the UK. In section 1.5 the similarities between the EAMPF proposal outlined in this OBC, the CATCH facility in Humberside and the National Manufacturing Institute Scotland ('NMIS') in Glasgow are examined in greater detail.

Both facilities have proven successful since their inception and the parallels between their operation and the model brought forward by the EAMPF are striking.

The EAMPF will create a hybrid, industry led production and training centre supporting the diversification of the regional economy, creating value added jobs and a working environment where manufacturing and innovative businesses can flourish and where products can be commercialised, thus increasing the GVA of the region. **The NNZS will be recognised as a national centre for the delivery of the key 'green skills' required to equip the labour market in Wales for transition to a low carbon economy.**

**The concept of co-locating the advanced manufacturing facility and the National Centre of Excellence for Green Skills has been developed from discussions and consultation with industry and academia, and learned lessons from similar facilities around the UK. The benefits of cross-working, sharing knowledge and expertise, and allowing both industry and academia to support and develop each other in a specialist and purpose built facility will have long term benefits for the region.**

## Key Benefits, Risks, Dependencies, Constraints

<p><b>Benefits</b></p> <ul style="list-style-type: none"> <li>• A healthier, greener and more diverse economy through more productive, efficient and profitable companies.</li> <li>• Improvements to health and social well-being.</li> <li>• Improved and more resilient supply chains.</li> <li>• Reduce existing skills gaps in key economic sectors.</li> <li>• Prepare labour market across Wales with skills for transition to low carbon economy.</li> <li>• Increased potential to attract inward investment to the region.</li> <li>• Productivity gains including from commercialisation of R&amp;D, using uplift in salaries of additional jobs to UK.</li> <li>• Commercialisation of new and improved products.</li> <li>• Safeguard and create employment opportunities.</li> <li>• Purpose built facilities to support existing and new economic clusters.</li> <li>• Providing skills and training led by industry.</li> <li>• Value of research, based on funding attracted from public funding sources</li> <li>• Increase academia and industry collaboration and innovation.</li> <li>• Clustering impact.</li> <li>• Establish the region as a leader in green skills development.</li> </ul>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Private sector funding contribution/s not realised in line with business case projections.</li> <li>• Slippage in delivery of programmes / projects against key milestones.</li> <li>• Project delivering all outputs and outcomes within the business case.</li> <li>• Increase in cost of construction.</li> <li>• Planning delays.</li> <li>• Land reparation.</li> <li>• Technological advances – difficulty in providing cutting edge facilities.</li> <li>• Failure to secure operator/tenants.</li> </ul>
<p><b>Constraints</b></p> <ul style="list-style-type: none"> <li>• Total funding package: Project budget based on the fixed funding agreement between NPTCBC and SBCD.</li> <li>• Capital Funding: Project budget being largely capital investment.</li> </ul>	<p><b>Dependencies</b></p> <ul style="list-style-type: none"> <li>• Private Sector Engagement: The project cannot be successfully delivered without the engagement of and collaboration with the private sector and academia.</li> <li>• Ensuring added value with FE/HE skills courses.</li> </ul>

<ul style="list-style-type: none"> <li>• Term of the City Deal: The timeframe for the delivery of the project cannot exceed the term of the City Deal programme.</li> <li>• Resources: Resources available to establish and implement the project.</li> <li>• Need to find an appropriate operator.</li> <li>• Planning and development parameters.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensuring alignment to industry led skills requirements.</li> <li>• Ensuring alignment to opportunities and threats as they arise.</li> <li>• Requirement for operator to generate revenues in order to fund ongoing operations/courses.</li> </ul>
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**ECONOMIC CASE**

The Economic Case section provides an updated perspective for the EAMPF project incorporating scope for the associated NNZS. (I.e. from AMPF in PBC to EAMPF). It is set in the context of the Supporting Innovation and Low Carbon Growth PBC, and in response to the Case for Change and broader Strategic Case. The ambitions to deliver against the SILCG programme have been built into the overarching PBC and project-level SOC, appraising (including revisiting) options against the Investment Objectives (developed as SMART in section 1.3.1).

The Economic Case considers the EAMPF in its entirety, rather than appraising the NNZS as a stand- alone operation. The rationale for combining this assessment is that the AMPF and the NNZS are intrinsically linked, both in terms of activity and their co-location, and thus the combined EAMPF project will generate economic output ‘more than the sum of its individual parts’. In other words, the two activities (AMPF and NNZS) will complement each other, leading to increased the economic impact of both activities by the fact they are working together/co-located.

**Long List options**

Long-list options were developed initially in October 2020 (SOC) and subject to comprehensive review within the PBC development in May 2021. Potential for alignment with the wider programme to maximise value for money, including risk management was a core part of this exercise.

**Short List Options**

Short-list Options were developed through a series of engagements with key stakeholders of Local Government, Industry (through Industry Wales, Net Zero Industry Wales and local industry), RLSP and academia (FE/HE) through to June 2023. This identified a Preferred Option along with Alternatives, appraised as summarised below, baselined against both Do Minimum and the earlier form AMPF (prior to SILCG programme) presented in the PBC.

**Do Minimum:** Reconfiguration of existing facilities and provider activities for alignment with EAMPF objectives.

**Preferred Approach: Creation of Integrated Advanced Manufacturing Centre (i.e. AMPF + Skills Centre) co-locating Practice and Skills development.**

**Alternative (1):** Development of single site with investment fund for distributed skills and practice activity (potentially managed through NPT/SBCR/partners).

**Alternative (2):** Distributed development through investment fund for practice and skills development (potentially managed through NPT/SBCR/partners).

### Short List/Preferred Option Appraisal table

The table below sets out the economic output for (option 1) the EAMPF and also (option2) the PBC Benchmark, which captures the AMPF output only. This shows the economic additionality brought forward by the National Net Zero Skills Centre of Excellence. (Difference between option 1 and option2).

Options Summary	Do Minimum	Option 1 (Preferred) (EAMPF)	Option 2 (Alternate)	PBC Benchmark (AMPF)
<b>NPSV</b>	£0.56m	<b>£32.5m</b>	£29.3m	£29.6m
<b>Public Sector Cost</b>	£2m	<b>£22m</b>		£17m
<b>BCR</b>	1.3	<b>2.54</b>	2.2	2.2
<b>Significant non-monetisable benefits</b>	-	<b>Widening access for careers in NZ sectors, ~3,500 individuals + PBC</b>	-	Improved built environment
<b>Significant unquantifiable benefits</b>	-	<b>Wider uplift of built environment Economy diversification (resilience)</b>	Wider uplift of built environment Economy diversification (resilience)	Specific activities and products/services <sup>3</sup>
<b>Risk costs by type and residual OB</b>	Delivery Risk £179k 20% OB	<b>Delivery Risk £2.02m 20% OB</b>	Delivery Risk £1.35m 20% OB	Delivery Risk £1.1m 20% OB
<b>Switching values</b>		<b>23% reduction in benefits. (Delay/costs affect similarly)</b>		

<sup>3</sup> As noted in PBC Appraisal

The summary of the Preferred Option refers to the following implementation;

<b>Scope</b>	<b>In line with demand projections, create an additional 1,000 sq.m centre for skills development, along with the already proposed ~4,000sq.m. facility for advanced manufacturing practice (Total integrated facility of 5,000sq.m). Innovation scope across targeted TRLs and skills from foundation to HE, with focus on applied.</b>
<b>Service Solution</b>	<b>Mixed Capital Build and Procured Operator with delivery partners</b>
<b>Service Delivery</b>	<b>Procured Operator – bringing relevant practice and skills development capabilities</b>
<b>Implementation</b>	<b>(see SOC Appraisal)</b>
<b>Funding</b>	<b>5, 7-year project (10yr benefits horizon)</b>

### Economic Appraisal

The following table presents a summary of the short-listed Options appraised against the Business as Usual baseline, and applying the parameters presented in later sections of this document. The PBC AMPF values have also been included to provide a level of comparison with the original projected performance for that activity.

#### UK

<b>Option</b>	<b>10 Year BCR</b>	<b>10 Year NPSV</b>
<b>Do Minimum</b>	1.3	£557k
<b>Preferred Option</b>	2.54	£32.5m
<b>Alternative Option (1)</b>	1.58	£8.2m
<b>Alternative Approach (2)</b>	2.2	£29.3m
<b>PBC Benchmark<sup>4</sup></b>	2.2	£29.6m

#### Regional

<b>Option</b>	<b>10 Year BCR</b>	<b>10 Year NPSV</b>
<b>Do Minimum</b>	1.81	£1.27m
<b>Preferred Option</b>	3.1	£44.2m
<b>Alternative Option (1)</b>	1.92	£12.95m
<b>Alternative Option (2)</b>	2.2	£29.3m

As shown in the above summary it, can be seen that EAMPF option provides best option for Skills ambitions and also enhances the existing AMPF case with a stronger BCR of 2.54 and increased NSPV

<sup>4</sup> Noting separate analysis in PBC (Annex) – with broadly consistent parameters, although that was undertaken over a longer time horizon and excluded OB which would have given a higher value in comparison.

**with marginal increase in risk cost. As such, it demonstrates enhancement of the original (PBC) preferred option for AMPF while also leveraging that investment for delivery of the SILCG ambitions.**

## COMMERCIAL CASE

The Commercial Case sets out the proposed procurement arrangements for delivery of the preferred option, including:

- The proposed procurement strategy and route
- The proposed service requirements and required outputs
- The proposed approach to risk allocation
- The proposed charging mechanisms
- The proposed key contractual arrangements

As lead local authority for the programme, Neath Port Talbot CBC will lead each of these procurements. Neath Port Talbot CBC will therefore be responsible for ensuring compliance with public procurement rules and regulations.

As a public sector organisation Neath Port Talbot CBC has a duty to operate in an open, fair, and transparent way, allowing the market freedom of opportunity to trade with it. Its procedures for procurement are known as 'Contract Procedure Rules'. These are important as they help to:

- Give a legal and auditable framework to its procurement activities;
- Obtain value for money services for the public;
- Ensure the council complies with the law governing the spending of public money;
- Protect its staff and members from undue criticism or allegations of wrongdoing.

The Council also has a legal requirement to comply with EU Procurement Directives (and equivalents post Transition period). These are enforced in UK law through the Public Contracts Regulations 2015. This governs the way in which the public sector procurement process must be conducted for contracts over certain specified thresholds.

## Proposed approach to project procurement

Project	Procurement route
<b>EAMPF</b>  <b>Enhanced Advanced Manufacturing Production Facility including National Net Zero Skills Centre of Excellence.</b>	Construction via South West Wales Regional Contractors Framework (SWWRCF).  2 stage design and build contract.  Specification at the early stages of development informed by industry.
<b>Facility Operator</b>	Operator to be procured via competitive tendering process. It is preferred that there will be one operator for the EAMPF, although this may change as the project develops.  Tender specification being developed with support from Industry Wales and key stakeholders.

### Community Benefits

The Council and its partners will work in partnership with appointed contractors and their supply chain to deliver 'targeted recruitment and training' outputs as a 'core' requirement of tenders to support the delivery of social, economic and environmental objectives. This involves encouraging:

- Training and the recruitment of the economically inactive by offering apprenticeship;
- Traineeships or work experience opportunities;
- Maximising opportunities for SMEs to tender or bid for sub-contract opportunities;
- Adopting measures to ensure prompt and fair payment terms;
- Encouraging environmental initiatives;
- Engaging with Third Sector organisations; and
- Supporting educational and community initiatives.

## FINANCIAL CASE

The Financial Case sets out the funding requirements for the preferred option and demonstrates overall project affordability.

**Table 4.1 National Net Zero Skills Centre of Excellence Investment Summary as of 30/09/2023**

	Year 0 2017-18	Year 1 2018-19	Year 2 2019-20	Year 3 2020-21	Year 4 2021-22	Year 5 2022-23	Year 6 2023-24	Year 7 2024-25	Year 8 2025-26
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
<b>Expenditure</b>									
Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00
Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3.00</b>
<b>Funding</b>									
Swansea Bay City Deal Grant	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00
Public Sector	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Private Sector	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3.00</b>

	Year 9 2026-27	Year 10 2027-28	Year 11 2028-29	Year 12 2029-30	Year 13 2030-31	Year 14 2031-32	Year 15 2032-33	Total
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
<b>Expenditure</b>								
Capital	2.30	0.00	0.00	0.00	0.00	0.00	0.00	5.30
Revenue	0.00	5.00	7.50	8.00	11.00	11.50	12.50	55.50
<b>Total</b>	<b>2.30</b>	<b>5.00</b>	<b>7.50</b>	<b>8.00</b>	<b>11.00</b>	<b>11.50</b>	<b>12.50</b>	<b>60.80</b>
<b>Funding</b>								
Swansea Bay City Deal Grant	2.30	0.00	0.00	0.00	0.00	0.00	0.00	5.30
Public Sector	0.00	5.00	7.00	7.00	10.00	10.00	11.00	50.00
Private Sector	0.00	0.00	0.50	1.00	1.00	1.50	1.50	5.50
<b>Total</b>	<b>2.30</b>	<b>5.00</b>	<b>7.50</b>	<b>8.00</b>	<b>11.00</b>	<b>11.50</b>	<b>12.50</b>	<b>60.80</b>

The figures in Table 4.1 are the current financial investment forecast which the National Net Zero Skills Centre of Excellence is currently projecting over the timeline for the SBCD portfolio and are set within the original SBCD Heads of Terms. Funding elements are subject to change as the programme evolves.

The overall investment composition comprises of three following investment components:

- **City Deal investment**
- **Public sector**
- **Private sector**

### Investment leverage

One of the benefits of City Deal is the ability to lever additional public and private sector investment and to work with existing and pipeline government funded initiatives and industry partnerships.

As a result of the City Deal investment in specialist facilities, equipment and industry led skills provision, it is estimated that the National Net Zero Skills Centre of Excellence will lever in an additional £55.5m of public and private research income over 5 years post construction of the facility.

### Monitoring and Evaluation

The City Deal portfolio finances will be monitored through the SBCD Programme Board and SBCD Joint Committee, with the SBCD Economic Strategy Board also making recommendations on possible additional funding opportunities or alternative portfolio expenditure.



## MANAGEMENT CASE

The purpose of the Management Case is to put in place the arrangements for the successful delivery of the project. It provides evidence that the capability and capacity is in place to govern and deliver the project, and arrangements are in place to manage project risks.

The project will be delivered using proven project management methodologies to ensure the outputs, benefits and outcomes are achieved in a controlled, well managed and visible set of activities. The project team will be supported by a technical advisory group.

The project has on-going engagement with a range of stakeholders including Welsh and UK Governments, industry including Industry Wales, and academia in relation to RD&I and skills.

### Key Project Milestones

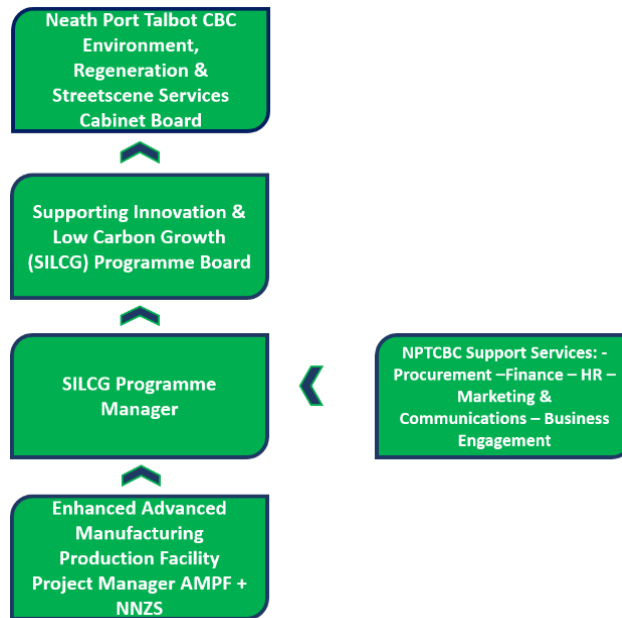
Activity	Milestone	Status
Outline Business case approval	Q4 2023	Under review.
Enhanced Advanced Manufacturing Production Facility building Stakeholder workshops / Design Brief	Q1 2024	Undertaken and further discussions ongoing.
Operator Procurement	Q2 2024	Planning stage.
2 stage Design & Build Procurement	Q1 2024	Initial scoping in progress.
Design Phase	Q3 2024 – Q3 2025	Future development
Construction Phase	Q3 2025 – Q4 2026	Future development
Facility Opens	Q4 2026	Future development

## Key Project Outputs

Indicators	AMPF OBC (1)	NNZS (2)	Enhanced AMPF (1&2 combined)
Land Developed	0.81ha	-	0.81ha
Premises Created	4,000m2	1,000m2	5,000m2
Jobs Accommodated	111	29	140
Jobs Created/safeguarded	88 (+10 construction)	15	113
SMEs accommodated	15	-	15
SBCD Investment	£17.2M	£5.3M	£22.5M
Public Sector	-	£50M+	£50M+
Private Sector	£500K/yr. (to 2033)	£5.5M	£9M
No. of Courses per annum	-	50+	50+
No. of Individuals trained by 2033	-	3,500	3,500

## Project & Programme Governance Framework

The EAMPF project will adhere to the existing SILCG programme governance arrangements detailed in the structure below. As above the EAMPF has its own project team and governance arrangements which align to and provide regular reports to the SILCG governance as detailed below:



# 1.0 THE STRATEGIC CASE

## 1.1 Introduction

The purpose of the Strategic Case is to make the case for change and demonstrate how the Enhanced Advanced Manufacturing Production Facility ('EAMPF') combining the original AMPF with the National Net Zero Skills Centre of Excellence as part of the Supporting Innovation and Low Carbon Growth programme ('SILCG') aligns with UK, Wales, regional and local strategies and policies as well as other ongoing programmes and projects.

## 1.2 The Strategic Context

This section provides an overview of the lead organisation as well as a review of relevant strategies, policies and other ongoing programmes and projects to demonstrate strategic fit.

### 1.2.1 Organisational overview

Neath Port Talbot County Borough Council is the lead local authority for the Supporting Innovation and Low Carbon Growth programme, and project lead for the Enhanced Advanced Manufacturing Production Facility.

Neath Port Talbot is located at the centre of the south Wales economy between the cities of Cardiff and Swansea. It benefits from direct access via the M4 corridor with access to a wider catchment area for employment – analysis demonstrates that there is a working age population of 1.4 million, and one million jobs within an hour's drive of the Port Talbot Waterfront Enterprise Zone.

**Neath Port Talbot CBC (NPTCBC)** was formed in April 1996 following local government reorganisation. It is the 8<sup>th</sup> most populous in Wales, with a population of approximately 140,000. 17 wards within the local authority area are in the top 10% most deprived in Wales.

NPTCBC has a proven track record of delivering large capital programme and projects, on budget and on time, from a number of different funding sources including:

- PDR Harbour Way: **£111m**
- 21st Century Schools Programme: **£122m**
- Neath Port Talbot Physical Regeneration: **£15m**
- Vibrant & Viable Places: **£35m**

The council also has extensive experience of lead body status for several collaborative regional projects including:

- South West Workways: **£23m**
- Workways+: **£7.5m**
- Engage: **£21m**

### 1.2.2 *Relevant Business Strategies*

The primary and overarching strategic driver for this project is the £1.2 billion Swansea Bay City Deal 'Internet Coast' ('SBCD') investment package which was signed by the Prime Minister, the First Minister of Wales, the Secretary of State for Wales, the Welsh Government Cabinet Secretary for Finance and Local Government and the leaders of Swansea, Neath Port Talbot, Carmarthenshire and Pembrokeshire Councils. The signing of the City Deal agreement confirms their joint commitment to ensure full implementation of the Swansea Bay City Deal with interventions focused on four themes:

- **The Internet of Economic Acceleration** – identification and demand of next generation digital infrastructure
- **The Internet of Life Science and Wellbeing** – expanding research and innovation infrastructure and piloting digitally integrated healthcare
- **The Internet of Energy** – energy innovation and sustainable housing
- **Smart Manufacturing** – supporting the manufacturing economy

The SBCD is a programme established to make a significant impact upon the regional economy and focusses activity on programmes and projects that are centred around key themes including economic acceleration, life science and well-being, energy, smart manufacturing and digital. One of the nine SBCD programmes is the SILCG programme.

The EAMPF forms part of the SILCG programme, which identifies the demand for such a production facility and the associated National Net Zero Skills Centre of Excellence ('NNZS'), recognising its economic potential and strategic benefit. The proposal not only addresses the Smart Manufacturing intervention (*of the SBCD*) but also seeks to address one of the four themes of the SILCG programme;

*'An Industrial Futures project to address the gap between demand and supply for businesses and available land in the Port Talbot Waterfront Enterprise Zone, **with a hybrid building providing production units as well as office space to support start-ups and indigenous businesses in the innovation and manufacturing sectors**'*

The Swansea Bay City Deal recognises the critical importance of the region as a driver for the Welsh and UK economies. It provides the partners with resources to unlock economic growth and a joint

commitment from Welsh and UK Governments to invest up to £241m on specific interventions across the region that including the health, energy and manufacturing sectors.<sup>5</sup>

The City Deal will tackle barriers to economic growth through:

- Developing higher value sectors and employment opportunities to match; increasing the number of businesses within these sectors to widen the economic base and improve the region’s GVA, benchmarked against the UK average.
- Committing local leaders and partners to implementing effective leadership across the City Region.
- Harnessing collaboration, enabling local authorities to plan and deliver services at an appropriate scale for more effective delivery, including strategic land-use planning, transport and economic development.
- Securing £1.3 billion in interventions to support economic growth, including £637 million of direct private sector investment, spread across the region to ensure all localities and citizens benefit.
- Adding £1.8 billion to regional GVA and creating over 9,000 jobs

The EAMPF project is also aligned to and will directly contribute to deliver the following UK, national (Wales), regional and local strategies and policies:

**Table 1.1** *Relevant UK Strategies and policies*

Strategy/ Policy	Imperative	Project Relevance
<b>Build Back Better: our plan for growth<sup>6</sup></b>	<ul style="list-style-type: none"> <li>• Sets out the plan to ‘build back better’</li> <li>• Tackling long-term problems to deliver growth that creates high-quality jobs across the UK.</li> <li>• 3 core pillars of growth: Infrastructure, Skills and Innovation – which in turn will support the transition to Net Zero.</li> </ul>	<ul style="list-style-type: none"> <li>• EAMPF aligns with the BBB plan, with infrastructure, skills and innovation key themes of the project.</li> </ul>

<sup>5</sup> <http://www.swanseabaycitydeal.wales/about/>

<sup>6</sup> <https://www.gov.uk/government/publications/build-back-better-our-plan-for-growth>

Strategy/ Policy	Imperative	Project Relevance
<b>UK Industrial Strategy (2017)<sup>7</sup> (archived)</b>	<ul style="list-style-type: none"> <li>Ideas – the world’s most innovative economy</li> <li>People – good jobs and greater earning power for all</li> <li>Infrastructure – a major upgrade to the UK’s infrastructure</li> <li>Business environment – the best place to start and grow a business</li> <li>Places – prosperous communities across the UK.</li> </ul>	<ul style="list-style-type: none"> <li>EAMPF Project is aligned to the 5 foundations for a transformed economy: ideas, people, infrastructure, business environment, places.</li> <li>EAMPF will enhance competitiveness of regional economy by enhancing the knowledge ecosystem with suitable infrastructure to drive growth.</li> <li>EAMPF will encourage the creation of new businesses to capitalise on the research and development in the region.</li> <li>EAMPF will support Innovation in decarbonisation.</li> <li>EAMPF will strengthen the regional economic base through supporting critical industries, while contributing to the diversification and development supplementary industries to reduce reliance on existing manufacturing base.</li> <li>EAMPF will increase productivity and help to close the GVA gap between the region and the rest of Wales and between Wales and the rest of the UK.</li> </ul>
<b>Ten point plan for a Green Industrial Revolution<sup>8</sup></b>	<ul style="list-style-type: none"> <li>Build back better</li> <li>UK global leader in green technologies</li> </ul>	<ul style="list-style-type: none"> <li>EAMPF is aligned to the aim to ‘build back better: to invest in making the UK a global leader in green technologies.</li> <li>EAMPF will support green innovation.</li> <li>Port Talbot is identified in the plan as one of the places in the UK pioneering the decarbonisation of transport industry and power.</li> </ul>
<b>Green Jobs Taskforce<sup>9</sup> (concluded 2021)</b>	<ul style="list-style-type: none"> <li>Set the direction for the job market as we transition to a high-skill, low carbon economy.</li> </ul>	<ul style="list-style-type: none"> <li>The EAMPF will be focused on providing a skills pathway for existing and future green industries.</li> </ul>
<b>Clean Growth Strategy<sup>10</sup></b>	<ul style="list-style-type: none"> <li>Decarbonisation all sectors of UK economy</li> <li>Low carbon opportunities</li> <li>Tackle climate change</li> </ul>	<ul style="list-style-type: none"> <li>EAMPF is aligned to the aim of clean growth i.e. economic growth while reducing greenhouse gases.</li> <li>Decarbonising all sectors of the UK economy through the 2020s.</li> </ul>

<sup>7</sup> <https://www.gov.uk/government/publications/industrial-strategy-building-a-britain-fit-for-the-future>

<sup>8</sup> <https://www.gov.uk/government/publications/the-ten-point-plan-for-a-green-industrial-revolution>

<sup>9</sup> <https://www.gov.uk/government/news/uk-government-launches-taskforce-to-support-drive-for-2-million-green-jobs-by-2030>

<sup>10</sup> <https://www.gov.uk/government/publications/clean-growth-strategy>

Strategy/ Policy	Imperative	Project Relevance
		<ul style="list-style-type: none"> <li>• The EAMPF will support low carbon industries</li> <li>• The EAMPF will support the BEIS ambition to accelerate the commercialisation of clean energy technologies.</li> </ul>
<b>Climate Change Act 2008<sup>11</sup></b>	<ul style="list-style-type: none"> <li>• Reduce carbon emissions</li> </ul>	<ul style="list-style-type: none"> <li>• The Climate Change Act is the basis for the UK’s approach to committing the Government to reduce emissions by at least 80% of 1990 levels by 2050, with 5 yearly interim targets.</li> <li>• The EAMPF is aligned to this Act by transitioning to a low carbon economy.</li> </ul>
<b>National Infrastructure Strategy 2021<sup>12</sup></b>	<ul style="list-style-type: none"> <li>• Strategy to deliver an infrastructure revolution:</li> <li>• Supporting new green growth clusters in traditional industrial areas.</li> <li>• Bringing jobs and investment to some of the most deprived communities across the UK through the freeports programme;</li> </ul>	<ul style="list-style-type: none"> <li>• EAMPF will support local and regional innovation clusters.</li> <li>• Will enhance existing skills provision.</li> <li>• EAMPF will be used as a catalyst to leverage increased levels of RD &amp; I investment for the region.</li> <li>• The EMPF will satisfy the local need for flexible high quality commercial property with modern equipment and facilities.</li> <li>• The EAMPF will have the scope to support the skills requirements required for the freeports programme.</li> </ul>
<b>Levelling Up The United Kingdom 2022<sup>13</sup></b>	<ul style="list-style-type: none"> <li>• Reduce geographic economic, social and health inequalities.</li> </ul>	<ul style="list-style-type: none"> <li>• The EAMPF project contributes too many of the white paper’s missions, including improving productivity, spreading opportunity, and boosting skills.</li> </ul>
<b>UK Net Zero Strategy: Build Back Greener 2021</b>	<ul style="list-style-type: none"> <li>• The strategy sets out policies and proposals for decarbonising all sectors of the UK economy to meet net zero target by 2050.</li> <li>• Industry - to decarbonise industry in line with net zero goals</li> </ul>	<ul style="list-style-type: none"> <li>• Development of the EAMPF will support and promote innovation and low carbon growth activity within the region.</li> <li>• The EAMPF through the NNZS will develop the skills within the regional labour market required for transition to a low carbon economy.</li> <li>• The EAMPF will act as a catalyst to increase and improve regional levels of UKRI funding, and for attracting aligned inward investors.</li> </ul>

<sup>11</sup> <https://www.legislation.gov.uk/ukpga/2008/27>

<sup>12</sup> CP 329 – National Infrastructure Strategy – Fairer, faster, greener – November 2020 ([publishing.service.gov.uk](https://publishing.service.gov.uk))

<sup>13</sup> <https://www.gov.uk/government/publications/levelling-up-the-united-kingdom>



Strategy/ Policy	Imperative	Project Relevance
	whilst simultaneously transforming our industrial heartlands by attracting inward investment, future-proofing businesses, and securing high wage, high skill jobs.	

**Table 1.2 Relevant national (Wales) strategies and policies**

Strategy/ Policy	Imperative	Project Relevance
<b>Taking Wales Forward 2016 – 2021 (WG)<sup>14</sup></b>	<ul style="list-style-type: none"> <li>• Prosperous &amp; secure</li> <li>• Deliver more and better jobs</li> </ul>	<ul style="list-style-type: none"> <li>• Taking Wales Forward programme for government sets out how Welsh Government will deliver more and better jobs through a stronger, fairer economy, improve and reform our public services, and build a united, connected and sustainable Wales.</li> <li>• The EAMPF is aligned to the priority area of ‘prosperous and secure’ as it will provide the right environment for job creation.</li> </ul>
<b>Well Being of Future Generations Act 2015 (Welsh Government)<sup>15</sup></b>	<ul style="list-style-type: none"> <li>• Prosperity</li> <li>• Resilience</li> <li>• Equality</li> <li>• Health</li> <li>• Community</li> <li>• Culture &amp; Welsh Language</li> <li>• Globally responsible</li> </ul>	<ul style="list-style-type: none"> <li>• The EAMPF is aligned to the 5 ways of working: long term; prevention; integration, collaboration and involvement</li> <li>• It is aligned to the 7 well-being goals:</li> <li>• <b>A Prosperous Wales</b> – provision of new employment opportunities, high quality jobs, training opportunities, diversification of the economy, re-use of brownfield land. Anticipated spin-out companies will stimulate further private and public investment in the region</li> <li>• <b>A Resilient Wales</b> - Safeguarding of existing, highly-skilled and well-paid jobs, provision of new business premises, with the necessary technological infrastructure to promote</li> </ul>

<sup>14</sup> <https://gov.wales/taking-wales-forward>

<sup>15</sup> <https://www.legislation.gov.uk/anaw/2015/2/contents>

Strategy/ Policy	Imperative	Project Relevance
		<p>diversification and reduce overreliance on traditional industries and public sector employment</p> <ul style="list-style-type: none"> <li>• <b>A More Equal Wales</b> - the programme includes opportunities accessible to all to reduce societal inequalities</li> <li>• <b>A Healthier Wales</b> - with long-standing evidence demonstrating the positive impact of employment on health and well-being, improving air quality</li> <li>• <b>A Wales of Cohesive Communities</b> - through sustainable, viable employment</li> <li>• <b>A Wales of Vibrant Culture and thriving Welsh Language</b> - with increased employment opportunities supporting the language in the medium and longer term</li> <li>• <b>A Globally Responsible Wales</b> - design and delivery of buildings in line with sustainable development principles; using innovation to decarbonise industry, programme aligned to global needs.</li> </ul>
<p><b>Prosperity for All: The National Strategy (Taking Wales Forward 2016 – 2021)</b><sup>16</sup></p>	<ul style="list-style-type: none"> <li>• Deliver more and better jobs</li> <li>• Create a stronger and fairer economy</li> <li>• Build a sustainable Wales</li> </ul>	<p>The EAMPF is closely aligned to the priority areas in the following ways:</p> <ul style="list-style-type: none"> <li>• Creating high-value jobs leading to national prosperity</li> <li>• Support green growth to create sustainable jobs for the future.</li> <li>• Encourage a robust talent pipeline, benefitting the region through higher wages and lower levels of underemployment</li> <li>• Provide a focus for inward investment and indigenous business growth through innovation</li> <li>• Providing the right environment for businesses growth / diversification</li> <li>• Leverage world-wide collaboration through research facilities</li> <li>• Delivering wider benefits to the regional community</li> </ul>

<sup>16</sup> <https://gov.wales/sites/default/files/publications/2017-10/prosperity-for-all-the-national-strategy.pdf>

Strategy/ Policy	Imperative	Project Relevance
<b>Prosperity for All: Economic Action Plan (2017)</b> <sup>17</sup>	<ul style="list-style-type: none"> <li>Decarbonisation (public sector to be carbon neutral by 2030);</li> <li>Innovation, high quality employment and skills development</li> </ul>	<p>The EAMPF is aligned in the following ways:</p> <ul style="list-style-type: none"> <li>Aligned to the national thematic sector of High Value Manufacturing</li> <li>Aligned to a number of areas in the Economic Contract: growth potential and progress in reducing carbon footprint</li> <li>Aligned to calls to action: decarbonisation; innovation, entrepreneurship and headquarters; high quality employment and skills development; R&amp;D, automation and digitalisation.</li> <li>Focus on decarbonisation clearly aligns with key aims</li> <li>Investment in human capital, infrastructure and innovation to address productivity gap</li> <li>A focus of innovation and research in the Neath Port Talbot region will strengthen the existing local economy and create new sustainable opportunities</li> <li>Creating quality jobs and delivering industrially-relevant training in future-focused technologies and applications will support people-driven economic growth</li> <li>Enabling public investment with social purpose, delivering increased value</li> <li>Supporting public sector to become exemplar and drive green growth</li> </ul>
<b>Prosperity for All: a Low Carbon Wales (2019)</b> <sup>18</sup>	<ul style="list-style-type: none"> <li>Key areas of environmental improvement including industry, transport and waste.</li> <li>Driving sustainable growth and modern infrastructure.</li> </ul>	<p>The EAMPF is aligned in the following ways:</p> <ul style="list-style-type: none"> <li>Creating high value jobs and innovation in clean growth will support the vision of establishing Wales as one of the best places in the world to live, work and do business;</li> <li>Deliver research, infrastructure and solutions that are essential to delivering the rapid change needed to hit ambitious targets;</li> <li>Efficient use of resources and the reuse of brownfield site.</li> </ul>
<b>Innovation Wales Strategy (2014)</b> <sup>19</sup>	<p>5 key themes</p> <ul style="list-style-type: none"> <li>Improving collaboration</li> </ul>	<p>Innovation Wales Strategy prioritises low carbon as a key strength on which to build.</p>

<sup>17</sup> <https://gov.wales/prosperity-all-economic-action-plan>

<sup>18</sup> [https://gov.wales/sites/default/files/publications/2019-06/low-carbon-delivery-plan\\_1.pdf](https://gov.wales/sites/default/files/publications/2019-06/low-carbon-delivery-plan_1.pdf)

<sup>19</sup> <https://gov.wales/innovation-wales-strategy>

Strategy/ Policy	Imperative	Project Relevance
	<ul style="list-style-type: none"> <li>Promoting a culture of innovation</li> <li>Providing flexible support &amp; finance for innovation</li> <li>Innovation in Government</li> <li>Prioritising and creating critical mass</li> </ul>	<p>The EAMPF is aligned in the following ways:</p> <ul style="list-style-type: none"> <li>Leading the way in fostering and improving collaboration between public sector, private sector and academia.</li> <li>Providing a facility where innovation is promoted and encouraged.</li> <li>The EAMPF will be used as a catalyst to attract increased levels of RD &amp; I financing;</li> <li>Encouraging clustering and inward investment of organisations and businesses.</li> </ul>
<p><b>A manufacturing future for Wales: a framework for action (2020)</b><sup>20</sup></p>	<ul style="list-style-type: none"> <li>Ensuring sustainability of manufacturing post COVID-19</li> <li>Green based – decarbonising industry as a priority, embrace the opportunities of a circular economy</li> <li>Place based – focused on strength of an area</li> <li>People based – role of education in securing future prosperity</li> </ul>	<p>The EAMPF is aligned to the 4 pillars and 10 themes of the framework:</p> <p>The EAMPF programme will:</p> <ul style="list-style-type: none"> <li>Directly support the plans for clean, green growth – setting the foundations for a circular economy in a regional eco-system that synergizes benefits and growth;</li> <li>The cluster expertise in the area will create an ideal location to deliver green innovation through innovators, supply chain, infrastructure and manufacturers across a range of sectors;</li> <li>Academic and industrial partnership will offer opportunities to develop specialist learning and training to ensure a long-term talent pipeline aimed at attractive, high-quality career opportunities with longevity and resilience.</li> </ul>
<p><b>Commercial Property: Market Analysis and Potential Interventions</b><sup>21</sup></p>	<ul style="list-style-type: none"> <li>Address gaps in supply of commercial property</li> </ul>	<p>The EAMPF is aligned to this policy in the following way:</p> <ul style="list-style-type: none"> <li>Creation of this space will support indigenous business and encourage inward investment through delivering a modern, attractive and suitable infrastructure for innovative development</li> </ul>

<sup>20</sup> <https://gov.wales/sites/default/files/consultations/2020-09/manufacturing-future-wales-consultation-document.pdf>

<sup>21</sup> <https://gov.wales/sites/default/files/publications/2020-08/market-analysis-and-potential-interventions.pdf>

Strategy/ Policy	Imperative	Project Relevance
<b>Regional Investment in Wales<sup>22</sup></b>	<ul style="list-style-type: none"> <li>• 4 investment priority areas:</li> <li>• Business productivity &amp; competitiveness</li> <li>• Healthier, fairer and more sustainable communities</li> <li>• Zero carbon economy</li> <li>• Reducing economic inequalities</li> </ul>	<p>EAMPF is aligned in the following way:</p> <ul style="list-style-type: none"> <li>• Creating the right environment for sustainable and inclusive jobs and growth.</li> <li>• Opportunities to grow and strengthen productivity and competitiveness of SMEs in green industrial revolution.</li> <li>• Opportunities for research and innovation in collaboration with government, industry and academia.</li> <li>• Economic growth and decarbonisation</li> </ul>
<b>Foundational Economy<sup>23</sup></b>	<ul style="list-style-type: none"> <li>• Promoting inclusive growth through a new focus on the foundational economy.</li> </ul>	<ul style="list-style-type: none"> <li>• The project will support and grow the foundational economy by challenging the conventional way of providing business premises and nurturing an environment / cluster of innovative, new and indigenous businesses.</li> </ul>
<b>Wales Infrastructure Investment Plan (WIIP)</b>	<ul style="list-style-type: none"> <li>• Improve economic Infrastructure and by doing so boost growth and jobs, ensuring greater productivity and prosperity for our communities.</li> </ul>	<ul style="list-style-type: none"> <li>• The EAMPF and NCEGS will align providing facilities that will positively impact upon productivity, job creation and upskilling the local labour market.</li> </ul>
<b>Net Zero Wales 2021</b>	<ul style="list-style-type: none"> <li>• A Greener, stronger, fairer Wales.</li> <li>• Supporting innovation in new renewable energy technology.</li> <li>• Developing green skills in businesses - Upskilling and training employees to take advantage of the potential economic opportunities for Wales.</li> </ul>	<ul style="list-style-type: none"> <li>• The EAMPF will align closely to the priorities of Net Zero Wales.</li> <li>• The EAMPF will support innovation and local clusters.</li> <li>• The project will establish a centre of excellence for green skills – combining expertise from academia and industry to develop relevant workforce green skills for both existing and future requirements.</li> </ul>
<b>Net Zero Skills Action Plan<sup>24</sup></b>	<ul style="list-style-type: none"> <li>• Sets out this Government's commitment to</li> </ul>	<ul style="list-style-type: none"> <li>• The EAMPF will align with the 7 key priority areas, in particular;</li> </ul>

<sup>22</sup> <https://gov.wales/regional-investment-wales-framework>

<sup>23</sup> <https://gov.wales/foundational-economy>

<sup>24</sup> <https://www.gov.wales/sites/default/files/publications/2023-02/net-zero-skills-action-plan.pdf>

Strategy/ Policy	Imperative	Project Relevance
	<p>supporting skills development.</p> <ul style="list-style-type: none"> <li>Establishes what is required for existing /future needs and journey to a low carbon economy.</li> </ul>	<p>Growing a skilled workforce to meet our net zero commitments, strengthening the skills system within Wales, and harnessing links with industry to support knowledge transfer.</p>
<p><b>Wales Innovates Strategy: creating a stronger, fairer, greener Wales</b></p>	<ul style="list-style-type: none"> <li>The strategy aims to create and nurture a vibrant innovation culture and help fulfil the wellbeing objectives of the Welsh Government through the promotion and prioritisation of innovation via four objectives: <ul style="list-style-type: none"> <li>Better Education</li> <li>Stronger Economy</li> <li>Health and Wellbeing</li> <li>Climate and Nature</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Better Education – the EAMPF, through the National Net Zero Centre of Excellence for Green Skills (working in conjunction with the SBCD Skills and Talent programme and other relevant stakeholders) will identify and provide the future skills requirements for the region in emerging and growth sectors of the economy. The project aims to develop a pathway to skills training to meet the needs of a low carbon economy, and improve the overall skills base of the region.</li> <li>Stronger Economy – the EAMPF is directly focused on the creation of a stronger economy for SW Wales. It will create the high-quality infrastructure that will provide the environment for the region’s businesses to establish, grow and thrive – creating jobs and securing private sector investment across the region.</li> <li>Health and Wellbeing –The EAMPF will achieve significant well-being benefits for residents, including creation of employment and training opportunities.</li> <li>Climate and Nature – The EAMPF will indirectly contribute to the long-term global responsibilities to sustainable growth and the environment through the development of businesses and activities in the low carbon and energy efficient sectors.</li> </ul>

**Table 1.3** *Relevant regional and local strategic and policy drivers*

Objectives/ Goals	Imperative	Project Alignment
<b>South West Wales Regional Economic Delivery Plan (2017)<sup>25</sup></b>	<ul style="list-style-type: none"> <li>● Business Growth, retention and specialisation</li> <li>● Skilled and Ambitious for Long-term Success</li> <li>● Maximising Job Creation for all</li> <li>● Knowledge Economy and Innovation</li> <li>● Distinctive places and competitive infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>● Supporting indigenous companies and industries which are economically critical in terms of GVA and employment.</li> <li>● Supporting economic diversification through value added jobs.</li> <li>● Creating the physical and knowledge-based infrastructure to foster and encourage innovative start-ups, providing support to ensure retention and growth of new businesses, a ‘knowledge economy’ where innovation thrives</li> <li>● In particular, support early-stage knowledge-intensive firms through incubation and innovation stages</li> <li>● Creating highly skilled and well-paid jobs, developing skills to maximise employment in growth sectors.</li> <li>● Removing barriers to employment.</li> <li>● Providing infrastructure assets to support business as a regional gateway.</li> <li>● Supporting business as a regional gateway, increasing entrepreneurial culture.</li> <li>● Through specialised training solutions, deliver a talent pipeline for high-growth sectors.</li> <li>● Contribute to the key themes:               <ul style="list-style-type: none"> <li>○ Embeddedness - existing base of trained labour.</li> <li>○ Relatedness - diversifying existing strengths in the area via the metals industry.</li> </ul> </li> <li>● Connectedness - already established network of steel and metals companies in the area.</li> </ul>
<b>South West Wales Regional Economic Framework <sup>26</sup></b>	<ul style="list-style-type: none"> <li>● Long term economic development of the region</li> </ul>	<ul style="list-style-type: none"> <li>● The EAMPF project is aligned in the following way:</li> <li>● Addressing the areas of weaknesses / threats – will increase productivity, create employment opportunities, provision of high quality business infrastructure.</li> <li>● Provide relevant skills pathways for existing and future requirements of business in the region.</li> </ul>

<sup>25</sup> <https://www.swansea.gov.uk/swanseabaycityregioneconomicregenerationstrategy>

<sup>26</sup> <https://businesswales.gov.wales/mid-wales-and-south-west-wales-economic-frameworks>

Objectives/ Goals	Imperative	Project Alignment
		<ul style="list-style-type: none"> <li>• Build on the strengths of sectoral strengths in energy, advanced manufacturing and innovation centres.</li> </ul>
<b>South West Wales Regional Economic Delivery Plan<sup>27</sup></b>	<ul style="list-style-type: none"> <li>• UK leader in renewable energy and the net zero economy</li> <li>• Building a strong resilient business base.</li> </ul>	<ul style="list-style-type: none"> <li>• Recognising importance to the region of the manufacturing base, supporting its sustainability and clean growth through innovation and decarbonisation.</li> <li>• Creating infrastructure and ecosystem needed to deliver a diversified economy.</li> <li>• Providing attractive and functional employment site in the region, which is fundamental to securing investment</li> <li>• Creating (and supporting existing) necessary high value, skilled jobs.</li> </ul>
<b>Neath Port Talbot Economic Recovery Plan<sup>28</sup></b>	<ul style="list-style-type: none"> <li>• Build an entrepreneurial and resilient economy</li> <li>• Transformational investment and change.</li> <li>• Invest in future skills and opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Help indigenous businesses grow and become more sustainable.</li> <li>• The EAMPF will be central to the county's focus to be an exemplar in supporting industrial decarbonisation.</li> <li>• The EAMPF will contribute to developing a skilled and resilient workforce, with relevant skills required for a low carbon future.</li> </ul>
<b>NPT Council Decarbonisation and Renewable Energy (DARE) Strategy (2020)<sup>29</sup></b>	<ul style="list-style-type: none"> <li>• Response to climate emergency</li> <li>• Reducing carbon emissions</li> <li>• Limiting future climate change</li> </ul>	<ul style="list-style-type: none"> <li>• The Vision A cleaner, more prosperous and healthier county borough.</li> <li>• This project is part of the wider City Deal investment programme strategy which aims to transform the regional economy by improving skills, commercialising new technologies and ideas, and building expertise in digital technologies, life science and wellbeing, energy and advanced manufacturing.</li> <li>• Decarbonisation and renewable energy are key strategic themes within the programme which will promote the region as a test bed for the demonstration, integration and commercialisation of Future Energy Systems and create a test bed for renewable energy providers.</li> </ul>

<sup>27</sup> <https://www.swansea.gov.uk/article/15033/South-West-Wales-Regional-Economic-Delivery-Plan>

<sup>28</sup> <https://www.npt.gov.uk/media/18436/economic-recovery-plan-final.pdf>

<sup>29</sup> <https://www.npt.gov.uk/media/13541/dare-strategy-may-20.pdf?v=20200522162830>



Objectives/ Goals	Imperative	Project Alignment
		<ul style="list-style-type: none"> <li>Industrial decarbonisation is a major challenge if Wales is to reach Net Zero by 2030 and appropriate skills in the workforce is key to achieving this target. Wales is ideally placed to be a test bed for the rapid transition to low carbon technology and there are significant benefits to be gained from a co-ordinated, national approach to industrial decarbonisation and the creation of a green energy economy.</li> </ul>
<p><b>NPTCBC Corporate Plan 2022-27</b><sup>30</sup></p>	<ul style="list-style-type: none"> <li>Well Being Objective 4 - Jobs &amp; Skills</li> </ul>	<ul style="list-style-type: none"> <li>“Working with our partners we create the conditions for more secure, well paid and green work in the area and support local people into those jobs”</li> <li>The EAMPF will provide the opportunity to support the distinctive industrial base within the county, and enhance existing collaboration between public sector, private sector and academia.</li> <li>EAMPF will provide skills pathways for local residents to take advantage of employment opportunities that arise as society decarbonises.</li> <li>Support the aspiration regionally and locally to provide new ‘green jobs’.</li> <li>Creating opportunities for spin-out companies and further inward investment.</li> <li>Supporting sustainable economic growth.</li> <li>Contribute to creating a business environment that encourages indigenous and inward investment.</li> </ul>
<p><b>RLSP – Employment and Skills plan 2022- 25.</b><sup>31</sup></p>	<ul style="list-style-type: none"> <li>Work with industry, education and public sector to identify future skills gap.</li> <li>Develop skills for current and future local employers requirements</li> <li>Encourage and promote pathways in the green energy sector.</li> </ul>	<ul style="list-style-type: none"> <li>The EAMPF will provide an agile and flexible environment for the delivery of required and emerging green skills to satisfy existing and future employer requirements.</li> <li>An Industry led facility will be an exemplar for best practice, innovation and collaboration.</li> </ul>

<sup>30</sup> <https://www.npt.gov.uk/media/17199/corporate-plan-2022-27-recover-reset-renew.pdf?v=20220422124059>

<sup>31</sup> <http://www.rlp.org.uk/SharedFiles/Download.aspx?pageid=2&mid=13&fileid=50>

Objectives/ Goals	Imperative	Project Alignment
<b>CJC Corporate Plan</b>	<ul style="list-style-type: none"> <li>• The CJC has set 3 well-being objectives to guide their work going forward:               <ol style="list-style-type: none"> <li>1. To collaboratively deliver the Regional Economic Delivery Plan and Regional Energy Strategy thereby improving the (decarbonised) economic well-being of South West Wales for our future generations.</li> <li>2. To produce a Regional Transport Plan for South West Wales.</li> <li>3. To produce a sound, deliverable, co-ordinated and locally distinctive Strategic Development Plan for South West Wales which is founded on stakeholder engagement and collaboration and which clearly sets out the scale and location of future growth for our future generations</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>• The EAMPF will complement the work of the SWW CJC, promoting regional collaborative working and contributing directly to the first well-being objective of the CJC through its delivery, in the context of the Regional Economic Delivery Plan (detailed above) and through its contribution to the Regional Energy Strategy (detailed below).</li> </ul>
<b>Regional Energy Strategy</b>	<ul style="list-style-type: none"> <li>• The overall objective of the strategy is to develop a strategic pathway identifying key interventions to deliver on the region’s ambitions for decarbonising its energy system.</li> <li>• The vision for SWW is the harnessing the region’s low carbon energy potential across its on and offshore locations, to deliver a prosperous and equitable net zero carbon economy which enhances the well-being of future generations and the region’s ecosystems, at a pace which delivers against regional and national emissions reduction targets by 2035 and 2050.</li> </ul>	<ul style="list-style-type: none"> <li>• The EAMPF has decarbonisation at the centre of its strategy. It will encourage and foster the existing regional low carbon cluster, and develop a regional hub where economic decarbonisation is the driving force for all activity.</li> <li>• The NNZS will provide skills and training to the local labour market allowing regional residents to benefit and prosper from the transition to a low carbon economy.</li> </ul>

### 1.2.3 Links with key initiatives and projects

The proposed industry led EAMPF has been identified by the SILCG programme as a key local and regional development opportunity, which will provide state of the art facilities to develop and enhance the local clustering of businesses involved in manufacturing, innovation, and research and development, resulting in significant benefits to the local and regional productivity and GVA. **It is proposed that the associated industry led NNZS will promote and increase relevant skills in the local and regional labour market that are/will be required to satisfy existing and future needs as our economy transitions to net zero.**

As can be seen from the tables at 1.1 – 1.3 the project aligns with the net zero and low carbon agenda as well as national, regional and local plans and strategies for economic development. When considering the EAMPF proposal it was established that there was a need to closely consider to the three strategies listed below.

#### **‘A Manufacturing Future for Wales – Our Journey to Wales 4.0’<sup>32</sup>**

The WG ‘A Manufacturing Future for Wales’ – a framework for action was launched in February 2021, following extensive consultation with stakeholders and underpinned by the 7 objectives of the Well-Being of Future Generations Act (Wales) 2015. It has provided a framework which has fostered collaboration and helped coordinate Welsh Government support activity with a focus on manufacturing. It has framed work to decarbonise industry including establishing Net Zero Industry Wales, underpinned by the Net Zero Skills Action Plan

Wales is embracing technological change brought about by the fourth industrial revolution, with a manufacturing sector that now has around 150,000 people employed<sup>33</sup> and contributes over 16% of our national output<sup>34</sup>, notably higher than the UK average.

In addition to the significant direct employment it creates, the sector contributes many thousands more in the extended supply chain. It still exports across the globe as well as contributing significant funding into Research, Development and Innovation (RD&I).

The original Manufacturing Action Plan (MAP) was developed in the context of how his vision could be transitioned for a well-being economy into reality. This approach has not changed and is underpinned by the pursuit of three outcomes;

**A Prosperous economy** - diverse yet inter-related economic base of outward-looking firms with positive innovation performance, good productivity levels and a workforce equipped with the skills for a changing world.

**A Green Economy** This economy is integral to a low carbon society, so we need to invest in low-carbon and climate resilient infrastructure, renewable energy projects,

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<sup>32</sup> [A Manufacturing Future for Wales. Our Journey to ‘Wales 4.0’ \(gov.wales\) - https://www.gov.wales/sites/default/files/publications/2021-02/manufacturing-future-for-wales-framework.pdf](https://www.gov.wales/sites/default/files/publications/2021-02/manufacturing-future-for-wales-framework.pdf)

<sup>33</sup> [workforce jobs by industry - Nomis - Official Census and Labour Market Statistics \(nomisweb.co.uk\)](https://www.nomisweb.co.uk/)

<sup>34</sup> [Gross Value Added by area and industry \(gov.wales\)](https://www.gov.wales/)

**An Equal economy** which means investing in the productive potential of all people in communities.

The proposed industry led EAMPF aligns closely to these three priority areas.

- The EAMPF will provide modern infrastructure to support existing and new forward thinking businesses that have significant innovation aspirations.
- It will foster further collaboration between the public and private sectors, including academia – further enhancing local clustering of businesses in undertaking target activities.
- The EAMPF will act as a catalyst for this clustering and provide business with the facilities to grow, playing a key role in attracting more inward and indigenous investment activity, and as a result leverage increased RD & I investment in the region.
- The industry led NNZS will be seen as an exemplar training facility for the low carbon sector and will enhanced existing FE and HE provision. Providing flexible training facilities with the ability to adapt quickly to the changing demands of industry as we move towards a low carbon society. It will focus the provision of a green skills pathway for local and regional residents to upskill and gain additional qualifications.
- As a training centre it will help to address the current green skills shortages, but also help to identify what skills will be needed in the future, preparing our regional labour market for the green skills our economy will require over the next decade.
- The EAMPF will support local and regional programmes such as Celtic Freeports and Floating Offshore Wind proposals and their associated supply chains.

### ***Net Zero Skills Action Plan***<sup>35</sup>

The Plan sets out the Welsh Government’s commitment to net zero skills by investing in people, skills and talent as crucial drivers towards a stronger, fairer, greener economy. It is accepted that status quo is not sustainable, and the plan is the first step in helping to guide decisions on business investment and planning, with education providers and our public services. The plan will help learners of all ages understand how the support they will receive is supported by a skills system and economy that is fit for the future.

Whilst it is important to recognise the short and medium-term skills requirements of employers and equip our future generations accordingly, we also know identifying the right skills are vital in achieving a transition to Net Zero.

The EAMPF will match key priorities of the Net Zero Skills action plan, including growing a skilled workforce to meet our net zero commitments, and strengthening the [green] skills system – supporting the ambition to grow a highly skilled workforce in Wales.

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<sup>35</sup> [Net zero skills action plan | GOV.WALES](#)

## Innovation Strategy for Wales<sup>36</sup>

The new Welsh Government Innovation Strategy sets out aspiration for Wales to be a leading, innovation-based nation.

The strategy focuses on ensuring innovative new technologies are developed to help solve the biggest societal challenges facing communities, ensuring those solutions reach every part of society. Through collaboration, the aim is to bring about better healthcare, tackling the climate and nature emergencies and creating better jobs and prosperity for businesses, universities, and local communities.

This new cross-government vision of innovation for a stronger, fairer, greener Wales points the way to a different approach to innovation in the future; one which adopts a “mission-based” attitude and collaboration into the following four missions; *Education, Economy, Health & Well Being and Climate & Nature*.

As can be determined from the information provided above, the EAMPF closely aligns to and can make a direct contribution to two of these missions.

- **Education:** ‘helps ensure Wales has an education system that supports the development of innovation skills and knowledge’
- **Economy:** ‘driving Wales forward to be a leading, innovation-based nation. This will see a Welsh economy that innovates for growth, collaborates across sectors for solutions to society’s challenges, and adopts new technologies for efficiency and productivity’.

The strategy makes a firm commitment to drive up investment from the UK Government and beyond in Welsh research, development and innovation (RD&I), significantly increasing RD&I investment outside London and south-east England. According to UKRI figures shown in figure 1.1 below Wales as a region lags behind other areas of the UK in terms RD & I funding leveraged.

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<sup>36</sup> [New innovation strategy launched for a stronger, fairer and greener Wales | GOV.WALES](#)

**Table 1.4 UKRI Spend**

NUTS1 Name	UKRI Spend* FY 2018-19 £M	UKRI Spend as % of local GVA	UKRI Spend per capita £M
<b>East Midlands</b>	301	0.29%	62
<b>East of England</b>	530	0.34%	85
<b>London</b>	1079	0.26%	120
<b>North East</b>	215	0.40%	80
<b>North West</b>	457	0.27%	62
<b>Northern Ireland</b>	87	0.22%	46
<b>Scotland</b>	593	0.43%	109
<b>South East</b>	831	0.32%	91
<b>South West</b>	386	0.29%	69
<b>Wales</b>	131	0.21%	42
<b>West Midlands</b>	363	0.27%	61
<b>Yorkshire and the Humber</b>	406	0.34%	74

The EAMPF will seek to enhance and increase the levels of RD & I activity within the region by providing a facility to assist the growth of existing innovation clusters, and attracting inward investment from similar organisations/businesses.

#### 1.2.4 Strategic drivers summary

The strategic drivers at UK, national, regional and local levels shown in the business case are clearly aligned and support the development of proposals focused on low carbon economic growth. In particular:

- **The UK and Welsh Government recognises the importance of decarbonisation to ensure economic growth is sustainable;**
- **There is a clear need to move towards renewable energy sources to increase efficiency and reduce costs, and for the public sector to exemplify this;**
- **Strategic imperatives to foster innovation and entrepreneurialism in high-value R&D-based opportunities;**
- **The creation of high-quality jobs is a clear link through all policy levels, as is a desire to provide training and development solutions to upskill existing workers in preparation for the transition to a low carbon economy.**
- **The overall cohesion of strategic drivers supports the rationale of developing the EAMPF/NNZS project. Moreover, the catalysing effect of this project is anticipated to deliver significant benefits, developing a base of expertise in a critical field that brings together research and industrial applications with the physical infrastructure that will generate inward investment and start-ups, support the sustainability of indigenous businesses, and create a supporting network of training and job opportunities in a talent pipeline.**
- **The vision is that the EAMPF along with the other SILCG projects, will establish Neath Port Talbot and the region as an ecosystem delivering a diversified and sustainable cluster for innovative low carbon growth.**

## 1.2.5 NNZS Logic Model





## 1.3 Case For Change

Developing the case for change must involve collaboration with key stakeholders to shape the Investment Objectives and inform the business needs. To ensure the robustness of the case for change, stakeholders were identified and engaged to assist with the development of this business case. (See Appendix 1).

This follows HM Treasury and Welsh Government's Better Business Case guidance, establishing a robust case for change with a clear understanding of:

- *What we are seeking to achieve – the **Investment Objectives**;*
- *What is currently happening – the **Existing Arrangements***
- *What is required to close the gap between what is happening now (Existing Arrangements) and what we are seeking to achieve (Investment Objectives) the **Business Needs**.*

*In this way the case for change is established on the basis of **need**, rather than simply a contention that a project is a 'good thing to do'.*

### 1.3.1 Investment Objectives

Stakeholder engagement has been undertaken through workshops to develop the Investment Objectives and the long-list to short-list options using the Options Framework (documented in part 1 of the Economic Case). A list of stakeholders consulted and workshops held can be found at Appendix 1. Also provided are letters of support from relevant interested parties (See Appendix 2).

Investment objectives form a key element of the 'case for change' within the Strategic Case. The Objectives describe what the delivery organisation and key stakeholders wish to achieve in terms of targeted outcomes. They should describe the expected outcomes of the project, should be SMART i.e. specific, measurable, achievable, realistic and time bound, and address the five key reasons for investment:

- **Improving economy** – *reducing the cost of existing services, or creating income*
- **Improving efficiency** – *improving the delivery of services in terms of outputs*
- **Improving effectiveness** – *improving the quality of services*
- **Statutory compliance** – *investing in services so they meet legal or best practice standards*
- **Re-procurement** – *investing to ensure that services subject to a contract that is expiring can continue, or be replaced.*

The Investment Objectives for the EAMPF are outlined below and support the delivery of the over-arching SILCG programme, align to UK, national and regional priorities, and describe what we wish to achieve in terms of targeted outcomes.

Stakeholder workshops were held between [August 2020 and October 2023] to discuss and agree the Investment Objectives and long-list to short-list options for the investment (See Appendix 1).

The following Investment Objectives were agreed with corresponding baseline suggested measures:

	Investment Objective	Measures	Total Measures
		NNZS	EAMPF
1	<b>To support the delivery of the SILCG programme, by constructing an Enhanced Advanced Manufacturing Production Facility and associated National Net Zero Skills Centre of Excellence by 2027.</b>	<ul style="list-style-type: none"> <li>• 1,000 sq.m training facilities developed by 2027.</li> <li>• 15 Jobs Created by 2033.</li> <li>• 29 Jobs accommodated by 2033.</li> </ul>	<ul style="list-style-type: none"> <li>• 5,000 sq.m of hybrid production &amp; training facility developed by 2027.</li> <li>• 118 Jobs created by 2033.</li> <li>• 140 Jobs accommodated by 2033.</li> </ul>
2.	<b>To deliver industry led, net zero skills training and development.</b>  <b>Upskilling the local/regional/national labour markets with appropriate skills to enable transition to a net zero economy, whilst supporting the development local and regional low carbon projects by 2033.</b>	<ul style="list-style-type: none"> <li>• 50 Training courses per annum delivered by 2033.</li> <li>• 3,500 individuals trained by 2033.</li> </ul>	<ul style="list-style-type: none"> <li>• 50 training courses per annum delivered by 2033</li> <li>• 3,500 individuals trained by 2033.</li> </ul>
3.	<b>To establish as a central hub for national RD &amp; I activity. Using the state of the art facilities to increase the number and quality of low carbon businesses in the region, promoting further investment and innovation, by 2033.</b>	<ul style="list-style-type: none"> <li>• Investment attracted £50m + £5.5m private by 2033.</li> </ul>	<ul style="list-style-type: none"> <li>• Investment attracted £50m + public /£9m Private by 2033.</li> <li>• 15 SMEs Accommodated</li> </ul>

Located on a brownfield site on Baglan Energy Park the facility will enhance the growing RD&I cluster in the area to transform the area into a knowledge focused business hub, creating hundreds of skilled jobs.

The land negotiations between NPTCBC and Welsh Government are advanced, and there are no issues currently identified. Further site surveys will be undertaken as part of the development process to understand what site remediation may be required.

The land is owned by Welsh Government and the overall capital costs of delivering the entire enhanced project are estimated to be circa £22.5m – **this OBC is seeking the approval of an additional £5.3m to create a 1,000 square metre National Net Zero Skills Centre of Excellence ('NNZS') within the facility.** The Council plans to procure a partner to operate the facility and its sustainability will be realised through existing links with industry, academia and government.

With a focus on decarbonising the manufacturing process, the EAMPF project derives from the Swansea Bay City Deal *Supporting Innovation and Low Carbon Growth* programme, which has been developed to inject momentum into the delivery of sustainable growth and job creation in the Swansea Bay City Region. The project forms part of the programme's *Industrial Futures* tranche, which has a primary objective to address the gap between demand and supply for business and industrial sites and premises, as well as creating the right environment for innovation, new technologies and a decarbonised local and regional economy.

**This business case is seeking an additional investment of £5.3 million from the City Deal, in addition to the £17.2m already secured for the construction of the Advanced Manufacturing facility ('AMPF'). As stated above this additional funding will enable the project to deliver an Enhanced AMPF, incorporating the NNZS, and as a result will address the existing skills gap as we transition to a Net Zero economy.**

### *1.3.2 Existing arrangements*

The potential impact of the EAMPF (AMPF and NNZS) to address the strategic drivers and deliver the outcomes articulated by the Investment Objectives is wide ranging.

This section therefore describes the '*status quo*' from a broad perspective, covering:

- Regional Productivity
- Manufacturing
- Academia & Research, Development & Innovation
- Sector Clustering
- Net Zero Skills

### 1.3.2.1 Regional Productivity

The Swansea Bay City Region (SBCR) is a critical driver for the Welsh economy, with a population of 688,000, supporting 302,000 jobs and 22,000 businesses. Figure 1.4 below shows regional productivity per hour is underperforming compared to the UK average and the Cardiff Capital region over the past two decades<sup>37</sup>. In 2015, GVA per employee was 74% of the UK average<sup>38</sup>, down from 77% in 2010 and 90% in 1981/39. Only 71% of the working age population is classed as economically active compared to 76% for the UK as a whole<sup>40</sup>. Skill levels in the region compare poorly to other regions of Wales and the UK, with fewer people with high levels qualifications and many with none at all<sup>41</sup> and reliance on the larger foundational industries in the region to support the regional economy and provide high value jobs.

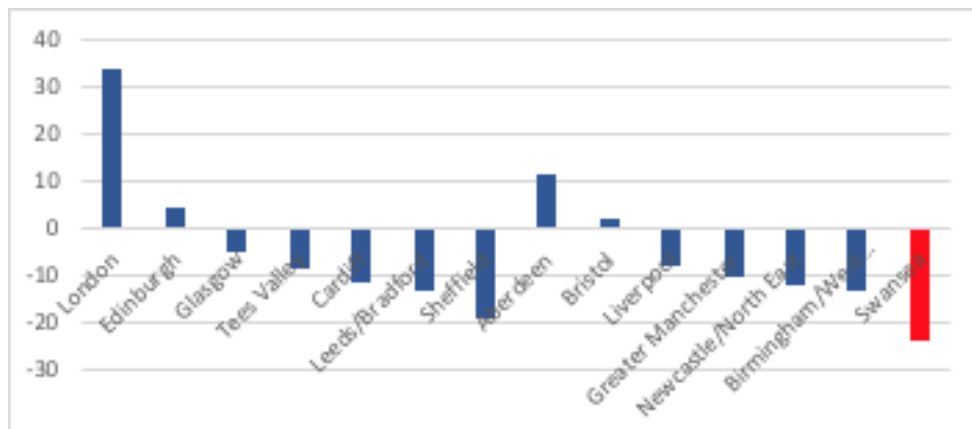


Figure 1.2 – SBCR productivity per hour relative to UK average (2016)

### The Landscape of Wales - Sector Employment Demographics

Data from Enginuity (sector organisation representing engineering and manufacturing in Wales) reflects that the combined Advanced Manufacturing and Engineering (AME) sub-sectors in Wales employ 96,900 people across 5,805 establishments. Of those working in AME, an estimated 66,000 people are employed in technical roles such as professional engineers, scientists and technologists.

<sup>37</sup> <https://www.walesonline.co.uk/business/business-news/shocking-economic-figures-wales-regions-14260311>

<sup>38</sup> [Swansea Bay City Region City Deal Heads of Terms](#)

<sup>39</sup> [Swansea Bay City Region Economic Regeneration Strategy, 2013-2030](#)

<sup>40</sup> [Data from 2010. Source: Swansea Bay City Region Economic Regeneration Strategy 2013-2030](#)

<sup>41</sup> [Swansea Bay City Region: A City Deal 2016-2035, The Internet Coast](#)

Key AME sub-sectors in Wales include metals (27% of AME employment), consultancy, testing and analysis (16%), electronics (15%), aerospace (14%) and automotive (10%).

Micro-sized establishments (less than 10 employees) account for 82% of total AME establishments, Small and Medium-sized Enterprises (SMEs (10 to 249 employees)) represent 17% of establishments and less than 1% of AME establishments in Wales are large (250 employees plus) – just 495 of approx. 120,480.

### *Demographics of the technical workforce in the AME sectors in Wales*

**Working status** - 95% of the AME technical workforce is a company employee and 95% of the technical workforce is employed on a full-time basis with only 9% of the technical workforce being female. 6% of the technical workforce is aged 16-24 years old, with 9% aged 60 years and over. Only 8% of the technical workforce has some sort of disability with only 5% of the technical workforce coming from an ethnic minority.

**Occupations** - In terms of technical occupations, approximately 12,500 people are employed as technicians, 19,670 people are employed in craft level occupations and 17,345 in operator level occupations. These three technical occupations account for 75% of total employment in technical occupations within the AME sectors in Wales.

**Employment trends** -The AME sectors in Wales have experienced a period of major restructuring. Between 2010 to 2014, there was a net gain of nearly 17,000 jobs (+21%), compared with an increase in employment of 3% across all sectors in Wales. In 2015, there were 433 postings for technical engineering jobs in Wales.

**Employment projections** - Considering retirements, for operator, craft and technician technical roles, there is expected to be a net requirement across the AME sectors in Wales for 4,000 new recruits (800 per annum) in these occupations between 2016-2022.

**Vacancies** - Employers in the AME sectors in Wales show a substantial demand for new recruits. In 2015, it was estimated that 18% of AME establishments in Wales had vacancies compared to 14% of establishments across all sectors. In total, there were 1,400 vacancies across the AME sectors in Wales. In terms of specific occupations, it is estimated that there were vacancies for 210 operators, 550 crafts person's and 130 technicians.

Over three-quarters of all AME vacancies in Wales were from SMEs (50-249 employees).

It is estimated that 10% of AME employers in Wales had hard-to-fill vacancies with a total of 660 hard-to-fill vacancies reported. Two-thirds of all hard-to-fill vacancies were in craft, technician and operator occupations. Skill shortages in applicants were the main reason for these hard-to-fill vacancies. Employers

in Wales have increased their provision of off-the-job training from 47% in 2013 to 49% in 2015, reflecting an increased awareness of the need to tackle the problem themselves.

### 1.3.2.2 Manufacturing

MAKE UK, which represents the UK manufacturing community, reported on the current state of the manufacturing sector in June 2020. It stated that manufacturing has continually reinvented itself in order to adapt to the many factors and forces which drive change (source: A manufacturing future for Wales: a framework for action)<sup>42</sup>.

One of the main manufacturing opportunities in South Wales is in the established steel and metals industries. This section therefore examines the extent of this industry in the region, the impact on the regional and UK economy and describes smart manufacturing approaches being pursued in relation to these industries.

There is a diverse range of steel and metal producers, suppliers and customers within the SBCR, critical to the UK, national, regional and local economies.

The UK steel industry directly contributes £1.6 billion to the economy, employs 31,900 people in production facilities, downstream processing and rolling and distribution businesses and supports 52,300 jobs through its supply chains and local communities<sup>43</sup> contributing £3.9 billion. The steel and metals industry in South Wales is the foundation of this economy, comprising:

- Tata Steel – the largest steel producer in the UK – with four facilities in Wales, employing over 5,000 people in the SBCR at the Port Talbot integrated steel works and steel packaging operation within Llanelli. Every job at Tata Steel supports another 1.22 within the region<sup>44</sup>
- Celsa Steel and Liberty Steel with large operations in Cardiff and Newport
- Internationally recognised metal producers and SMEs: Timet, a titanium manufacturer supplying one-fifth of the world's titanium; Sandvik Osprey, a global leader in the production of gas atomised metal powders; Wall Colmonoy & Weartech, producers of cobalt-based alloys; Vale, one of the largest refineries in Europe producing high purity nickel and subproducts; and Darlow Lloyd, specialising in waste management and asset recycling

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<sup>42</sup> <https://gov.wales/sites/default/files/consultations/2020-09/manufacturing-future-wales-consultation-document.pdf>

<sup>43</sup> <https://www.makeuk.org/insights/publications/new-deal-for-steel>

<sup>44</sup> <https://wer.cardiffuniversitypress.org/articles/abstract/10.18573/j.2012.10440/>

Figure 1.3 below shows the associated average salary in the steel industry is 28% higher than the national average and 46% higher in Wales and Yorkshire and Humberside – areas of high socio-economic deprivation.

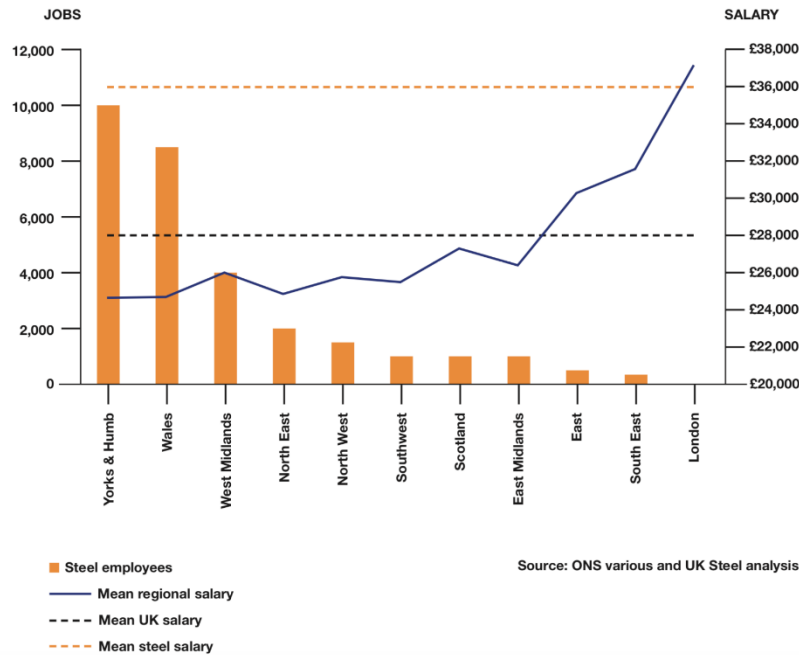


Figure 1.3: UK steel employment by region, average regional and steel salary<sup>43</sup>

There are six steel producing companies in the UK with associated downstream processing, rolling and distribution businesses, producing 7.3 million tonnes of crude steel which was further processed into a finished product, such as strip, plate and wire rod.

Steel is endlessly recyclable, versatile, cost effective, ubiquitous and critical to a diverse industrial economy, with supply chain linkages into major downstream manufacturing sectors such as automotive, aerospace, rail, construction, energy, packaging and machinery.

Market sectors are transforming to improve performance and reduce carbon emissions. UK steel producers are striving to develop and supply higher-value steel – for example, the construction sector is developing low-impact energy efficient housing and the automotive sector is reducing vehicle weight and moving towards electrification.

UK finished steel demand forecast was 11 million tonnes in 2030<sup>45</sup>, split by market sector, with construction and automotive being dominant areas (see Figure 1.4).

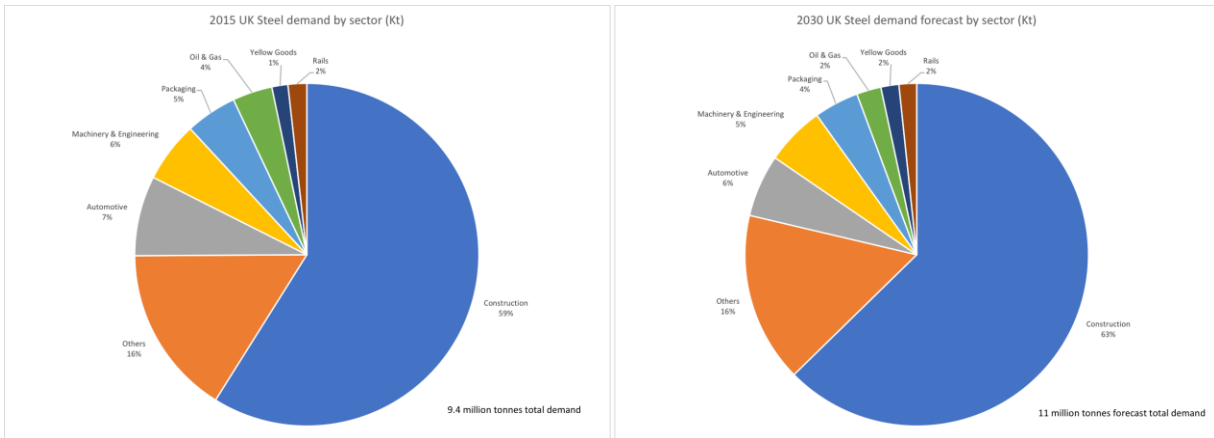
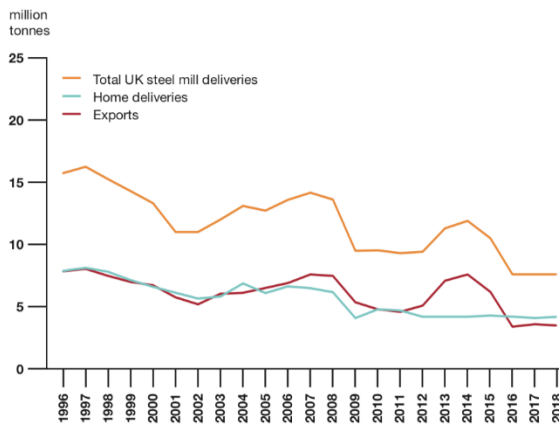


Figure 1.4: Forecast finished UK steel demand by sector

Note: 'Others' includes appliances, light and commercial vehicles, ships, rolling stock, process equipment and internal combustion engines

While UK demand for steel continues to increase, there has been a steady decline in home and export deliveries (see Figure 1.5 below).

### UK steel mill home and export deliveries 1996 - 2018



### UK steel requirement 2010 - 2018

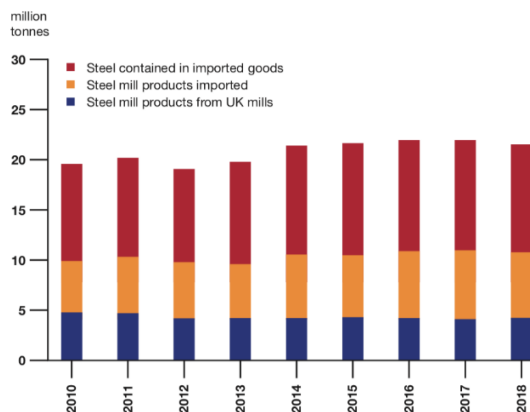


Figure 1.5: UK steel mill product supply into the UK market and level of exports<sup>46</sup>

<sup>45</sup> <https://www.gov.uk/government/publications/uk-steel-industry-future-market-opportunities>

<sup>46</sup> <https://www.makeuk.org/insights/publications/uk-steel-key-statistics-guide-2019>



In terms of trends impacting on future demand, a number of broader ‘macro’ trends are likely to impact future employment and manufacturing across Wales, including Port Talbot. These are mostly related to technology change and its associated cultural impacts e.g. increased flexible working / homeworking and an increase in self-employment. There are also changing opportunities in manufacturing e.g. 3D printing for small-scale prototyping and production, which may lead to changing demand for industrial and ‘hybrid’ units.

**Therefore it is very important that the EAMPF/NNZS is flexible and able to adapt to changing cultures, technologies and manufacturing needs.**

Neath Port Talbot has a large manufacturing and engineering skills base, anchored through the presence of large regionally significant employers such as Tata, which employs approximately 4,000 people. With approximately 18% of employees working within manufacturing, these skills are an asset to new businesses investing in the region, and to the existing business base, as traditional skills are transferable into new industries or to new operational processes.

**Upskilling and leveraging the existing manufacturing skills base will be a key activity of the EAMPF/NNZS and doing so support the economic transition to a low carbon economy.**

With Neath Port Talbot’s strengths and capabilities, there is a clear economic opportunity to use the EAMPF as a catalyst to drive investment towards net zero activity, whilst at the same time considering other sectors so as to enable not only a low carbon but diversified future economy.

#### *1.3.2.3 Academia & Research, Development and Innovation*

Academic institutions in Neath Port Talbot are hubs for innovation and high quality skills development. Swansea University is the third largest university in Wales, is research-led and its Bay Campus is located in Neath Port Talbot.

**The Swansea University Bay Campus** is home to a multitude of innovation assets, and teaches a range of courses, with specialties in subjects including science and engineering.

**The Neath Port Talbot Group of Colleges** is a leading further education and vocational qualifications provider, voted the number one training provider in Wales in 2020.

Accessibility to a highly skilled workforce and provision of skills training at quality academic institutions should be a key attractor for businesses looking to expand or locate in Neath Port Talbot. There are also

opportunities for academic institutions to play a role in assisting with the deployment of green skills at the EAMPF and retraining the existing labour market as industries move towards more sustainable activities and a greener economy.

Research and development is fundamental in enabling businesses and economies to respond to new challenges. R&D activities in Neath Port Talbot are playing a key role in creating the conditions for business growth and ensure the long-term resilience of the economy.

RD&I clusters exist around Baglan Energy Park, Harbourside, Swansea University Science and Innovation Bay Campus and University of Wales Trinity St David Waterfront Innovation Quarter Campus in SA1, Swansea. The region has a growing number of RD&I initiatives and Centres of Excellence led by the local universities – Swansea, Cardiff, South Wales, and Trinity St David including:

**SPECIFIC UK Innovation and Knowledge Centre (Buildings as Power Stations):** Focused on research, proof of concept and commercialisation of building-integrated technologies that captures and stores solar energy.

**Welsh Centre for Printing and Coating:** One of the World's leading centres in printing and coating.

**Energy Safety Research Institute (ESRI):** Delivers research in energy and energy-safety.

**Materials Research Centre:** One of the UK's leading centres in materials teaching and research.

**Centre for Solar Energy Research (CSER):** This facility collaborates on renewable-energy R&D across Wales and has proven expertise and a world class reputation in researching novel photovoltaic materials and devices.

**Future Manufacturing Research Institute:** The FMRI, Swansea's newest Research Centre, aims to transform the field of manufacturing through a unique combination of expertise and facilities focused on digital and advanced materials / manufacturing.

**Swansea Additive Manufacturing Research:** This group aims to understand and develop additive manufacturing processes, specifically powder bed laser fusion.

**Materials Advanced Characterisation Centre:** Also referred to as MACH1, the centre offers a wide range material and measurement capabilities to deliver multi-sample, high-throughput testing of advanced materials to industry.

**ASTUTE 2020+ (Advanced Sustainable Manufacturing Technologies):** The partnership provides expertise and R&D support in 3 key areas: Advanced Materials Technology, Computational Engineering Modelling, and Manufacturing Systems Engineering.

#### *1.3.2.4 Other key research facilities in Neath Port Talbot*

##### **Global Rail Centre of Excellence**

The Global Centre for Rail Excellence, will be a unique and purpose built facility and dynamic testing environment for rolling stock testing and rail infrastructure, in addition to providing storage and maintenance for rail transport. The centre will include test ovals, alongside R&D and training facilities and a proposed hotel. The project also seeks to bolster the region's position as a **low-carbon** hub, through investigating the provision of green hydrogen production fed from adjacent wind and PV farm developments, to be used on site.

##### **Steel and Metals Institute (SaMI) Transitioning to SWITCH Harbourside**

The Steel and Metals Institute SaMI is an open access facility that works predominantly with the steel and metals industry to deliver practical innovative solutions. SaMI supports the steel and metals industry in the challenge to decarbonise through lower carbon products and processes, reduced carbon emissions, and creation of a circular economy.

##### **Advanced Engineering and Materials Research Institute (AEMRI)**

The AEMRI will be an engineering inspection facility at TWI Wales. The centre will support aerospace, automotive, electronics, nuclear and renewable energy research.

##### **TWI Technology Centre (Wales)**

The centre specialises in the development and application of non-destructive testing (NDT) which is important in sectors such as transport, petrochemicals and energy.

##### **South Wales Industrial Transition from Carbon Hub (SWITCH)**

SWITCH conducts research, focusing on 'future-proofing' the steel industry and its supply chain through innovation. Funding via the City Deal will be used to fund a purpose built facility and equipment for this research.

Wales' first commercial energy positive **Bay Technology Centre**: Comprising 24 offices and 8 labs, the centre provides high-quality flexible office space for existing businesses in the energy and renewables sector, including those starting and scaling up.

#### *1.3.2.5 Sector Clustering*

Some of these clusters are located on-site at the universities but many are located elsewhere, including a strong innovation clustering around the Port Talbot Waterfront Enterprise Zone (PTWEZ) which incorporates Baglan Energy Park (BEP) and Harbourside, including:

- BEP is home to the Baglan Bay Innovation Centre, a 39,000 sq. ft. facility built over four floors, that provides 32 incubator units and communal meeting rooms for innovative, high-tech and sustainable technology led businesses to grow.<sup>47</sup>
- BEP has also attracted world class investment from a range of high-profile companies including GE Energy, Hi Lex Cable Systems and Montagne Jeunesse.<sup>48</sup>
- Also located on BEP is Wales' first Renewable Hydrogen Research and Demonstration Centre, run by the University of South Wales, and SPECIFIC, the Sustainable Product Engineering Centre for Functional Innovative Coatings, run by Swansea University, with strategic partners Akzo Nobel, NSG Pilkington, Tata Steel and Cardiff University.
- Harbourside is also developing into a new business hub. The new Harbourside R&D Village is already home to leading global innovators such as Tata Steel and TWI UK Ltd and is developing a reputation for successful innovation in production. Land has also been identified here for a proposed new education campus planned by Neath Port Talbot Group of Colleges.

The clustering of businesses alongside other businesses and academia is recognised as a key enabler of innovation. Neath Port Talbot is characterised by clustering of R&D and innovation assets, specifically at **Swansea University, Baglan Energy Park** and **Harbourside Business Park** highlighting great potential for knowledge sharing between academia, industry and business.

The **SWIC Cluster and Deployment Plan**<sup>49</sup> is a cluster of key industrial companies across South Wales who are together driving innovation with the aim of reducing carbon emissions and supporting ambitions for a green industrial revolution ambitions.

**The project will create opportunities to showcase the wider region and Wales as a leader in decarbonisation and clean growth, for example through CCUS, hydrogen and circular economy initiatives.**

**The EAMPF project recognises and will be central to any future opportunities for further business and innovation clustering across Neath Port Talbot, including the potential for a Silicon Valley-style 'Innovation Accelerator', which could drive innovation and delivers quality jobs that raise prosperity and boost economic growth.**

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<sup>47</sup> Viability Study for Plot 4 Baglan Energy Park, Rowland Jones, 2015

<sup>48</sup> Swansea Bay Technology Centre Pre-Design Assessment V2.0. Solcer Ltd, 2018

<sup>49</sup> <https://www.swic.cymru/deployment>

### **Floating Offshore Wind (FLOW)**

FLOW is a key and emerging opportunity for Port Talbot, which this opportunity could bring forward further private sector investment in the region and generate new green jobs.

This opportunity is reinforced within ABP's vision for the future of the Port in Port Talbot. FLOW could support existing industries and create new. The potential for greater offshore wind development throughout Swansea Bay and the Celtic Sea, could contribute to meeting the energy needs at the Port of Port Talbot but also create new jobs through both construction and maintenance. There are manufacturing opportunities throughout the wind turbine supply chain such as in cable manufacturing. Steel is identified as one of the key components required for FLOW, which gives Port Talbot a competitive advantage through its proximity to the steelworks. There is also export potential for some of the supply chain areas such substructure fabrication and turbine assembly. FLOW opportunities at Port Talbot would be synergistic with the capabilities of nearby areas, for example, offshore maintenance at Milford Haven.

### **Celtic Freeport Bid**

NPTCBC working with Pembrokeshire Council, Milford Haven Port Authority and Associated British Ports have been successful in their Freeport Status bid to Welsh Government with the aim of establishing a globally significant world class renewable energy cluster for FLOW, hydrogen, CCUS and related manufacturing (incl. alternative fuels).

Freeport status will enable us to:

- Embrace technological change and drive innovation.
- Strengthen our links further academia and innovation assets and projects such as South Wales Industrial Corridor (SWIC); South Wales Industrial Transition from Carbon Hub (SWITCH), Mobile Energy Storage as Heat (MESH) (collaboration between Tata and Swansea University to capture, store and release heat from the steelworks to heat buildings), Hydrogen Research Centre, Flexis, SPECIFIC, etc.
- Attract large scale private investment in the energy technologies of the future.

#### *1.3.2.6 Net Zero Skills*

The Welsh Government's Net Zero Skills Action Plan sets out the strategy for developing the green skills our economy will require, now and in the future, as it transitions to low carbon/net zero.

Current provision of green skills in the region is both sporadic and patchy, mainly focussed around traditional 'sustainability' skills, and being delivered primarily by existing academic institutions. There is little coordination of industry led skills training, and an absence of flexibility in delivery methods and

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facilities to be able to respond to and address skills training for new or emerging products, methods or technologies.

Recent activity undertaken by the SBCD Skills & Talent project has developed a skills barometer spreadsheet which identifies all of the skills providers in SW Wales along with courses on offer. This has also allowed the skills team to identify the gaps in skills provision across SW Wales and identify key areas when skills are needed.

There is currently very limited skills training which is directed towards future local development programmes such as FLOW and Celtic Freeport, and there is a need to look further to the horizon at what the skills requirement will be within the next 3 – 5 years.

## 1.4 Business Needs

The Business Needs represent the gap between the desired outcomes (Investment Objectives) and the Existing Arrangements expressed as problems with the status quo and opportunities for change.

To reflect the problems and opportunities associated with the Existing Arrangements, this section is structured against the headings from the Existing Arrangements section:

- Regional Productivity
- Manufacturing
- Academia & Research, Development & Innovation
- Sector Clustering
- Net Zero Skills

### 1.4.1 Regional Productivity

The Welsh Government Economic Action Plan identifies increasing productivity and diversification as key to economic growth. The steel industry is well established in the SBCR and a major contributor to GVA, jobs and the local economy, but overall, the productivity of the region is underperforming, with GVA at 74% of the UK average and decreasing over time.

The region needs targeted investment to arrest the decline in economic performance. The development of the region's research, development and innovation sectors to develop clustering opportunities is critical to future proofing the economy and harnessing the opportunities of the Green Industrial Revolution. A

key opportunity is to build on the existing industry and steel production in the region, but in doing so, diversify the industrial and manufacturing base and support the associated supply chain. Doing more of the same will not work. – there is a need to drive change, meet modern demands and standards, including increasingly stringent environmental standards, to cement the region’s future for steel expertise, RD&I, energy and renewables sectors and to create and safeguard jobs.

Productivity gains and boosting the region’s economic competitiveness can be achieved through existing companies, start-up companies and inward investment. Key growth sectors are energy, renewables, advanced manufacturing, high value engineering, ICT, financial and business services, and tourism.

### **Bridging the Regional Skills Gap**

With craftsperson’s, operators and technicians being the occupations most likely to be affected by the need to acquire new skills or knowledge there is clearly an identified need to have a training provision to support these potential learners employed or likely to be employed in our key sectors.

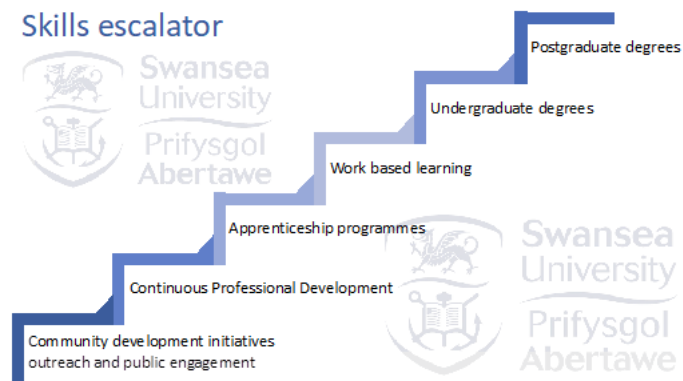
The advertised reason for these specific skills gaps in the AME sectors is a lack of experience because of recent recruitment or possible deficiencies in existing training provision within the local Work Based Learning provision with the main skills cited as technical, practical or job specific skills (approximately three quarters of regional establishments reporting skills gaps).

The proposal is to design and build the EAMPF providing programmes of study at the required levels and content to support companies and their staff to reskill or upskill in the new emerging technologies used in industry 4.0, or to enable people to develop new careers in advanced manufacturing in addition to their apprenticeships or vocationally specific qualifications.

The EAMPF would provide training using “Leading Edge” equipment and processes which will underpin the transition of Local Wales companies up to industry 4.0 level of operations.

The initial Level of outcomes for learners would be targeted at Level 3+, upskilling craftsperson’s to a new content or higher level not currently available through their Work Based Learning or Academic programmes of study. This would complement the “NOW SWITCH” proposal (Net Zero Wales Sustainable Welsh Industrial to Transition from Carbon hub) initiated by Swansea University.

One of its 4 elements being the “Switch on Skills and their Skills escalator” which is also aimed at level 3+ learners.



Overall, there is an over reliance on the foundational industries to support the economy and provide high value jobs. Economic diversity is increasingly important as are skills – there are too few people with relevant high-level qualifications and many with none at all – all of which contributes to a lack of innovators and entrepreneurs in the region.

The recently published skills barometer provides evidence that South West Wales is lacking in skills providers who can support the net zero skills agenda with courses appropriate to this area. In addition, Industry Wales has identified the need for industry led skills provision to meet the needs of industry over the next 5 to 15 years.

During the project development period the South West Wales Regional Learning and Skills Partnership were consulted within the context of their role with the SBCD Skills and Talent programme and more generally with the promotion of learning and skills across the region. An extract below is provided from the letter of support written by Jane Lewis (Regional Partnership Manager) (See Appendix 2.1) on behalf of the RLSP.

***“The development of a Centre of Excellence of Net Zero skills will meet the ambitions of the City Deal Skills and Talent Programme not only by bringing a Centre where people and businesses can learn and manufacture together but, it will be a venue where academics in our universities and colleges can work together. This will be a unique opportunity where Higher and Further Education; School Education can learn from each other and have greater links to learn from the manufacturers themselves, sharing best practice and building the skills platform of the future, creating economic growth for the region.”***



**Economic business needs are to:**

- **Diversify the economy (industrial and manufacturing base), increase productivity and stimulate recovery by supporting the steel and metals industry and the decarbonisation of industry, alongside encouraging existing innovation clusters to further develop.**
- **Support the supply chain associated with the industrial and manufacturing base.**
- **Develop skills in the region to support existing and developing industry.**

#### 1.4.2 Manufacturing

There is a need to develop clean growth ‘mini clusters’ and net zero industry clusters. The South Wales Industrial Cluster (SWIC) has recently been awarded funding from UKRI to develop a net zero industrial cluster in South Wales, which includes Port Talbot<sup>50</sup>. The SILCG programme will support the delivery of the net zero industrial cluster with its interlinked programme of projects, and in particular the EAMPF will be a central pillar of this support.

In their letter of support for the EAMPF project (See Appendix 2.2) Dr Chris Williams, Head of Industrial Decarbonisation at Industry Wales (on behalf of the South Wales Industrial Cluster) commented ***“we would like to endorse and support the plans for the addition of the National Net Zero Skills Centre of Excellence with the ambition to upskill the existing workforce and provide relevant training for new people who wish to work in the green economy and maximise the opportunity of the number of new developments taking place in the region.”***

The UK steel industry is a major contributor to the UK economy and South Wales and the SBCR are core to that economy. Over the past 20 years, despite increasing demand for steel and steel products in the UK, UK suppliers have not been able to fully satisfy this demand (and export demand), losing market share to foreign suppliers.

Safeguarding the steel industry in the UK and SBCR therefore requires improved competitiveness – meeting customers’ evolving needs for innovative steel products. In the wider global steel market, there is strong competition for steel and metal products and the UK’s opportunity to be competitive is through innovation – creating higher quality steel and metal products; reducing costs and increasing their range of applications and reducing carbon emissions from their processing (given steel and metal production is

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<sup>50</sup> <https://www.ukri.org/news/ukri-announces-winners-of-industrial-cluster-competition/>

a major source of GHG emissions, innovation in steel production and processing could provide very significant improvements to GHG emissions in the SBCR). The SBCR is well placed to drive this innovation, building on the heritage of steel production and skills in the region alongside the support available from the region's universities and research institutions.

### **Existing Manufacturing skills deficit**

26% of advanced manufacturing and engineering establishments ('AME') in Wales reported existing skills gaps. The incidence of skills gaps increases by size of establishment, ranging from 20% of micro-sized establishments to 46% of large establishments.

It is estimated that 7% of the AME workforce in Wales have skills gaps. The main reason for skills gaps in the AME sectors is a lack of experience/being recently recruited. The main skills cited as lacking in employees were technical, practical or job specific skills (approximately three quarters of establishments reporting skills gaps). Employers were most likely to have technical skills gaps with craft, operator, and technician occupations.

The other main skills gaps highlighted include problem solving, team working, oral communications and management skills.

Jane Lewis Regional Partnership Manager at the RLSP reports, ***"There are approximately 9,000 currently employed in manufacturing in Neath and Port Talbot, with 17% due to retire in the next 10 years. The anticipated growth for the region is 16,000 jobs across primary and secondary services and these will be across all levels, bringing in high paid, high skilled opportunities into the region."***

***It is therefore essential to equip the next generation of AME workers with the skills for the future. With significant developments such as FLOW and Free Ports it is key to the economic future of the county/region that we have an appropriately skilled workforce to deliver these opportunities.***

The resultant impact of these skills gaps were increased workload for other staff, increased operating costs, difficulties meeting quality standards and difficulties introducing new working practices. AME employers were clear that the main action necessary to overcome this skills deficit would be to increase training activity/spend or increase/expand trainee programmes.

Developments in manufacturing will support and develop indigenous businesses – and as described above – will be delivered through research and innovation and collaboration between government, industry and academia, as well as developing the skills of the local and regional labour force.

**Business needs in relation to manufacturing are to:**

- **Maintain and improve the competitiveness of the SBCR steel and metals industry.**
- **Support industry, academia and government collaboration through applied research.**
- **Establish a robust, flexible and accessible training programme/system to upskill existing and potential employees within the sector.**

#### *1.4.3 Academia, Research, Development & Innovation*

There is a need to further develop the region's RD&I sectors to support economic growth and diversification, in particular in the Clean Growth sectors including energy and renewables.

The range of regional assets as detailed in the existing arrangements section demonstrates the potential of the regions applied research output in relation to ICT, advanced manufacturing and life sciences. The key to turning this applied research into economic growth is through commercialisation of research and spin-outs. **There is a need to facilitate the spin out and product development which will be supported by increasing the stock of a range of modern commercial/industrial premises, and in relation to this proposal, the development of the EAMPF.**

Professor David Worsley OBE, Swansea University in his letter of Support for the NNZS project commented, **"This centre is clearly allied closely to SWITCH Harbourside and sits in a local net zero ecosystem including our SPECIFIC project sites, the Cardiff University Combustion Centre and the USW Hydrogen hub. It is indeed very exciting to be part of this journey and the news that you are planning to support net zero skills escalation meshes uniquely with our work with the SWITCH on Skills programme."** (Appendix 2.3).

Dr David Warren at Swansea University, M2A Operations Manager at Swansea University (See Appendix 2.4) **comments "I see many opportunities for collaboration at the Advanced Manufacturing Production Facility including research and skills to develop the technology and workforce to reach our Net Zero goals and contribute to a prosperous region."**

An established, cohesive and multidisciplinary research base is in place for steels and metals in the SBCR, with collaborations between government, industry and academia through Swansea University's research centres including SPECIFIC, MACH and SaMI. Their research supports the local and national steel industry to remain competitive through innovation in products and processes and seeking decarbonisation opportunities. However, these collaborations require support to thrive – they are constrained by lack of space, researchers, equipment and unsuitable infrastructure:

- Although high quality research and innovation is present within the region, the research community from which impact can be delivered is relatively small<sup>51</sup>.
- Current applied research capability is constrained by low grade infrastructure and lack of available space for expansion.
- People, including co-located industrial staff already exceeding available capacity with design layout and space impacting on the ability to collaborate effectively.
- Current equipment capability insufficient to meet research needs.

Addressing these problems would improve the quality and scope of metals research and the associated output with opportunities to investigate such areas as:

- Alternative low carbon fuel sources for steelmaking.
- Improve scrap segregation and utilisation while meeting quality requirements.
- Use of societal waste as a fuel source in the steelmaking process.
- Improve product capability through alloy development and late-stage product development, integrating approaches that will accelerate development stage.

**Business needs in relation to RD&I are to:**

- **Support maintenance and growth of market share in the steel and metals industry by ensuring the UK and SBCR remain leaders in steel innovation, advancing RD&I and decarbonisation**
- **Address the practical needs of RD&I that support commercialisation through spinouts, high growth start-ups and indigenous business growth – providing appropriate infrastructure and collaborative space for industry and academia, including flexible office/laboratory, industrial premises, and classroom facilities for learning/training.**

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<sup>51</sup> [https://www.hefcw.ac.uk/documents/policy\\_areas/research/reid-review-en.pdf](https://www.hefcw.ac.uk/documents/policy_areas/research/reid-review-en.pdf)

#### 1.4.4 Sector Clustering

The range of regional research and innovation assets demonstrates the potential of SBCR's applied research output. Turning this into productive economic activity requires research to be commercialised and spun out into new companies, which relies on strong links between academia, research, and industry through **physical co-location and collaboration**.

Incubation, early-laboratory and real-world living-laboratory facilities and proving factories are key components of successful innovation ecosystems around the world. Demand is increasing for these capabilities, with 30 enquires from companies within the last 12 months, requiring 12,350 m<sup>2</sup> of business space and outstrips limited supply. As of 2016, Swansea had four incubators according to official research conducted by the Department for Business, Energy and Industrial Strategy. However, with the exception of TechHub, each is either creative-industry or health-focussed and not in a position to support spin-outs and potential high-growth start-ups in the targeted areas such as energy, renewables, and smart manufacturing. In addition, co-located commercial office space and laboratory facilities are only available at the fully let R&D Village at Harbourside.

**There is therefore a need to meet these demands for 'co-located space' and to continue to provide and increase numbers of appropriately skilled individuals to use them.**

Innovation in the region taking place through the Hydrogen Centre, ESRI, FLEXIS, Baglan Energy Park and Harbourside R&D Village, to support low-carbon energy and can investigate opportunities including:

- Development of renewable hydrogen production, energy storage and usage in vehicles.
- Next generation energy distribution.
- Carbon capture utilisation and storage.

**Business needs in relation to sector clustering are to:**

- **Build on strong existing innovation clusters fostering further collaboration between government, industry and academia.**
- **Encourage private sector investment in appropriate facilities.**
- **Work with the Skills and Talent programme, RLSP and other skills and training providers to map skills gaps to be delivered by NNZS, and secure funding for decarbonisation-focused development of research specialists and work-based learning to ensure there are appropriate skills to support low carbon economy and the Green Industrial Revolution.**

#### 1.4.5 Net Zero Skills

The Regional Learning and Skills Partnership ('RLSP') in their South West Wales employment and skills plan 2022-25 identify that there is a need for **'a huge nationwide education / training programme is required for Net Zero.'**

It identifies that green (net zero) skills need significant attention if we are to have a suitably skilled labour market to drive our economy as we move towards a low carbon society. It suggests that there is an existing shortage of **'specific green skills in all sectors'** and that **this existing skills gap will only increase if it is not addressed.**

In addition to green skills the plan identifies skill gaps in specialist knowledge in the energy sector in areas such as; Turbines, Solar, Hydro, Nuclear, Marine, Tidal, Renewable technologies, Carbon Capture / Decarbonisation.

In the manufacturing sector in South West Wales the RLSP highlights; Smart Manufacturing, Disruptive Technologies / Digital, Materials (sustainability, circular material products) as skill pathways that need to be developed.

In order to continue to transition towards a low carbon economy there is significant importance to develop regional strategy, infrastructure and green skills pathways to support the development of our workforce in order that the skills that will be required in the future are readily available.

The Regional Learning and Skills Partnership (RLSP) brings together industry partners from all sectors along with training/ education providers to develop a strategic partnership to enhance and promote skills and training in the region, specifically to meet the demand of employers both now and in the future. The plan contains key actions on training needs, including the emerging technologies to meet the net zero agenda.

The post COVID-19 landscape for skills has changed the way in which individuals now receive training; there has been a clear shift in the training requirements specifically around digital technology and there has been an increased demand for apprenticeships and work experience opportunities as we emerge from a world of hybrid working.

The RLSP skills plan identifies that recruitment remains a major challenge for many sectors with many facing economic difficulty as jobs remain unfilled. This is compounded by the current cost of living crisis and the challenge of delivering on the climate change agenda, all which impact on the productivity of businesses. However, skills remain a priority for business, and the plan details the priority areas that need to be addressed to ensure that we develop the workforce for the future.

The Net Zero Carbon Budget policy, establishes that all sectors will need to have embedded “green skills” within their workforces and a huge knowledge and upskill process will have to take place. Recruiting educators for these roles is a challenge, both digital and net zero are large ever evolving skills, and attracting talent to fill these roles is difficult. To Achieve Net Zero by 2030 the ‘green skills deficit’ will undoubtedly need to be addressed, with survey responders (*from the RLSP plan*) stating that renewable skills will be the most required job skill in the coming years, yet many employers in the sector are still unsure of what specific skills in this subject area would be needed.

**Business needs in relation to Net Zero Skills are to:**

- **Ensure industry has a clear path and understanding of their support network. Promote availability of upskill and reskill pathways.**
- **Develop skills for current and future regional employer’s requirements, engaging learners with industry and showcasing the exciting opportunities.**
- **Sector perception improvement.**
- **A central hub delivering industry led green skills development.**
- **A flexible green skills delivery strategy, that enables skills pathways to be designed to consider new and emerging methods and technologies as they become apparent.**
- **Skills pathways led by industry in order to ensure ‘industry competency’ as well as having the proficient basic skills required.**
- **Additional funding for specialism and skills developments – particularly in relation to decarbonisation, which needs to be addressed in collaboration with the Skills and Talent Project within the SBCD portfolio.**

## **1.5 Potential Project Scope**

### *1.5.1 Potential business scope and key service requirements*

This section of the Strategic Case starts the process of considering the potential scope of the project based on the changes required to satisfy the identified business needs and deliver the Investment Objectives (outcomes).

Scoping activities will continue throughout the development phase of the project to inform the business case, and a related needs analysis for the advanced manufacturing industry in the region with the focus being inclusive of:

- **New Technologies** – Differentiating between the educational offer available and working well, the educational offer available which needs improvement and finally the educational offer which is yet to be developed all based around employer need.
- **Stakeholder Perception** -The way forward and how they can be involved.
- **Staged implementation strategy** – Trying to meet the overall need of employers.
- **Legacy** – How will the strategic plan include funding not just for capital investment but for day-to-day activity in management of such an innovation centre.
- **Knowledge Flows** – Availability of Existing Local Provision, Progression, Levels, Skills Transfer, Qualifications, Outcomes and Curriculum content.
- **Talent and Skills Development** – Demographic Challenges and if companies have responded to the challenges with relevant recovery actions already, discussing the implications of such actions.

***Continued stakeholder scoping workshops are expected to highlight specific needs development requirements as indicated by similar requests from other regions in Wales.***

The EAMPF will provide access to cutting edge equipment, systems and software in a state-of-the-art facility, tailored to the needs of learners and industry ensuring a prolific learning experience. It will provide employment led and oriented training needed to develop company's quotas for economic improvement and sustainability.

The NNZS will seek provide the highest quality training by expert trainers in a simulating environment endorsed by leading industrial vendors, where the specialist training programmes would be designed to reduce the skills gaps in supporting industry to accelerate innovation through technology.

### **Co-Location**

The project is to develop an industry led, hybrid facility offering specialist facilities to commercialise RD&I (proving factory concept) supported by industry led skills provision to complement FE/HE provision in the region. It is proposed that these two activities are synergistic, and to gain maximum benefit should be co-located at the same development site.



***“I can see that integrating the skills centre of excellence with an advanced manufacturing centre provides a number of additional, synergistic benefits. For example, the ability to allow first hand industrial training on state of the art manufacturing equipment to give the learners real world experience that cannot be gained from just classroom environments. We therefore feel that the two projects are highly complementary and will bring many positive benefits to the locality and SBCD region.”*** David Gwynne, Interim CEO, Celtic Freeports (See Appendix 2.5).

***“The uniqueness of the centre being co-located with the AMPF will give those undertaking courses the opportunity to practice their new skill sets on state of the art equipment housed in the facility.”*** Ben Burggraaf, CEO, Net Zero Industry Wales (See Appendix 2.6).

***“Combining the skills centre with the advanced manufacturing production facility, an already approved SILCG project, will provide a unique and unrivalled provision in the local area and city deal region for the benefit of all. To address the shortfall in jobs within the green economy that are needed by 2050 this can be addressed with the step change envisaged by supporting a centre of this size and scale in conjunction with the AMPF supporting supply chains and the diverse local manufacturing industry.”*** Nicola Pearce, SILCG Programme SRO, Director of Regeneration & Environment NPTCBC (See Appendix 2.7).

In addition to a number of letters of support from relevant stakeholders (See appendix 2.8 onwards), the concept of co-location has also been proven to be successful in similar facilities across the UK.

#### **CASE STUDY 1 - CATCH (HUMBERSIDE)**

Established in 1999 the **CATCH** facility in Humberside<sup>52</sup> is an example of a hybrid, industry led hybrid facility supporting the process, energy, engineering and renewable industries, with a combination of production and classroom facilities (for skills training). **CATCH** has also recently announced plans for an additional £60M state-of-the-art training facility, to reach a training goal of 1000 apprentices a year by 2029. This significant investment is being made in anticipation of a series of Net Zero projects set to commence from as early as 2024 and beyond, and a corresponding demand for skilled labour will be required. These Net Zero projects are projected to generate a potential 20,000 new industrial jobs, necessitating an unprecedented, rapid upscaling of the existing skills pipelines.

The new Net Zero facility is planned at the same location as the existing facility, and house a national net zero conference and learning centre, bespoke classrooms and workshops for electrical, instrumentation, mechanical technical skills, a welding and fabrication hub with an impressive 160 welding bays, and a UK first of its kind outdoor Process Unit Training Module to enable a real process site experience in a safe environment for all trade skills.

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<sup>52</sup> <https://catchuk.org/about-hcf-catch/>

The **CATCH** Vision is threefold:

1. Being at the leading edge of change, with outstanding employer-led networks sharing best practice and promoting innovation.
2. The provision of a unique, authentic and industry focused training and competence assessment facility with a world class reputation and track record in delivering employer needs.
3. Ensuring future generations of employees are prepared to enter the workplace with the right skills and behaviours needed by industry.

The similarities with the proposed EAMPF project are clear.

The EAMPF will create a hybrid, industry led production and training centre supporting the diversification of the regional economy, creating value added jobs and a working environment where manufacturing and innovative businesses can flourish and where products can be commercialised, thus increasing the GVA of the region. It will be recognised as a national centre for the delivery of the key 'green skills' required to equip the labour market in Wales for transition to a low carbon economy.

#### **CASE STUDY 2 – NATIONAL MANUFACTURING INSTITUTE SCOTLAND (GLASGOW).**

The **National Manufacturing Institute Scotland**<sup>53</sup> or '**NMIS**' is a cutting-edge manufacturing centre led by the Scottish Government operated by the University of Strathclyde, from its base in Glasgow.

Similar to the proposed EAMPF, at **NMIS** industry, academia, and the public sector work together on ground-breaking manufacturing research to transform productivity levels, make companies more competitive and boost the skills of the current and future workforce.

**NMIS** ambitions are;

- Increase productivity by reducing barriers to innovation.
- Grow the economy by galvanising investment and increasing manufacturing competitiveness within Scotland and internationally.
- Catalyse job creation and strengthen supply chain links across the country.
- Provide leadership, build collaborations and enhance capability to influence adaptation and exploit manufacturing opportunities to boost Scotland's transition to a net-zero emissions economy by 2045.
- Inspire and attract talent and equip current and future workforces with the skills they and the manufacturing and engineering community need.

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<sup>53</sup> <https://www.nmis.scot/>

The **NMIS** website states *“We do this by working with manufacturing businesses of all sizes from across Scotland, the wider UK, and beyond making it easier for them to access innovative technologies and connecting them with our widespread national and international network of world-leading industry and academic experts and collaborators.”*

In June 2023 **NMIS** opened its new world-class, flagship facility at the heart of the Advanced Manufacturing Innovation District Scotland (AMIDS) in Renfrewshire, aiming to be a major stimulus for the country’s economy, skills development, and prosperous, sustainable, communities.

This advanced manufacturing facility will support manufacturing, engineering and associated technology businesses of all sizes. Innovative R&D will help them to become more productive, tap into emerging markets, embrace new technologies and achieve net-zero targets.

**The new facility will also be home to the NMIS Manufacturing Skills Academy**, fully connected Digital Factory, and publicly accessible collaboration hub. The Manufacturing Skills academy offers advanced manufacturing training and development opportunities for individuals at all levels of their career.

Both CATCH and NMIS (as well as other examples across the UK and Ireland) will be considered in greater detail as the project plan evolves and consultation for the EAMPF advances.

**The concept of co-locating the advanced manufacturing facility and the National Centre of Excellence for Green Skills has been developed from discussions with industry and academia, and learned lessons from similar facilities around the UK – as outlined in the case studies above. The benefits of cross-working, sharing knowledge and expertise, and allowing both industry and academia to support and develop each other in a specialist and purpose built facility will have long term benefits for the region.**

#### **Expected Training Areas for Engineering and Manufacturing Disciplines**

- Low/Reduced Carbon Initiatives
- Electrical and Electronic Maintenance
- The Smart Factory and Industry 4.0 Initiatives - Autonomous Control
- Digital Implementation Techniques – Coding, Cyber Security and PLCs
- Automation and Control using Robotic Systems of Operation
- Advanced Manufacturing - Additive manufacturing, Machining, CNC, CAD/CAM

The initial Level of outcomes for learners would be targeted at Level 3+, upskilling craftsperson’s to a new content or higher level not currently available through their Work Based Learning or Academic programmes of study. This would be an industry led facility and the training provided would respond to the needs of industry, with approximately three quarters of local companies reporting skills gaps.

The specialist training programmes would be designed to reduce the skills gaps in supporting industry to accelerate innovation through technology.

**Table 1.4 Potential scope and Services**

Investment Objective	Potential business scope & key service requirements
<p><b>IO1 - To support the delivery of the SILCG programme, by constructing an Enhanced Advanced Manufacturing Production Facility and associated National Centre of Excellence for Green Skills by 2027.</b></p>	<ul style="list-style-type: none"> <li>• Investment in the development of high quality, flexible, specialist commercial and industrial premises to support research, commercialisation and collaboration.</li> <li>• Provide infrastructure and support at each stage of the life cycle of a business to enable diversification in research, spin-outs, start-ups, growth companies and inward investment.</li> <li>• Develop clustering opportunities.</li> <li>• Establish an open access facility to work with a range of industrial partners.</li> </ul>
<p><b>IO2 - To deliver industry led, green skills training and development. Upskilling the local/regional/national labour markets with appropriate green skills to enable transition to a net zero economy, whilst supporting the development local and regional low carbon projects by 2033.</b></p>	<ul style="list-style-type: none"> <li>• Ensuring skills and training match the opportunities emerging from the green economy.</li> <li>• Ensure appropriate infrastructure to support R&amp;D, prototype, commercialisation, business growth.</li> <li>• Industry led, specialist green skills pathways to be developed matching the existing and future requirements of the region.</li> <li>• Align skills pathways with national, regional and local green skills strategies and priorities.</li> </ul>
<p><b>IO3 – To establish as a central hub for national RD &amp; I activity. Using the state of the art facilities to increase the number and quality of low</b></p>	<ul style="list-style-type: none"> <li>• Providing proof of concept in decarbonisation interventions for industry, transport, buildings and economic growth.</li> </ul>

Investment Objective	Potential business scope & key service requirements
<b>Carbon businesses in the region, promoting further investment and innovation, by 2033.</b>	<ul style="list-style-type: none"> <li>• Strengthen collaboration between government, industry and academia to secure private and private investment and research funding.</li> <li>• Increasing RD&amp;I in steel and metals to support competitiveness and decarbonisation targets.</li> <li>• Use the EAMPF as a lever to support growth of existing RD &amp; I activity, providing a springboard to increase the region's UK share of RD &amp; I funding.</li> <li>• Attract and retain increased inward investment.</li> </ul>

1.5.2 Benefits

**Table 1.5 Summary of main benefits**

Investment objectives	Main benefits criteria by stakeholder group	Benefit classification	Stakeholder
IO1 IO3	<ul style="list-style-type: none"> <li>• Productivity gains including from commercialisation of R&amp;D, using uplift in salaries of additional jobs to UK</li> <li>• Commercialisation of new and improved products</li> <li>• Productivity gain, based on uplift in salaries of additional jobs to UK</li> <li>• Safeguard and create employment opportunities</li> <li>• More resilient supply chain</li> <li>• Build on existing strengths</li> </ul>	<p><b>CRB</b></p> <p><b>CRB</b></p> <p><b>CRB</b></p> <p><b>CRB</b></p> <p><b>NCRB</b></p> <p><b>NCRB</b></p>	<p><b>SBCR</b></p> <p><b>WG</b></p> <p><b>UKG</b></p> <p><b>Industry</b></p> <p><b>Academia</b></p> <p><b>Community</b></p> <p><b>Wider society</b></p>
IO2 IO3	<ul style="list-style-type: none"> <li>• Income related to industry collaboration and training</li> </ul>	<p><b>CRB</b></p>	<p><b>SBCR</b></p> <p><b>WG</b></p> <p><b>UKG</b></p>

Investment objectives	Main benefits criteria by stakeholder group	Benefit classification	Stakeholder
	<ul style="list-style-type: none"> <li>Value of research, based on funding attracted from public funding sources</li> <li>Increase academia and industry collaboration and innovation</li> <li>Clustering impact</li> <li>Establish the region as a leader in green skills development.</li> <li>Prepare labour market with skills required by industry during transition to Net Zero economy.</li> </ul>	<p><b>NCRB</b></p> <p><b>NCRB</b></p> <p><b>NCRB</b></p> <p><b>NCRB</b></p> <p><b>NCRB</b></p>	<p><b>Industry</b></p> <p><b>Academia</b></p> <p><b>Community</b></p> <p><b>Wider society</b></p>

See Benefits Register at Appendix 3.

1.5.3 Risks

Table 1.6 Summary of main risks

Risk Description	Mitigation
<b>Developmental</b>	
<p><b>Resource capacity</b> Resource capacity of project teams, particularly during the development phase</p>	Effective project governance / re-deployment if necessary / team working.
<p><b>Procurement</b> Failure to generate interest via tender process, potentially leading to increased costs / extended timescales.</p>	Detailed project and resource allocation. Regular progress meetings and project monitoring.
<b>Implementation</b>	

Risk Description	Mitigation
<p><b>Project slippage</b> Slippage as a result of late business case approval, procurement delays or match funding requirements, which could lead to project delay and / or increasing costs</p>	<p>Detailed project and resource allocation. Regular progress meetings and project monitoring.</p>
<p><b>Planning delays</b> Potential slippage, obstruction or increasing costs due to planning delays or unexpected planning conditions/ changes to planning legislation</p>	<p>Effective project management and early communication with the planning authorities. Pre-application consultation initiated.</p>
<p><b>Land ownership issues</b> Inability to negotiate land agreements in a timely fashion could lead to programme slippage and / or increased costs</p>	<p>Detailed programme and resource allocation. Early engagement with land owners. Regular progress meetings and project monitoring.</p>
<p><b>Technological advances</b> Potential cost increases in the long term if equipment needs to be upgraded</p>	<p>Proper engagement with stakeholders to be carried out during development phase. On-going project management / monitoring.</p>
<p><b>Operational</b></p>	
<p><b>Loss of key members of staff</b> Resource capacity of project / project teams, could lead to time delays, increased costs</p>	<p>Effective project governance / re-deployment if necessary / team working</p>
<p>Failure to achieve outputs / outcomes Could lead to clawback of funding and reduced impact of projects.</p>	<p>A Monitoring and Evaluation Plan will be produced. Effective project management processes / meetings to be employed.</p>

Risk Description	Mitigation
<b>Financial</b>	
<b>Increasing capital costs</b> Further funding could be required i.e., unforeseen costs, changing requirements.	Effective project management / budget monitoring.
<b>Dependence on multiple funding sources</b> Further funding may be required if not all sources are secured.	Effective programme management / budget monitoring.
<b>Short term WG and other funding sources</b> Further funding may be required if not all sources are secured.	Effective programme management / budget monitoring.
<b>Failure to secure tenants/Operator</b> On-going revenue responsibilities affecting long term sustainability	Effective programme management processes / early advertising and engagement with potential tenants/operator.

See Risk Register Appendix 4

#### 1.5.4 Constraints and Dependencies

##### 1.5.4.1 Constraints

The constraints that have been placed on the programme are detailed below:

- Project budget based on the fixed funding agreement between NPTCBC and the SBCD.
- 15-year funding profile with a front-loaded delivery within 5 years.
- Availability of development sites.
- Planning and development parameters.
- Requirement to find a suitable operator.



The EAMPF/NNZS project will have an agreed capital budget and delivery timeframe. Proven project management methodologies will be implemented to ensure delivery within budget and management of change process. In addition, NPTCBC will be responsible for ensuring that the specified procurement route is implemented.

Analysis of suitable development sites has been completed with a suitable plot identified for the EAMPF project at Baglan Energy Park. Any further constraints highlighted during design phase will be managed through the project governance process.

#### *1.5.4.2 Dependencies*

To add value to the regional skills ecosystem, the project will ensure synergy and manage inter-dependencies between other projects in the SILCG programme, the SBCD portfolio and FE, HE and private sector provision. The project will not rely on these interventions to fund the skills provisions but the facility could be used to deliver regional skills provision.

The key inter-dependencies are identified below:

- Ensuring added value with FE and HE skills courses, Skills and Talent Programme.
- Ensuring alignment to industry led skills requirements.
- Ensuring alignment and responsiveness to opportunities and threats.
- Operator to establish revenue generating delivery model

There are also a number of external dependencies outside the programme environment:

- **Renewable energy projects within the region:** A stakeholder engagement plan has been developed to ensure alignment between the EAMPF and other initiatives, programmes and projects in the region.
- **SBCD Skills and talent project:** Align the proposed skills activity within the EAMPF with the SBCD skills and talent project to identify skills and talent development requirements, enhancing existing provision within the region.
- **Strategies and policy drivers:** Governance process to ensure a continual review of any new policies and changes that could have a potential impact on project delivery.
- **Private sector engagement:** Stakeholder management at SILCG programme level and specifically related to EAMPF project.

## 2.0 The Economic Case

### 2.1 Introduction

This Economic Case section provides an updated perspective of the EAMPF project incorporating scope for associated skills development activities (i.e. from AMPF in PBC to EAMPF). It is set in the context of the Supporting Innovation and Low Carbon Growth PBC, and in response to the Case for Change and broader Strategic Case.

The Economic Case considers the EAMPF in its entirety, rather than appraising the NNZS as a stand-alone operation. The rationale for combining this assessment is that the AMPF and the NNZS are intrinsically linked, both in terms of activity and their co-location, and thus the combined EAMPF project will generate economic output 'more than the sum of its individual parts'. In other words, the two activities (AMPF and NNZS) will complement each other, leading to increased economic impact of both activities by the fact they are working together/co-located.

The ambitions to deliver against the SILCG programme have been built into the overarching PBC and project-level SOC, appraising (including revisiting) options against the following Investment Objectives (developed as SMART in section 1.3.1);

- To support the delivery of the SILCG programme, by constructing an Enhanced Advanced Manufacturing Production Facility and associated National Net Zero Skills Centre of Excellence by 2027.
- To deliver industry led, green skills training and development. Upskilling the local/regional/national labour markets with appropriate green skills to enable transition to a net zero economy, whilst supporting the development local and regional low carbon projects by 2033.
- To establish as a central hub for national RD & I activity. Using the state-of-the-art facilities to increase the number and quality of low carbon businesses in the region, promoting further investment and innovation, by 2033.

Long-list options were developed initially in October 2020 (SOC) and subject to comprehensive review within the PBC development in May 2021 (See Appendix 5). Potential for alignment with the wider programme to maximise value for money, including risk management was a core part of this exercise. These options are summarised and reviewed from SOC potential for:

- A - Do Minimum: **Rely on existing activity/sites, with minimal investment such as into expansion of existing programmes.**
- B - Dispersed Growth: **Investment fund for disparate activities to address training and practice needs.**
- C - Intermediate I: **Incremental development of activities at existing key sites (variants of this option are presented in Option B and the prior AMPF SOC).**
- D - Individual NZ Skills Centre: **Dedicated facility for delivery of relevant skills programmes.**
- E - Intermediate II: Mixed – **Integrated Advanced Practice and skills development facility (Preferred Approach).**
- F - Intermediate III: Mixed – **Multiple Site Incremental Development and fund for disparate activities.**
- G - Do Maximum: **Expand existing sites and establish new Integrated Facility (+D).**

Short-list Options were developed through a series of engagements with key stakeholders of Local Government, Industry (through Industry Wales, Net Zero Industry Wales and local industry), RLSP and academia (FE/HE) through to June 2023 (See Appendix 1). Subsequent analysis focused upon Investment Objectives and Critical Success Factors. This identified a Preferred Option along with Alternatives, appraised as summarised below, baselined against both Do Minimum and the earlier form AMPF (prior to SILCG programme) presented in the PBC.

- Do Minimum: **Reconfiguration of existing facilities and provider activities for alignment with EAMPF objectives.**
- Preferred Approach: **Creation of Integrated Advanced Manufacturing Centre (i.e. AMPF + Skills Centre) co-locating Practice and Skills development.**
- Alternative (1): **Development of single site with investment fund for distributed skills and practice activity (potentially managed through NPT/SBCR/partners).**
- Alternative (2): **Distributed development through investment fund for practice and skills development (potentially managed through NPT/SBCR/partners).**

Details of each Option are included in subsequent sections. This appraisal has been updated following review, including to factor the update to Strategic Context (see Strategic Case), incorporating UK

Industrial Strategy; Build Back Better; National Infrastructure Strategy; and associated WG Policies/Strategies including Net Zero Wales.

The following table presents a summary of the Short-list appraisal, with further detail later in this case. Short-list options have been developed with Cost-Benefit Analysis presenting the following summary UK perspective (regional perspective in later sections). The AMPF proposal as presented in the PBC has been included as a further benchmark to show the shift with inclusion of the SILCG programme;

Options Summary	Do Minimum	Option 1 (Preferred) (EAMPF)	Option 2 (Alternate)	PBC Benchmark (AMPF)
<b>NPSV</b>	£0.56m	<b>£32.5m</b>	£29.3m	£29.6m
<b>Public Sector Cost</b>	£2m	<b>£22m</b>		£17m
<b>BCR</b>	1.3	<b>2.54</b>	2.2	2.2
<b>Significant non-monetisable benefits</b>	-	<b>Widening access for careers in NZ sectors, ~3,500 individuals + PBC</b>	-	Improved built environment
<b>Significant unquantifiable benefits</b>	-	<b>Wider uplift of built environment Economy diversification (resilience)</b>	Wider uplift of built environment Economy diversification (resilience)	Specific activities and products/ services <sup>54</sup>
<b>Risk costs by type and residual OB</b>	Delivery Risk £179k 20% OB	<b>Delivery Risk £2.02m 20% OB</b>	Delivery Risk £1.35m 20% OB	Delivery Risk £1.1m 20% OB
<b>Switching values</b>		<b>23% reduction in benefits. (Delay/costs affect similarly)</b>		
<b>Time horizon and rationale</b>	10yr horizon, based on standard GB guidance, and fitting with infrastructure and operation timescales to realise benefit.			

As shown in the above summary it, can be seen that EAMPF option provides best option for Skills ambitions and also enhances the existing AMPF case with a stronger BCR of 2.54 and increased NSPV with marginal increase in risk cost. As such, it demonstrates enhancement of the original (PBC) preferred option for AMPF while also leveraging that investment for delivery of the SILCG ambitions.

<sup>54</sup> As noted in PBC Appraisal

The summary of the Preferred Option refers to the following implementation;

<b>Scope</b>	<b>In line with demand projections, create an additional 1,000 sq.m centre for skills development, along with the already proposed ~4,000sq.m facility for advanced manufacturing practice (Total integrated facility of 5,000 sq.m). Innovation scope across targeted TRLs and skills from foundation to HE, with focus on applied.</b>
<b>Service Solution</b>	<b>Mixed Capital Build and Procured Operator with delivery partners</b>
<b>Service Delivery</b>	<b>Procured Operator – bringing relevant practice and skills development capabilities</b>
<b>Implementation</b>	<b>(see SOC Appraisal)</b>
<b>Funding</b>	<b>5, 7-year project (10yr benefits horizon)</b>

Sensitivity analysis has shown the preferred implementation as being most resilient in face of key risks occurring, from both UK and regional perspectives. Risks occurring that result in delayed and/or reduced benefits have the most significant impact on most implementations, although the Preferred Option presents a high level of resilience.

## 2.2 Investment Objectives & Critical Success Factors

The Internet Coast programme, along with HM Treasury Green Book guidance provides the overarching framework for defining Critical Success Factors and Investment Objectives (S6). These objectives sit alongside those of the associated AMPF as presented in the SOC and prior PBC. A work stream focused on developing these provided a feasibility report examining the potential for the region, baselined against similar initiatives delivered in comparable context<sup>55</sup>. This section presents the IOs and CSFs with relevant notes on their development/rationale;

<b><i>IO1 - To support the delivery of the SILCG programme, by constructing an Enhanced Advanced Manufacturing Production Facility and associated National Net Zero Skills Centre of Excellence by 2027.</i></b>
The PBC has presented the need for advanced practice and skills development to be developed in support of the Programme level ambitions.

NPT Council and partner activity to date has developed a mix of indigenous and inward-investing enterprise within the cluster. The baseline and growth trend identified through ongoing research and project development has defined existing to longer-term requirements. Working closely with major

<sup>55</sup> A summary of this feasibility study was presented to WG, with latest update in June 2023

industry players including UK-wide strategic businesses such as Tata Steel has allowed many opportunities to flourish, though pent-up demand remains for facilities proximate to relevant facilities, for both start-up and large-firm partners. This is evidenced through activities such as the forthcoming Celtic Freeport initiative.

**IO2** - *To deliver industry led, net zero skills training and development. Upskilling the local/regional/national labour markets with appropriate skills to enable transition to a net zero economy, whilst supporting the development local and regional low carbon projects by 2033.*

Supporting the upskilling of 3,500 individuals within the period at Level 3+.

Aligned to the SBCR Internet Coast ambition, EAMPF supports emphasis on high-value (GVA contribution) employment creation. The NPT track-record demonstrates the potential for significant job creation with high levels of additionality, targeting Advanced Manufacturing including Low Carbon Technologies. As presented in the Strategic Case, the global growth of this sector, including SIA-identified<sup>56</sup> smart specialisations shows this to be a strong area of potential for SBCR/UK. It also requires focus upon the role of the wider ecosystem of skills providers to provide the breadth needed for the evolving sector. Consultation has taken place with the RLSP and the SBCD skills and talent programme to identify areas of focus.

**IO3:** *To establish as a central hub for national RD & I activity. Using the state of the art facilities to increase the number and quality of low carbon businesses in the region, promoting further investment and innovation, by 2033.*

To realise 5,000 sq.m of market-driven facilities to support advanced practice and skills development for innovation and low carbon growth.

Connected to IO2, the facilities will have a focus on high TRL/MRL activity. Recent major inward-investments in preparation for Internet Coast demonstrate the potential for developing this innovation approach within SBCR, to benefit the UK as a whole. The Bay Technology Centre has shown how major partner initiatives attract and catalyse further innovation.

### **Critical Success Factors (CSFs)**

The CSFs to support achievement of the above objectives included *Strategic Fit, Business Needs, Potential Value for Money, Potential Achievability, Supply-side Capacity and Potential Affordability*, along with the following project-specific factors:

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<sup>56</sup> South Wales Crucible Science and Innovation Audit 2015 undertaken for UK Government

**PBC Integration:** The Supporting Innovation and Low Carbon Growth Programme is critical framing for the project proposal. Projects being realised through this broader PBC are not just important context but provide significant opportunity to maximise potential for the specific skills ambitions via their infrastructure and sector engagement. The ability of EAMPF to deliver effectively into this agenda requires alignment of capabilities, activities and timescales to maximise impact, manage risk and optimise value for money.

**Internet Coast Integration:** Drawing upon the new wave of General-Purpose Technology in AI and IoT is an important part of the case for change, and critical to achieving the longer-term spending objectives. Using the regional assets, existing and forthcoming, including the broader Internet Coast project portfolio is an important factor in delivering the targeted innovation activity.

### 2.2.1 Long List Options

A long-list of options was developed through a work stream from PBC to project-specific SOC, supported by desk-based research and review of initiatives targeting similar benefits. The long-list has been reviewed and updated at each stage of development. This process drew upon a depth of research of the regional cluster and its development potential, with specific focus upon the role of infrastructure and skills developments (see also Strategic Case).

Noting the alignment with the broader SBCR portfolio and the Supporting Innovation and Low Carbon Growth programme, development of the options framework has been through significant development and continued review. This has assisted in developing a broad and robust Options Framework, co-developed with stakeholders from across the region.

The summary of the long-list options including summary review is presented below, together with the Options Framework itself and identified Preferred Approach.

<b>Approach</b>	<b>A - Do Minimum: Rely on existing activity/sites</b>
<b>Description</b>	<p>This option describes no expansion of the existing ecosystem but aiming to focus activities to maximise efficiency of existing facilities. Current facilities and training activities are financed through various mechanisms already in place through a variety of internal and external funding models.</p> <p>Optimising configuration/capacity of existing activity/sites to accommodate growth and application of new technologies (e.g. IoT/AI). This would require some level of investment for reconfiguration to support new use cases, though with potential to capture some benefit through broader projects (including SBCR). As such, this approach would capitalise on sunk investments though with minimal new expenditure.</p>

<b>Review</b>	The approach provides greatest affordability, though weakest additionality. As shown in the case for change, existing facilities are operating at capacity with diminishing returns to improve their efficiency. Alongside potential capacity limits, the Approach would also miss the ambition to realise the Hub/Centre as a focus for the sector. In this respect the achievability is high, though with minimal impact upon business needs, strategic fit or integration. The approach would not achieve the investment objectives.
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<b>Approach</b>	<b>B – Dispersed Growth: Investment fund for disparate activities</b>
<b>Description</b>	<p>Creating a fund to invest in individual opportunities across the region on a competitive basis as they emerge in a portfolio of disparate activities/facilities. This would create pockets of infrastructure across the region with potential for co-investment from host organisations.</p> <p>The approach could draw upon previous business infrastructure investment models as used by Welsh Government, NPT itself, and development agencies. This could potentially be delivered through an open or rolling call, aligned with the Supporting Innovation and Low Carbon Growth targeted activities.</p>
<b>Review</b>	The approach would have the benefit of being market-led, attuned to individual opportunities. However, there is risk of overlap with other Projects within the Programme, as well as greater challenge in achieving alignment between potentially disparate activities.

<b>Approach</b>	<b>C- Intermediate I: Incremental development of activity at existing sites</b>
<b>Description</b>	<p>This option synthesizes a range of options considered at SOC stage, involving variants of smaller premises, existing business development and operator structure. A relatively limited investment across key sites (notably Harbourside) sites considered to begin an incremental increase in capacity and capabilities.</p> <p>This could involve redevelopment of facilities working with skills providers, made available through the reconfiguration of sites within the broader developments, or creation of new facilities contiguous with existing Low Carbon innovation activity.</p>



<b>Review</b>	Existing arrangements and familiarity with sites/operations gives potential confidence to deliverability while modest investment requirements give strong affordability. A range of facilities and operating models may fragment activity losing coordination and impact. It could also lack the initial scale required to attract further investment. As such, the scale of activity provides limited delivery against business needs and impact against investment objectives.
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<b>Approach</b>	<b>D – Individual NZ Skills Centre - Dedicated facility for delivery of relevant skills programmes</b>
<b>Description</b>	This option would involve creation of a new facility, with purpose of delivering new skills programmes for the NZ sector. Access to specialist facilities/equipment in-house and/or through partners would require consideration. Established outside of existing providers/provision it offers potential for multiple providers.
<b>Review</b>	The option aligns well with much of the ambition, delivering a clear focus for targeted skills development. A level of independence could also support multiple delivery partners maximizing reach/scope. However, weaker potential integration with the wider PBC and duplication of scope are limitations which undermine. It does however remain a further alternative following the Preferred and identified Alternative.

<b>Approach</b>	<b>E - Intermediate II: Mixed – Integrated Advanced Practice and skills development facility (<i>Preferred Approach</i>)</b>
<b>Description</b>	<p>This option describes a larger (in comparison to C) investment into an integrated advanced practice and skills facility. This option reflects a number of variants explored in the SOC, and delivers potential benefits of option D including a number of operator approaches.</p> <p>The option offers scope for longer-term co-investment through partnering model, as being developed through other City Deal projects. This could utilise existing activity and infrastructure at the site to demonstrate commercial viability.</p>
<b>Review</b>	<p>The option performs more strongly against critical success factors, including greater integration with the Supporting Innovation and Low Carbon Growth programme. Achievability of the approach is high, along with supply-side capacity based on experience of previous phases.</p> <p>The requirement for partnered delivery reduces capability challenges, albeit with reduced affordability, though increased potential value for money</p>

<b>Option</b>	<b>F - Intermediate III: Multiple Site Incremental Development and fund for disparate activities</b>
<b>Description</b>	This option describes the creation of a fund as described in <b>Option B</b> to invest in small opportunities across the region in addition to the expansion of a focal skills development facility as described in <b>Option D</b> .
<b>Review</b>	The approach combines the benefits of both approaches, however it also brings forwards the same challenges. Furthermore, the dispersed nature of the activity and potentially unaligned delivery of capacity could provide greater challenge in aligning supply-side capacity/co-investment

<b>Option</b>	<b>G - Do Maximum: Expand existing sites and establish new Integrated Facility (+D)</b>
<b>Description</b>	This option is a re-scoped Do Maximum following initial SOC appraisal. It describes all potential components of the wider appraisal, including a central facility, investment fund and distributed development. This is the most ambitious option, creating significant capacity across the region. In essence, it presents the total transformation plan within a single project.
<b>Review</b>	Being the most ambitious option, it aligns with critical success factors and spending objectives. However, affordability and supply-side capacity would be challenged, along with availability of sites and alignment with interdependencies within the broader programme delivery.

EAMPF: Options Framework

	A - Do Minimum: Rely on existing activity/sites	B – Dispersed Growth: Investment fund for disparate activities	C- Intermediate I: Incremental development of activity at existing sites	D - Individual NZ Skills Centre - Dedicated facility for delivery of relevant skills programmes	E - Intermediate II: Mixed – Integrated Advanced Practice and skills development facility	F - Intermediate III: Multiple Site Incremental Development and fund for disparate activities	G - Do Maximum: Expand existing sites and establish new Integrated Facility (D+)
<b>Description</b>	This option describes no expansion of the existing ecosystem but aiming to focus activities to maximise efficiency of existing facilities. Current facilities and training activities are financed through various mechanisms already in place through a variety of internal and external funding models.	Creating a fund to invest in individual opportunities across the region on a competitive basis as they emerge in a portfolio of disparate activities/facilities. This would create pockets of infrastructure across the region with potential for co-investment from host organisations.	This option synthesizes a range of options considered at SOC stage, involving variants of smaller premises, existing business development and operator structure. A relatively limited investment across key sites (notably Harbourside) sites considered to begin an incremental increase in capacity and capabilities.	This option would involve creation of a new facility, with purpose of delivering new skills programmes for the NZ sector. Access to specialist facilities/ equipment in-house and/or through partners would require consideration. Established outside of existing providers/ provision it offers potential for multiple providers.	This option describes a larger (in comparison to C) investment into an integrated advanced practice and skills facility. This option reflects a number of variants explored in the SOC, and delivers potential benefits of option D, including a number of operator approaches. The option offers scope for longer-term co-investment through partnering model, as being developed through other City Deal projects.	This option describes the creation of a fund as described in <b>Option B</b> to invest in small opportunities across the region in addition to the expansion of a focal skills development facility as described in <b>Option D</b> .	This option is a rescope of Do Maximum following initial SOC appraisal. It describes all potential components of the wider appraisal, including a central facility, investment fund and distributed development. This is the most ambitious option, creating significant capacity across the region. In essence, it presents the total transformation plan within a single project.
<b>Scope</b>	Utilise existing facilities and ecosystem activities to support growth of existing, and capture of new, opportunities. Capital investment limited to enhancing efficiency of existing facilities. Potential for ~500s.m. of mixed distributed facilities <sup>a</sup>	Develop specialist capabilities / capacities in locations across SBCR with public and private sector in response to emerging opportunities. This would be market-led opportunities developing a portfolio of projects giving Open Access capabilities	Work towards ~5,000sq.m. (demand projection) of distributed capability across the cluster. Potential development of skills programmes with partners focused on each site	Development of 1,000sq.m. standalone facilities for skills programmes. Potential partnership delivery of FE/HE and industry-led delivery. In-house/partnered equipment for programmes. Potential to build upon Option A or fully-independent operation.	In line with demand projections, create a ~5,000sq.m. integrated facility for advanced practice and skills development. Innovation scope across targeted TRIs and skills from foundation to HE, with focus on industry-led practice.	Providing a combination of approaches B&D with I.e. 5,000sq.m. facility and other developments based on demand <sup>a</sup>	Develop both central and distributed capabilities offering ~5,000 + 5,000sq.m. total in order to progress ahead of demand. Skills offerings as per Option D with scope for further partner-based activity in distributed locations.
<b>Service Solution</b>	NPT innovation/skills support to existing activities	Development of facilities across the region through open competition amongst existing ecosystem	Mixed Capital Build and Procured Operator with delivery partners	Mixed Capital Build and Procured Operator with delivery partners	Mixed Capital Build and Procured Operator with delivery partners	Combination of Implementation Approaches B&D	Mixed Capital New Build, with multiple Operators
<b>Service Delivery</b>	Existing facilities delivery	Diverse (Procured) Ecosystem – portfolio procured/ partnered on individual opportunity basis	Existing organisation arrangements	Standalone skills operator, bringing aligned access	Procured Operator – bringing relevant practice and skills development capabilities (see SOC Appraisal)	Procured Operator – bringing relevant practice and skills development capabilities (see SOC Appraisal)	Mixed: Procured Operator/Other (see SOC Appraisal)
<b>Implementation</b>	Immediate start as 3/5-year project	3-year project – Competition / procurement of portfolio of investments	5-year project	3 year facility project, 10 year delivery	3 year facility project, 10 year delivery	5 year facility project, 10 year delivery	Immediate start ~7yr project
<b>Funding</b>	Nil City Deal funding	~£5.3m City Deal Funding.	~£5.3m City Deal Funding.	~£5.3m City Deal Funding.	~£5.3m City Deal Funding.	~£5.3m City Deal Funding plus other funding sources.	~£5.3m City Deal Funding plus other funding sources.

<sup>a</sup> Balance of facility provision reflects Need/Demand section: See Market Assessment Annex and original SOC Assessment

**Investment Objectives and Critical Success Factors**

	<b>A - Do Minimum: Rely on existing activity/sites</b>	<b>B – Dispersed Growth: Investment fund for disparate activities</b>	<b>C- Intermediate I: Incremental development of activity at existing sites</b>	<b>D - Individual NZ Skills Centre - Dedicated facility for delivery of relevant skills programmes</b>	<b>E - Intermediate II: Mixed – Integrated Advanced Practice and skills development facility</b>	<b>F - Intermediate III: Multiple Site Incremental Development and fund for disparate activities</b>	<b>G - Do Maximum: Expand existing sites and establish new Integrated Facility (D+)</b>
<b>Description</b>	This option describes no expansion of the existing ecosystem but aiming to focus activities to maximise efficiency of existing facilities. Current facilities and training activities are financed through various mechanisms already in place through a variety of internal and external funding models.	Creating a fund to invest in individual opportunities across the region on a competitive basis as they emerge in a portfolio of disparate activities/facilities. This would create pockets of infrastructure across the region with potential for co-investment from host organisations.	This option synthesizes a range of options considered at SOC stage, involving variants of smaller premises, existing business development and operator structure. A relatively limited investment across key sites (notably Harbourside) sites considered to begin an incremental increase in capacity and capabilities.	This option would involve creation of a new facility, with purpose of delivering new skills programmes for the NZ sector. Access to specialist facilities/ equipment in-house and/or through partners would require review. Established outside of existing provision it offers potential for multiple providers.	This option describes a larger (in comparison to C) investment into an integrated advanced practice and skills facility. This option reflects a number of variants explored in the SOC, and delivers potential benefits of option D, including a number of operator approaches. The option offers scope for longer-term co-investment through partnering model.	This option describes the creation of a fund as described in <b>Option B</b> to invest in small opportunities across the region in addition to the expansion of a focal skills development facility as described in <b>Option D</b> .	This option is a rescoped Do Maximum following initial SOC appraisal. It describes all potential components of the wider appraisal, including a central facility, investment fund and distributed development. This is the most ambitious option, creating significant capacity across the region. In essence, it presents the total transformation plan within a single project.
<b>Investment Objectives:</b>							
<b>Support SILCG Programme</b>	Limited potential without dedicated resources	Limited potential coordination with fully market-led approach	May not provide the scale/pace of transformation.	May lack some integration (see PBC)	Provides scope that covers demand assessment	Provides scope that covers demand assessment	Provides scope that covers demand assessment
<b>Delivers Skills development</b>	Limited potential without dedicated resources	Limited potential coordination with fully market-led approach	Challenge to cohere skills delivery across sites/partners	Provides scope that covers demand assessment	Provides scope that covers demand assessment	Provides scope that covers demand assessment	Provides scope that covers demand assessment
<b>Provide appropriate facilities</b>	Limited potential without dedicated resources	Limited potential coordination with fully market-led approach	Incremental developments may not maximise capacity growth	Standalone nature challenges futureproof	Specification challenge (flexible) (note: operator dependency)	Combined strengths/challenges of Options B + D	Fuller potential to deliver range of facilities
<b>Increase low carbon RD&amp;/enterprise</b>	Limited activity to support additional outputs/outcomes	Market-led approach focused on specific business needs	Market-led approach focused on business needs less than Option B	Market-led approach focused on specific business needs	Commercial focus (note: operator dependency)	Potential of both Options B + D	Greatest scope for supporting innovation/enterprise
<b>Evaluate impact</b>	Based on existing activity	Dispersed/overlapping activities challenge to evaluate	Identifiable sites/activities support evaluation	Identifiable sites/activities support evaluation	Identifiable sites/activities support evaluation	Dispersed/overlapping activities challenge to evaluate	Dispersed/overlapping activities challenge to evaluate
<b>Critical Success Factors</b>							
<b>Strategic Fit</b>	Offers very limited delivery	Supports market-led ambitions, though limited alignment	Uncertainty over relevance of existing sites/activities	Aligns with context (see also PBC)	Aligns with context (see also PBC)	Potential of both Options B + D	Delivers comprehensively against ambitions
<b>Business Needs</b>	Offers very limited delivery	Supports market-led ambitions, though limited alignment	Alignment with Market-demand to be tested	Aligns with Market-demand	Aligns with Market-demand	Aligns with Market-demand (see research summary)	Capacity may run ahead of requirements
<b>PBC Integration</b>	Status quo within PBC baseline	Overlaps with scope from existing project	Limited/uncertain alignment with PBC ambitions	Risks duplication and/or gaps	Aligns with PBC ambitions	Overlaps with scope from existing project	Overlaps with scope from existing project
<b>Internet Coast Integration</b>	Status quo within SBGR portfolio baseline	Challenge to coordinate, for both PBC and SBGR levels	Aligns with SBGR ambitions	Aligns with SBGR ambitions	Aligns with SBGR ambitions	Aligns with SBGR ambitions	Aligns with SBGR ambitions
<b>Potential Value for Money</b>	Limits scope to exploit other investments	Overlap with other PBC projects undermines VfM	Distributed sites potential loss of economy of scale	Potential duplication of facilities with AMPF	Offers economy of scale – subject to effective specification	Could be flexed according to demand	Capacity may run ahead of requirements

<b>Potential Achievability</b>	Limited requirements	Mature systems, though overlap presents likely difficulty	Mature systems, strong NPT track record	Mature systems, strong NPT track record	Mature systems, strong NPT track record	Could be flexed according to demand	Scale and resource requirement challenges
<b>Supply-side Capacity</b>	Limited requirements	Diverse activities may end up competing for limited supply	Unknown – uncertain availability prior to testing (risk)	Unknown – uncertain availability prior to testing (risk)	Mature systems, strong NPT track record (e.g. Bay Tech/Inn Centre)	Diverse activities may end up competing for limited supply	Diverse activities may end up competing for limited supply
<b>Potential Affordability</b>	Status quo	Distribution increased cost Potential co-investment?	Scope could be flexed to budget	Potential additional equipment required	Requires alignment with PBC	Beyond PBC Scope	Significantly beyond PBC scope

Preferred Approach

	A - Do Minimum: Rely on existing activity/sites	B – Dispersed Growth: Investment fund for disparate activities	C- Intermediate I: Incremental development of activity at existing sites	D - Individual NZ Skills Centre - Dedicated facility for delivery of relevant skills programmes	E - Intermediate II: Mixed – Integrated Advanced Practice and skills development facility	F - Intermediate III: Multiple Site Incremental Development and fund for disparate activities	G - Do Maximum: Expand existing sites and establish new Integrated Facility (D+)
<b>Description</b>	This option describes no expansion of the existing ecosystem but aiming to focus activities to maximise efficiency of existing facilities. Current facilities and training activities are financed through various mechanisms already in place through a variety of internal and external funding models.	Creating a fund to invest in individual opportunities across the region on a competitive basis as they emerge in a portfolio of disparate activities/facilities. This would create pockets of infrastructure across the region with potential for co-investment from host organisations.	This option synthesizes a range of options considered at SOC stage, involving variants of smaller premises, existing business development and operator structure. A relatively limited investment across key sites (notably Harbourside) sites considered to begin an incremental increase in capacity and capabilities.	This option would involve creation of a new facility, with purpose of delivering new skills programmes for the NZ sector. Access to specialist facilities/equipment in-house and/or through partners would require consideration. Established outside of existing providers/provision it offers potential for multiple providers.	This option describes a larger (in comparison to C) investment into an integrated advanced practice and skills facility. This option reflects a number of variants explored in the SOC, and delivers potential benefits of option D, including a number of operator approaches. The option offers scope for longer-term co-investment through partnering model, as being developed through other City Deal projects.	This option describes the creation of a fund as described in <b>Option B</b> to invest in small opportunities across the region in addition to the expansion of a focal skills development facility as described in <b>Option D</b> .	This option is a rescope Do Maximum following initial SOC appraisal. It describes all potential components of the wider appraisal, including a central facility, investment fund and distributed development. This is the most ambitious option, creating significant capacity across the region. In essence, it presents the total transformation plan within a single project.
<b>Scope</b>	Utilise existing facilities and ecosystem activities to support growth of existing, and capture of new, opportunities. Capital investment limited to enhancing efficiency of existing facilities. Potential for ~500 sq.m. of mixed distributed facilities <sup>a</sup>	Develop specialist capabilities / capacities in locations across SBCR with public and private sector in response to emerging opportunities. This would be market-led opportunities developing a portfolio of projects giving Open Access capabilities	Work towards ~5,000sq.m. (demand projection) of distributed capability across the cluster. Potential development of skills programmes with partners focused on each site	Development of 1,000sq.m. standalone facilities for skills programmes. Potential partnership delivery of FE/HE and industry-led delivery. In-house/partnered equipment for programmes. Potential to build upon Option A or fully-independent operation.	In line with demand projections, create a ~5,000sq.m. integrated facility for advanced practice and skills development. Innovation scope across targeted TRIs and skills from foundation to HE, with focus on industry-led practice.	Providing a combination of approaches B&D with I.e. 5,000sq.m. facility and other developments based on demand <sup>a</sup>	Develop both central and distributed capabilities offering ~5,000 + 5,000sq.m. total in order to progress ahead of demand. Skills offerings as per Option D with scope for further partner-based activity in distributed locations.
<b>Service Solution</b>	NPT innovation/skills support to existing activities	Development of facilities across the region through open competition amongst existing ecosystem	Mixed Capital Build and Procured Operator with delivery partners	Mixed Capital Build and Procured Operator with delivery partners	Mixed Capital Build and Procured Operator with delivery partners	Combination of Implementation Approaches B&D	Mixed Capital New Build, with multiple Operators
<b>Service Delivery</b>	Existing facilities delivery	Diverse (Procured) Ecosystem – portfolio procured/partnered on individual opportunity basis	Existing organisation arrangements	Standalone skills operator, bringing aligned access	Procured Operator – bringing relevant practice and skills development capabilities (see SOC Appraisal)	Procured Operator – bringing relevant practice and skills development capabilities (see SOC Appraisal)	Mixed: Procured Operator/Other (see SOC Appraisal)
<b>Implementation</b>	Immediate start as 3/5-year project	3-year project – Competition / procurement of portfolio of investments	5-year project	3 year facility project, 10 year delivery	3 year facility project, 10 year delivery	5 year facility project, 10 year delivery	Immediate start ~7yr project
<b>Funding</b>	Nil City Deal funding	~£5.3m City Deal Funding.	~£5.3m City Deal Funding.	~£5.3m City Deal Funding.	~£5.3m City Deal Funding.	~£5.3m City Deal Funding plus other funding sources.	~£5.3m City Deal Funding plus other funding sources.

## 2.3 Short Listed Options

Long-list options were reviewed against the Critical Success Factors (see Section 2.2) and to determine potential performance against the Investment Objectives. The risk assessment (included as Appendix 4) was used to support this exercise together with experience of the stakeholder group. The Preferred and Alternative Approach options both involved integration with the existing AMPF plans, to optimise value for money and programme integration.

The following table presents the short-list options, including the Do-Minimum. Options relating to development of elements of the PBC (i.e. based on Preferred Approach) draw significantly upon prior work undertaken by the Supporting Innovation and Low Carbon Growth team. This includes comprehensive need and demand studies, along with development of the Strategic Case. All Options, including those from the SOC have been reviewed against the refreshed Strategic Case, noting the macro-context of challenges and opportunities of a post-Brexit UK, and the SBCR/NPT vision for development of strategic sites. The short-listed options, together with review criteria are as follows;

**Do Minimum:** This option describes no expansion of the existing ecosystem but the reconfiguration of existing space and activity to maximise efficiency of existing facilities, with focus on NZ skills development. Current endeavours are financed through various mechanisms already in place through a variety of funding models. A number of prior projects (e.g. Bay Technology and Innovation Centre) provide context for such reconfigurations, while potential benefits are considered from baseline performance. Providers, local and further afield could contribute to the skills delivery, though there would be dependence upon alignment with their capacities/missions and potential competing priorities. This has recently been reviewed in the context of the need and demand analysis to establish the counterfactual based on existing capabilities/capacity.

<b>Support SILCG Programme</b>	Limited additionality
<b>Delivers Skills development</b>	Limited additionality
<b>Provide appropriate facilities</b>	Limited beyond existing ecosystem engagement
<b>Increase low carbon RD&amp;I/enterprise</b>	Limited additionality, though with robust/extensive existing ecosystem
<b>Evaluate impact</b>	Continued need/demand monitoring

<b>Strategic Fit</b>	Limited contribution to ambitions
<b>Business Needs</b>	Minimal impact upon needs
<b>PBC Integration</b>	PBC Baseline
<b>Internet Coast Integration</b>	Existing integration, though delivers limited additionality
<b>Potential Value for Money</b>	Diminishing returns on existing at capacity infrastructure
<b>Potential Achievability</b>	Viable
<b>Supply-side Capacity</b>	Viable
<b>Potential Affordability</b>	Viable – status quo

**Preferred Option:** This option describes an integrated service/facility being delivered within the NPT ecosystem/site to establish leading practice and skills development, in support of broader industry-led activity across the region. The facility would be integrated with AMPF to maximise impact of both investments, reducing duplication of resources and offering combined practice/skills support to the sector. In line with demand projections, creation of a procured partner operated ~5,000 sq.m. integrated facility for advanced practice and skills development. Innovation scope across targeted TRLs and skills from foundation to HE, with focus on industry-led practice.

<b>Support SILCG Programme</b>	Provides scope that covers demand assessment
<b>Delivers Skills development</b>	Provides scope that covers demand assessment
<b>Provide appropriate facilities</b>	Specification challenge (flexible) (note: operator dependency)
<b>Increase low carbon RD&amp;I/enterprise</b>	Commercial focus (note: operator dependency)
<b>Evaluate impact</b>	Identifiable sites/activities support evaluation

<b>Strategic Fit</b>	Aligns with (see also PBC)
<b>Business Needs</b>	Aligns with Market-demand (see research summary)
<b>PBC Integration</b>	Aligns with PBC ambitions
<b>Internet Coast Integration</b>	Aligns with SBCR ambitions
<b>Potential Value for Money</b>	Offers economy of scale – subject to effective specification
<b>Potential Achievability</b>	Mature systems, strong NPT track record
<b>Supply-side Capacity</b>	Mature systems, strong NPT track record (e.g. Bay Tech/Inn Centre)
<b>Potential Affordability</b>	£17.2m SBCD funding secured. Additional £5.3m required (Subject to the approval of this OBC).

The Preferred Option utilises the Preferred Approach together with the PBC planning to provide a developed implementation. This uses comprehensive review for PBC and project-specific need/demand and scoping. This presents an implementation as follows which optimises the preferred option against the Critical Success Factors and maximises potential delivery against Investment Objectives;

<b>Scope</b>	In line with demand projections, create a ~5,000 sq.m. integrated advanced manufacturing production facility (4,000 sq.m) and net zero skills centre of excellence (1,000 sq.m). Innovation scope across targeted TRLs and MRLs, skills from foundation to HE, with focus on applied.
<b>Service Solution</b>	Mixed Capital Build and Procured Operator with delivery partners
<b>Service Delivery</b>	Procured Operator – bringing relevant practice and skills development capabilities (see SOC Appraisal).



<b>Implementation</b>	5, 7-year project
<b>Funding</b>	~£5.3m City Deal Funding. (£17.2m City Deal Funding already secured.)

**Alternative 1:** This option describes the creation of an investment fund to invest in individual skills development opportunities across the region on a market-led competitive basis as they emerge in a portfolio of disparate activities/facilities, alongside the development of core activity (based on Option E). Consideration of critical success factors and performance against spending objectives reads across the Preferred Option, and Alternative 2, though with a slower ramp-up of activity.

<b>Support SILCG Programme</b>	Provides scope that covers demand assessment
<b>Delivers Skills development</b>	Provides scope that covers demand assessment
<b>Provide appropriate facilities</b>	Combined strengths/challenges of Options B + D
<b>Increase low carbon RD&amp;I/enterprise</b>	Potential of both Options B + D
<b>Evaluate impact</b>	Dispersed/overlapping activities challenge to evaluate

<b>Strategic Fit</b>	Potential of both Options B + D
<b>Business Needs</b>	Aligns with Market-demand (see research summary)
<b>PBC Integration</b>	Overlaps with scope from existing project
<b>Internet Coast Integration</b>	Aligns with SBCR ambitions
<b>Potential Value for Money</b>	Could be flexed according to demand
<b>Potential Achievability</b>	Could be flexed according to demand
<b>Supply-side Capacity</b>	Diverse activities may end up competing for limited supply
<b>Potential Affordability</b>	Beyond PBC Scope

**Alternative 2:** This option describes the creation of an investment fund to invest in individual opportunities across the region on a competitive basis as they emerge in a portfolio of disparate activities/facilities – aligns with Option B – used to test Preferred Option and Variants.

The short-listed options were subject to Cost-Benefit Analysis, against the baseline as presented in the following section.

## 2.4 Cost Benefit Analysis

The following section presents an updated Economic Case to the EAMPF SOC. It has been developed in line with updated Green Book guidance (Treasury, 2020), with appraisal focused on targeted productivity effects (wage premium). The analysis sits alongside that already undertaken and presented in the earlier 2017 *Internet Coast Proposal Impact Appraisal*, based on job creation both within the development itself and as a wider result of the initiative. It also allows for alignment in considering the SILCG ambitions incorporated into the AMPF as defined in the PBC (used as a subsequent benchmark for appraisal). Both AMPF and Skills aspects aim to increase productivity through supported sectors. Therefore, to avoid risk of double-counting across benefits relating to job creation/safeguarding<sup>57</sup> and productivity from enhanced skills, these are analysed from focus on the latter. This factors those engaged within/through AMPF as part of the upskilled to protect consideration of additionality.

EAMPF aims to contribute to the region and wider UK economy by supporting growth of high GVA activity in Advanced Manufacturing, with focus upon net-zero technologies, including those with existing and emerging strengths in the NPT cluster. This is reflected in the broader cluster context noted in analysis of the region by SQW (2016), and specifically as driven by the strategic Steel and Renewable Energy capabilities across the region. These strengths, and the interplay of high productivity sectors within the cluster also underpins the current *South Wales Crucible* Science and Innovation Audit (SIA), and as echoed by the recently-announced Celtic Freeport initiative.

## 2.5 Appraisal Summary

The following table presents a summary of the short-listed Options appraised against the Business as Usual baseline, and applying the parameters presented in later sections of this document. The PBC AMPF values have also been included to provide a level of comparison with the original projected performance for that activity.

UK

Option	10 Year BCR	10 Year NPSV
Do Minimum	1.3	£557k
Preferred Option	2.54	£32.5m
Alternative Option (1)	1.58	£8.2m
Alternative Approach (2)	2.2	£29.3m
PBC Benchmark <sup>58</sup>	2.2	£29.6m

<sup>57</sup> Benefits presented in AMPF SOC and PBC

<sup>58</sup> Noting separate analysis in PBC (Annex) – with broadly consistent parameters, although that was undertaken over a longer time horizon and excluded OB which would have given a higher value in comparison.

## Regional

Option	10 Year BCR	10 Year NPSV
Do Minimum	1.81	£1.27m
Preferred Option	3.1	£44.2m
Alternative Option (1)	1.92	£12.95m
Alternative Option (2)	2.2	£29.3m

## 2.6 Options and Counterfactual

This appraisal is undertaken against the baseline ‘Do-Nothing’ case, alongside ‘Do Minimum’, and ‘Alternative’ Options as presented in the Appendix. The Do-Nothing baseline is developed from analysis of the SBCR economy presented in the SQW analysis, along with sector-specific insight from RLSP and other publications, and further data drawn from ONS. Projected performance of each option is based upon regional and sector insight for need and demand<sup>59</sup> drawn from industry, government (including extensive NPTC research), and academic sources, as noted throughout this document and as referenced throughout the wider Business Case. The PBC benchmark, included to identify the additionality of the SILCG activity is drawn from the summary provided in the 2021 PBC.

Do-Nothing involves the relative plateauing of related ‘Priority’ sectors within the region, as projected by SQW (2016, 2022), notably in Manufacturing in the region on the basis that it is limited in embracing emerging practice and opportunities. This implies continued regional reliance on the challenged parts of industrial sectors, identified by SQW and therefore potential continued divergence from UK and Wales levels of productivity. It is recognised that this sector perspective, derived from SIC coding of activities, is limited in respect to the broader cluster<sup>60</sup> (SIA 2015, SQW 2022). However, it does provide a baseline for regional knowledge-based economic activity to support consideration of Options. The recently-announced Freeport initiative and other already-approved SILCG projects present that Do-Nothing is unrealistic, for a level of skills development will be required within the region. Therefore, Do Minimum is a more significant baseline for this options appraisal.

Continuing divergence from Wales and UK average GVA per capita performance suggests the Do-Nothing baseline would be a negative trend. However, for the purpose of this appraisal the current regional average is utilised and therefore the current GVA per capita of targeted sectors is also used for future years (i.e. without inflation/growth, though with STPR<sup>61</sup> discounting).

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<sup>59</sup> Including that noted in the earlier SOC

<sup>60</sup> As seen from the Smart Specialisation perspective capture in the South Wales Crucible Science and Innovation Audit undertaken for UK Government.

<sup>61</sup> For the Time Horizon applied, this utilises the 3.5% Green Book STPR figure

### *2.6.1 Productivity Uplift (Wage Premium/GVA per worker)*

SBCR is part of the West Wales & Valleys region which has suffered a long-standing productivity gap with the rest of Wales, UK and EU which has resulted in its qualification for three rounds of EU Structural Funds support. This hides a sectoral disparity though, which underpins a renewed strategy to pursue more productive activities in 'Priority' sectors, including those involved in the Internet Coast programme.

GVA per hour worked within Advanced Manufacturing in Wales during the period 2006-2014 showed strong upward trajectory, outperforming against UK trends at ~110%<sup>62</sup>. This was set within the wider economy which performed at ~75% of UK average. This must be viewed within the regional sector context, where SQW (2016) presented a £11,900 deficit between mean regional and UK GVA per capita (£34,300 compared to £46,200), i.e. a difference of 34.7%. Other available data<sup>63</sup> aligns with these values. The Salary Uplift for Advanced Manufacturing sector in the region sits above this average by £10,800 per employee<sup>64</sup>, while providing reskilling opportunities for those in more challenged sectors thereby also avoiding reductions.

Advanced Manufacturing practice and skills also relates to other high-GVA sectors, which would reinforce this potential. The regional relationship between Priority sectors including Advanced Manufacturing alongside ICT and associated segments of MedTech is of particular note, with these sectors performing in line with broader UK (Davies et al., 2018). However, it should be noted that there are wider benefits provided through reduced carbon impact, as well as health and wellbeing improvements. While these relate indirectly to the Investment Objectives they are hereby noted.

It is recognised that the options appraised may result in a range of skills and economic activity, though all with a focus on Priority Sectors. Therefore, each option involves comparison between contribution to such sectors compared to the regional average.

The current, and anticipated impact of post Covid-19 and more recent economic turmoil due to the further Russian invasion of Ukraine, both in the near and longer-term serve to reinforce the importance and growth of sectors supported by the Spending Objectives. This is noted in the updated Risk Assessment.

### *2.6.2 Additionality and National / Regional Contexts*

As development and application of skills in Advanced Manufacturing would be at the expense of potential for another sector this appraisal focuses on the potential improved GVA provided

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<sup>62</sup> Priority sector statistics 2016 – New GVA Data, Statistics & Research, Welsh Government, <http://gov.wales/statistics-and-research/priority-sector-statistics/?tab=previous&lang=en>

<sup>63</sup> Regional GVA NUTS2, Office for National Statistics, <https://www.ons.gov.uk/economy/grossvalueaddedgva/datasets/regionalgvanuts2>

<sup>64</sup> ONS data used in development of SOC

compared to alternative use. This relates solely to the above noted differential between targeted sectors and the wider regional economy.

Some benefit linked to the initiative could naturally be achieved, while the proposed activity will also to an extent substitute or displace other activity(ies). Indeed, some skills would have been otherwise developed (i.e. elsewhere) or applied in other sectors. The intervention tackles growing and unsatisfied demand for STEM skills, which will be further pressured by ongoing economic uncertainty. This in itself supports additionality of the initiative, together with evidence of such demand at the regional level (RLSP 2022). To address consideration of additionality, the appraisal draws upon guidance including that of UK Government (BIS, 2009, Treasury, 2018) and other sources (Partnerships, 2008, EU, 2013) to consider additionality with regard to both spatial and activity contexts. From a south west Wales regional perspective, evaluations of prior ERDF activities give some context to potential levels of additionality. (Oldbell3, 2012).

The main analysis presents the case for UK-level benefit of the EAMPF initiative, however there is strong regeneration theme and ambition to restructure the SBCR economy within the Internet Coast City Deal giving emphasis to benefit to the region. As presented in Annex 3 of the Green Book, distributional analysis allows for appraisal at both levels and is here treated as follows with key parameters;

	<b>UK</b>	<b>SBCR</b>
<b>Additionality</b>	30%	15%
<b>Multiplier</b>	Excluded <sup>65</sup>	1.4

Mean/Median additionality of benefits derived from development educational infrastructure has been shown to be of the order of 46% and 53% respectively (BIS, 2009)<sup>66</sup>. Noting the potential for leakage, as some skills will leak beyond the UK this is factored as 30%<sup>67</sup> remaining additionality at the UK level.

From DELHE data, it can be projected that leakage beyond the region will be ~50% of this group, and therefore SBCR additionality is factored as 15%. However, as multiplier effects can be factored at the regional level these are included as ~1.4, which is relatively conservative for knowledge-based activity. For example, recruitment data for Swansea University presents ~50% local input and targets the majority Home/EU. On the output side, data drawn from Destinations of Leavers from Higher Education show strong existing retention within the region and UK.

The nature of the proposed activity also overlaps into the broader health economy with skills supply and innovation activity relating to reindustrialisation around Green growth. The original AMPF scope to create/safeguard jobs, together with the NZ Skills ambitions relate directly to this agenda. Major regional (and national) challenges in recruitment and retention of engineering and technical

<sup>65</sup> As required by Green Book guidance, though retained for SBCR where below full employment and wider regeneration opportunity support inclusion of multiplier effects

<sup>66</sup> Though as this is based on a relatively low number of observations a conservative approach has been adopted.

<sup>67</sup> For the 'Base' Case, with a range of parameters used in Optimistic and Pessimistic Cases

staff suggest that additional supply would be highly additional. This is supported by data presenting that engineering graduates from professionals trained at local HEIs and FE Colleges present strong employability outcomes<sup>68</sup>.

### 2.6.3 Time Horizon

The Swansea Bay City Region has developed Internet Coast within its 15-year economic strategy through to 2031. The long-term capital investment infrastructure nature of the proposed initiative lends itself to appraisal over a longer-period, of 20-30 years, in line with guidance of organisations such as that proposed specifically for science parks (EU, 2002, EU, 2014). Indeed, EAMPF is presented as part of a longer-term ambition to transform the Advanced Manufacturing Sector and support the transition to Net Zero. For example, certain options relate to activities strongly aligned with initiatives such as the Celtic Freeport, which would involve activity towards the end of the 15-year period, with significant impact sometime thereafter. Benefits arising from these later phase activities are factored separately with associated risks (including for benefits realisation and timescales) considered within the sensitivity analysis.

The SILCG PBC, including for AMPF which relates to the Preferred/Alternative Options noted operation planned through to 2053. Appropriate to the nature of that original scope, the Skills/Productivity project phase can be considered with more confidence in the nearer-term. While this may reduce initial BCR, the more significantly-discounted longer-term impact is less relevant to this appraisal, though represents an important aspect of the proposal.

Therefore, to align with the Internet Coast programme and general Green Book time horizon, a 10-year horizon is used in the appraisal. It should be noted though, that the project plans that describe intention for both the activity and a significant portion of its benefits are, as intended, to be realised beyond this period.

### 2.6.4 Capital Costs and Residual Values

Costs associated with facilities have been drawn from scoping documents, and as reflected in the PBC and SOC. Potential risk associated with these has been reflected in the scenarios used for the Sensitivity Analysis (see also Risk and Optimism Bias<sup>69</sup>). Noting the Operator/Distributed Funds nature of the Options, this has been split into initial Project Phase and Ongoing Operation, with the latter considering maintenance and refresh.

The EAMPF infrastructure will clearly be of value beyond the 10 and 15-yr time horizons. Therefore, to incorporate residual value and opportunity cost an anticipated market value of the facilities at these points has been incorporated. While depreciation along with facility maintenance is incorporated separately<sup>70</sup> in the Financial Case, it has in the absence of market projections been

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<sup>68</sup> Recent perspective post-Covid-19 offered by <https://luminare.prospects.ac.uk/>

<sup>69</sup> Noting PBC Benchmark does not include OB, as well as longer time-horizon

<sup>70</sup> As noted in 6.13 of the Green Book

used with a standard linear 30-year depreciation cycle<sup>71</sup> to present a relatively conservative market value.

### 2.6.5 Ongoing Costs and Cash Releasing Benefits

Each of the Options considered involves ongoing activities and associated income/costs being responsibility of the Operator/outside parties (as applicable). For example, the Rent and Service Charge are directly linked to the Operating costs, and as such transferred to the Operator rather than expressed as Cost or Benefit. The PBC, SOC and supporting analysis provide a breakdown of need and demand that underpins this. The Preferred and Alternative options involve a standalone operation (although integrated with AMPF) and as such does not offer CRB.

### 2.6.6 Wider Benefits

The targeted benefits (as presented in prior sections of the business case) relate predominantly to employment and productivity, though also to broader regeneration. This includes enhancement of the built environment, which along with enhance employment prospects would result in improved land values. This is of particular note for some options which target longer-term impact potential by opening up major development sites. As this may overlap with the productivity uplift seen through the core benefits, it is simply noted here rather than quantified/monetised.

In parallel, improved health outcomes from sustainable redevelopment would result in cash-releasing and other benefits to Health service and other organisations as well as benefits to individuals. Due to the difficulty in distinguishing these benefits, along with the potential positive carbon reduction impact from the contribution of related initiatives (including within the PBC), these are excluded from this analysis.

## 2.7 Optimism Bias

This section of the appraisal also notes the relatively conventional nature of the construction and operation, though with a potentially diverse range of occupants, and therefore the higher end of the range<sup>72</sup>, 20%, is used to factor for Optimism bias. The proposed activity, across Preferred Approach and Alternative 1 also draw upon organisations with experience in delivery of similar infrastructure projects to time and budget, which suggests this value is relatively conservative (noting in particular the Baglan Technology Centre). For the more complex Options, a higher level of Optimism Bias (25%) is factored, reflecting the different nature of delivery. However, there remains a margin compared to the Preferred Option (see also Switching Values). Do Minimum has

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<sup>71</sup> Of note, this aligns with the Project Sponsor accounting practice, RICS Red Book and EU CBA Guidance for developments of this nature EU 2002. Guide to cost-benefit analysis of investment projects. *In: EVALUATION UNIT, D. R. P., EUROPEAN COMMISSION (ed.). Web, EU 2014. Guide to Cost-Benefit Analysis of Investment Projects, Economic appraisal tool for Cohesion Policy 2014-2020. In: POLICY, D.-G. F. R. A. U. (ed.). Web.*

<sup>72</sup> As noted in Annexe 5 of the Green Book, 2018

zero for Optimism Bias in light of the minimal activity and ambition involved (providing baseline). OB was not included in the AMPF PBC appraisal, which provides confidence in the gap between that and this appraisal.

Potential impact upon benefits realisation has been comprehensively considered through the risk analysis, presented in the risk assessment table (see Appendix 4). This assessment has been undertaken through review of relevant literature and prior projects, and comprehensive review activity with Project Managers/Directors engaged in recent similar initiatives, both within the region/sector and further afield. These risks have been synthesized into parameters used in the sensitivity analysis presented in Section 2.8.



## 2.8 Sensitivity Analysis

The risk assessment presented in the previous section presents key residual risks, which could potentially result in delayed or reduced benefits realisation, cost increase or combination thereof. Sensitivity analysis, for both Regional and UK level appraisal has therefore reviewed short-listed options with parameters ranging up to 1-year delay, 40% reduction in benefits and 20% cost increase (in addition to factored Optimism Bias).

As the Preferred and Alternative Options are Sensitivity analysis shows switching values of 66% reduction in benefits or 305% increase in cost for Preferred Option before Do Minimum becomes next Option. Alternative 3, involving a distributed fund could also potentially switch if Benefits of the Preferred Option were delayed, though this would be beyond the initial project phase and subject to other risks. The following tables present a further perspective of the Options appraised at UK and Regional Level.

### 2.8.1 UK Perspective

#### SBCR Cost-Benefit Analysis: Sept 2023 UK Perspective

Project Name EAMPF

Version 1.1

Date 18/09/2023

Scenario (Base)	10Yr NPSV
A - Preferred Implementation	32,522,362
B - Alternative 1	8,203,760
C - Alternative 2	29,324,922
D - Do Minimum	557,580

#### Sensitivity Analysis

20% reduction in Wider Benefit	10Yr NPSV
A - Preferred Implementation	-
B - Alternative 1	-
C - Alternative 2	-
D - Do Minimum	-

1Yr Delay in Benefits	10Yr NPSV
A - Preferred Implementation	26,121,413
B - Alternative 1	5,191,060
C - Alternative 2	22,928,237
D - Do Minimum	- 166,461

20% increase in costs	10Yr NPSV
A - Preferred Implementation	28,310,362
B - Alternative 1	5,395,760
C - Alternative 2	24,449,922
D - Do Minimum	183,180

#### 10Yr NPSV

40% reduction in Benefits	10Yr NPSV
A - Preferred Implementation	11,089,417
B - Alternative 1	- 693,744
C - Alternative 2	7,844,953
D - Do Minimum	- 414,252

Slow Mobilisation (6month delay)	10Yr NPSV
A - Preferred Implementation	29,321,888
B - Alternative 1	6,697,410
C - Alternative 2	26,126,580
D - Do Minimum	195,559

1Yr Delay and -20% Wider Benefit	10Yr NPSV
A - Preferred Implementation	-
B - Alternative 1	-
C - Alternative 2	-
D - Do Minimum	-

2.8.2 Regional Perspective

**SBCR Cost-Benefit Analysis: Sept 2023  
Regional Perspective**

**Project Name EAMPF  
Version 1.1  
Date 18/09/2023**

Scenario (Base)	10Yr NPSV
A - Preferred Implementation	44,232,651
B - Alternative 1	12,950,835
C - Alternative 2	29,324,922
D - Do Minimum	2,049,564

**Sensitivity Analysis**

**10Yr NPSV**

20% reduction in Wider Benefit	10Yr NPSV
A - Preferred Implementation	44,135,458
B - Alternative 1	12,439,908
C - Alternative 2	28,181,449
D - Do Minimum	1,952,372

**1Yr Delay in Benefits**

A - Preferred Implementation	36,007,637
B - Alternative 1	9,168,417
C - Alternative 2	22,928,237
D - Do Minimum	1,223,738

**20% increase in costs**

A - Preferred Implementation	40,020,651
B - Alternative 1	10,142,835
C - Alternative 2	24,449,922
D - Do Minimum	1,893,564

**10Yr NPSV**

40% reduction in Benefits	10Yr NPSV
A - Preferred Implementation	18,115,591
B - Alternative 1	2,154,501
C - Alternative 2	7,844,953
D - Do Minimum	917,739

**Slow Mobilisation (6month delay)**

A - Preferred Implementation	40,120,144
B - Alternative 1	11,059,626
C - Alternative 2	26,126,580
D - Do Minimum	1,636,651

**1Yr Delay and -20% Wider Benefit**

A - Preferred Implementation	35,963,642
B - Alternative 1	8,808,734
C - Alternative 2	22,122,153
D - Do Minimum	1,155,630

The sensitivity analysis has shown the preferred implementation as being most resilient in face of key risks occurring, from both UK and regional perspectives. Risks occurring that result in delayed and/or reduced benefits have the most significant impact on most implementations, while cost overruns would have greatest negative affect on Alternative 2 (already most expensive option). Switching value analysis suggests that a 15% increase in costs or ~12% reduction in benefit would be required for Alternative 2 to compete with the Preferred Option. However, as both options would be susceptible to similar risks/challenges, the comparison with Alternative 1 is potentially more relevant where 23% reduction in benefits would potentially result in comparable NPSV.

Regional NPV is generally higher than the UK perspective for all options/scenarios reflecting the localised wider benefits to the regional economy through multiplier effects, offsetting the reduced additionality due to leakage. This also presents that the integrated Skills/AMPF (i.e. EAMPF) initiative is enhanced, with increased NPSV and improved BCR. As such it offers greater potential value for the original AMPF ambition while also leveraging that investment for delivery of the objectives set out for this case.

## 2.9 Going Forward

The Economic Case for the EAMPF is a living document and as the projects mature, further information may be developed that can be used in the Economic Case, in particular in identifying, quantifying and monetising benefits.

As the project develops it may be possible to further expand on the place-based analysis and the potential benefits that arise through the EAMPF to the low-carbon / green economy economic cluster in SBCR.

## 3.0 The Commercial Case

### 3.1 Introduction

The Commercial Case sets out the proposed procurement arrangements for delivery of the preferred option, including:

- The proposed procurement strategy and route
- The proposed service requirements and required outputs
- The proposed approach to risk allocation
- The proposed charging mechanisms
- The proposed key contractual arrangements

### 3.2 Procurement Strategy and Route

The preferred option as identified at the end of the Economic Case will involve procurement activity to be undertaken by Neath Port Talbot CBC. A 50:50 price/quality ration will be applied to tender scoring.

Given the current volatile nature of the construction sector, appropriate contract management measures which are used by the council on all construction projects will be adopted to minimise risk. These would include (*but not limited to*) inception meetings, regular update meetings and monitoring, following the standard protocols set out by the Neath & Port Talbot CBC legal and procurement department.

The procurement route for the EAMPF is set out in the table below:

**Table 3.1 Proposed approach to project procurement**

Project	Procurement route
<b>EAMPF</b>  <b>Enhanced Advanced Manufacturing Production Facility including National Net Zero Skills Centre of Excellence.</b>	Construction via South West Wales Regional Contractors Framework (SWWRCF).  2 stage design and build contract.  Specification at the early stages of development informed by industry.
<b>Facility Operator</b>	Operator to be procured via competitive tendering process. It is preferred that there will be one operator for the EAMPF, although this may change as the project develops.  Tender specification being developed with support from Industry Wales and key stakeholders.

As lead local authority for the project, Neath Port Talbot CBC will lead the procurement. Neath Port Talbot CBC will therefore be responsible for ensuring compliance with public procurement rules and regulations. The procurement strategy will be aligned to Circular and Foundational Economy principles. Social value targets will be established as part of the procurement exercise.

As a public sector organisation Neath Port Talbot CBC has a duty to operate in an open, fair, and transparent way, allowing the market freedom of opportunity to trade with it. Its procedures for procurement are known as 'Contract Procedure Rules'. These are important as they help to:

- Give a legal and auditable framework to its procurement activities;
- Obtain value for money services for the public;
- Ensure the council complies with the law governing the spending of public money;
- Protect its staff and members from undue criticism or allegations of wrongdoing.

### 3.2.1 *Community Benefits*

Neath Port Talbot Council is committed to promoting Sustainable Development through our policies, strategies and services, thus achieving best value for money in the widest sense. The aim is to build stronger communities, reduce social exclusion and poverty and encourage the development of the economy. In delivering this project, the Council is pursuing Community Benefits to contribute to the social, economic and environmental well-being of the wider community.

Community Benefits further supports our duty to comply with the Well-being of Future Generations (Wales) Act 2015, which requires us to seek to improve the economic, social, environmental and cultural well-being of the County in all that we do. Therefore, our commitment to pursuing Community Benefits through our procurement activity will support this aim and by incorporating Community Benefits into this tender, in addition to delivering the primary service we are seeking to promote the additional, wider opportunities.

The Council and its partners will work in partnership with appointed contractors and their supply chain to deliver 'targeted recruitment and training' outputs as a 'core' requirement of tenders to support the delivery of social, economic and environmental objectives. This involves encouraging:

- Training and the recruitment of the economically inactive by offering apprenticeship;
- Traineeships or work experience opportunities;
- Maximising opportunities for SMEs to tender or bid for sub-contract opportunities;
- Adopting measures to ensure prompt and fair payment terms;
- Encouraging environmental initiatives;
- Engaging with Third Sector organisations; and
- Supporting educational and community initiatives.

In addition, there are collaborative arrangements to coordinate the delivery of community benefits. This leads to adult employability initiatives such as Workways+ and Communities for Work working closely together with organisations such as the local authorities, Department of Work and Pensions, the Further Education sector to identify opportunities to support disadvantaged individuals and help them tackle barriers to employment.

Community benefits performance will be considered during the procurement and tender scoring process.

The SILCG programme has a Community Benefit register and the EAMPF community benefits will be monitored and reported to governance groups through this.

The Contractor will be required to monitor the Community Benefits achieved throughout the lifetime of this project and report outcomes at monthly project meetings. The Contractor will be required to maintain auditable records covering all aspects of the Community Benefits and measurement tool requirements to be available for inspection by the Council as and when required in support of the monthly, quarterly and annual reports submitted.

### 3.2.2 Swansea Bay City Deal procurement principles

The EAMPF as part of the SILCG programme, will align to the Swansea Bay City Deal procurement principles.

The SILCG procurement strategy will address the SBCD 5 Procurement Principles:

1. Be Innovative
2. Have an open, fair and legally compliant procurement process
3. Maximise Community Benefits from each contract
4. Use Ethical Employment Practices
5. Promote the City Deal

## 3.3 Procurement plan

Indicative procurement dates shown in the table below.

**Table 3.2 Proposed procurement plan (Calendar Year).**

Project component	Procurement design date	Procurement date
Facility Operator Procurement	Q1 2024	Q2 2024
Enhanced Advanced Manufacturing Production Facility – design and build.	Q2 2024	Q2 2024
Enhanced Advanced Manufacturing Production Facility – Equipment*	Q1 2026	Q3 2026

\*Planned at this stage – dependant on operator / operating model

For procurement plan Gantt chart see Appendix 6.

### 3.4 Service Requirements and Outputs

**Table 3.3 Service streams and required outputs**

Project component	Expected Outputs
Advanced Manufacturing Production Facility	Specialist hybrid facility providing a range of industrial / production units with pilot line and office space. (4000 sq.m) Provision of open access specialist equipment advised by industry with academia input
National Net Zero Skills Centre of Excellence.	Dedicated skills and training facility providing classroom and training facilities with access to relevant 'leading edge equipment'. (1000 sq.m).
Facility Operator	Provision of an open access facility incorporating industry led skills provision and collaboration between industry, academia and government.  Revenue delivery model securing public and private sector leverage.

### 3.5 Risk Allocation

Service risks for this programme vary by procurement. The procurement of the infrastructure and specialist equipment all entail standard contract risks.

Memorandum of Understanding (MoU) will be agreed between Neath Port Talbot CBC and the proposed operator in relation to the facility agreeing outputs, outcomes and impacts to be delivered.

**Table 3.4 Risk Allocation Table**

Risk Category	Potential Allocation	
	Public	Private
1. Design Risk	✓	
2. Services, Construction & Development Risk	✓	✓
3. Transition & Implementation Risk	✓	
4. Availability and Performance Risk	✓	✓
5. Operating risk	✓	✓
6. Variability of Revenue Risks	✓	✓
7. Termination Risks	✓	
8. Technology & Obsolescence Risks		✓
9. Control Risks	✓	✓
10. Residual Value Risks	✓	
11. Financing Risks	✓	
12. Legislative Risks	✓	
13. Other Project Risks	✓	✓

## 3.6 Charging Mechanism

Appropriate payment mechanisms will be devised as part of each procurement design period, and will be specified in the relevant a part of NEC3 contract.

The project will utilise a separate project bank account.

## 3.7 Key Contractual Arrangements

Contract terms will be devised as part of each procurement design period.

The construction of the facility would be subject to an NEC3 Engineering and Construction contract.

### 3.7.1 *Personnel implications*

It is anticipated that TUPE<sup>73</sup> regulation will not apply to this investment. This is because the project is not expected to have any impact on the employment of existing staff. The proposed operating model for the programme is outlined in the Management Case and does not include the transfer of any staff.

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<sup>73</sup> Transfer of Undertakings (Protection of Employment) Regulations 1981



## 4.0 The Financial Case

### 4.1 Introduction

The Financial Case sets out the funding requirements for the preferred option and demonstrates overall project affordability.

### 4.2 Investment Summary

The financial information shown includes the procured construction costs, associated project costs and fees in the development and delivery of the project. The current investment summary presented in Table 4.1 below is based on forecasted investment as of 30 September 2023:

**Table 4.1 National Net Zero Skills Centre of Excellence Investment Summary as of 30/09/2023**

	Year 0 2017-18	Year 1 2018-19	Year 2 2019-20	Year 3 2020-21	Year 4 2021-22	Year 5 2022-23	Year 6 2023-24	Year 7 2024-25	Year 8 2025-26
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
<b>Expenditure</b>									
Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00
Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3.00</b>
<b>Funding</b>									
Swansea Bay City Deal Grant	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00
Public Sector	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Private Sector	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3.00</b>

	Year 9 2026-27	Year 10 2027-28	Year 11 2028-29	Year 12 2029-30	Year 13 2030-31	Year 14 2031-32	Year 15 2032-33	Total
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
<b>Expenditure</b>								
Capital	2.30	0.00	0.00	0.00	0.00	0.00	0.00	5.30
Revenue	0.00	5.00	7.50	8.00	11.00	11.50	12.50	55.50
<b>Total</b>	<b>2.30</b>	<b>5.00</b>	<b>7.50</b>	<b>8.00</b>	<b>11.00</b>	<b>11.50</b>	<b>12.50</b>	<b>60.80</b>
<b>Funding</b>								
Swansea Bay City Deal Grant	2.30	0.00	0.00	0.00	0.00	0.00	0.00	5.30
Public Sector	0.00	5.00	7.00	7.00	10.00	10.00	11.00	50.00
Private Sector	0.00	0.00	0.50	1.00	1.00	1.50	1.50	5.50
<b>Total</b>	<b>2.30</b>	<b>5.00</b>	<b>7.50</b>	<b>8.00</b>	<b>11.00</b>	<b>11.50</b>	<b>12.50</b>	<b>60.80</b>

The figures in Table 4.1 are the current financial investment forecast which the National Net Zero Skills Centre of Excellence is currently projecting over the timeline for the SBCD portfolio and are set within the original SBCD Heads of Terms. Funding elements are subject to change as the programme evolves.

It is the aim of the SBCD that all projects will be delivered in a seven-year period in order to maximise the full benefits realisation of the operational schemes during the lifetime of SBCD funding, which is to be released from both the UK and Welsh Governments.

The overall investment composition comprises of three following investment components:

- The **City Deal investment** component consists of the government grants awarded by UK and Welsh government totalling £5.3m. City Deal Grant is awarded to projects of the fifteen-year term up to a maximum of the allocated value.

- **Public sector** investment consists of investment from local authorities and other public funded and public service organisations. Public sector investment will also consist of specific Welsh Government and UK government grant funding. Local Authorities may agree that borrowing for a Regional Project should be made by all the Authorities equally or in proportions agreed or that borrowing should be carried out by one Authority on behalf of others if they so agree. The decisions as to whether borrowing on behalf of the programme shall be carried out by one Authority on behalf of the others and the proportions shall be determined by the Authorities as a matter reserved to the Authorities.
- **Private sector** investment includes regional investment from local and national private sector partners. The National Net Zero Skills Centre of Excellence aims to secure private sector investment via the procurement process and delivery model to secure an operator and explore delivery models, which will be confirmed at FBC stage.

### 4.3 Annual Income and Expenditure summary

Table 4.2 Project Level Income and Expenditure Forecast

	Year 0 2017-18	Year 1 2018-19	Year 2 2019-20	Year 3 2020-21	Year 4 2021-22	Year 5 2022-23	Year 6 2023-24	Year 7 2024-25	Year 8 2025-26
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
<b>Expenditure</b>									
Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00
Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3.00</b>
<b>Funding</b>									
Swansea Bay City Deal Grant	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00
Public Sector	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Private Sector	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3.00</b>

	Year 9 2026-27	Year 10 2027-28	Year 11 2028-29	Year 12 2029-30	Year 13 2030-31	Year 14 2031-32	Year 15 2032-33	Total
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
<b>Expenditure</b>								
Capital	2.30	0.00	0.00	0.00	0.00	0.00	0.00	5.30
Revenue	0.00	5.00	7.50	8.00	11.00	11.50	12.50	55.50
<b>Total</b>	<b>2.30</b>	<b>5.00</b>	<b>7.50</b>	<b>8.00</b>	<b>11.00</b>	<b>11.50</b>	<b>12.50</b>	<b>60.80</b>
<b>Funding</b>								
Swansea Bay City Deal Grant	2.30	0.00	0.00	0.00	0.00	0.00	0.00	5.30
Public Sector	0.00	5.00	7.00	7.00	10.00	10.00	11.00	50.00
Private Sector	0.00	0.00	0.50	1.00	1.00	1.50	1.50	5.50
<b>Total</b>	<b>2.30</b>	<b>5.00</b>	<b>7.50</b>	<b>8.00</b>	<b>11.00</b>	<b>11.50</b>	<b>12.50</b>	<b>60.80</b>

### 4.4 Investment leverage

One of the benefits of City Deal is the ability to lever additional public and private sector investment and to work with existing and pipeline government funded initiatives and industry partnerships.

As a result of the City Deal investment in specialist facilities, equipment and industry led skills provision which will improve collaboration between industry, government and academia, it is estimated that the National Net Zero Skills Centre of Excellence will lever in an additional £5.5m of private research income and over £50m of public sector research income over 5 years post construction of the facility, with increased opportunities for clustering, job creation and retention leading to economic growth.

### 4.5 Flow of Funding

The release of funds from the Accountable Body to Neath Port Talbot Council will follow funding route illustrated in Figure 4.1 below:

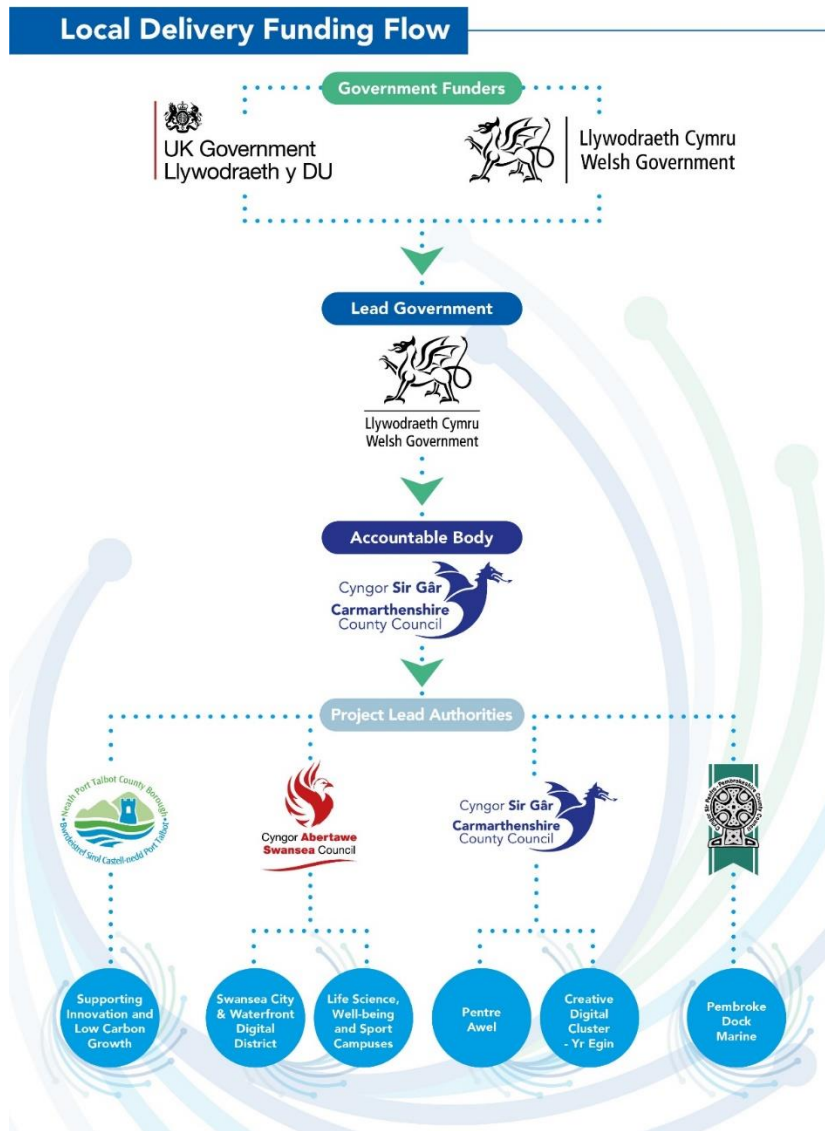


Figure 4.1 City Deal Funding Flow

## 4.6 Borrowing

The capital borrowing (in respect of the Government funded element) for the City Deal Projects will be re-paid by identified Government funds (UK & Welsh Government) over the 15-year period with the UK Government element now being paid over a 10-year timeframe.

The exact level of borrowing and the structure and terms of the borrowing is yet to be confirmed at this point in time, however it will be calculated based on the amount required per relevant local authority and will be in line with the individual local authority's internal requirements. This is being

determined by the four Section 151 Officers of the four regional local authorities. All borrowing will be agreed based on the principles of the Prudential Code and Treasury Management Policy and Strategy for each local authority. When further details of the investments required for each Project are known, a full business case appraisal for each individual Project will be completed and submitted to the relevant local authority for approval before submission to the Joint Committee. These full business cases will include the detailed funding proposals and requirements of the local authority.

**Government Grant 'Top Slice'** - Annually, up to 1.5% of the Portfolio Investment Fund, specifically the government grants awarded, will be earmarked to support the Joint Committee and central administration functions required to support the delivery of the Portfolio. This is referred to as 'Top Slice' of Government Grants.

**Interest on Investments** - It is recognised that throughout the lifecycle of the City Deal portfolio, cash balances will arise through cash flow movements as and when Projects become live and actual expenditure is incurred. Cash balances held by the Joint Committee will be invested through Carmarthenshire County Council as the Accountable Body. Income generated from cash investments will be ring-fenced and redistributed direct to Projects based on the allocation outlined within the original Heads of Terms.

#### 4.7 Retention of National Non-Domestic Rates

Welsh Government have agreed in principle (as per below) 50% of the additional net yield generated through City Deal developments can be retained by the region to support revenue costs associated with the programme. This has been acknowledged by the Lead Authorities within the Joint Committee Agreement (JCA - 29th April 2018).

*Welsh Government (Cabinet Secretary for Finance, 11th April 2018):*

'I intend to initiate arrangements to allow the region to retain 50% of the additional net yield in Non-Domestic rates generated by the 9 programmes / projects which are to be delivered by the Deal'

#### 4.8 Monitoring and Evaluation

The City Deal portfolio finances will be monitored through the SBCD Programme Board and SBCD Joint Committee, with the SBCD Economic Strategy Board also making recommendations on possible additional funding opportunities or alternative portfolio expenditure. Regular reports will also be presented by the Accountable Body to the regional Local Authority Directors of Finance and Regional Section 151 Officer working group. This working group will, in collaboration with the Welsh Government and the SBCD Portfolio Management Office, agree the financial monitoring process which will be:

- In line with overall reporting processes for the City Deal
- Based on best practice principles and guidance on project monitoring contained within the Green Book

Regular financial monitoring reports will be reported through the SBCD governance process. The NNZS Centre of Excellence, as part of the SILCG will report at SILCG programme level governance arrangements via the SILCG Programme Board.

The monitoring process will allow for the control of project cost variations and visibility of variations at a portfolio level.

The monitoring requirements of the Portfolio will require the Project Authority Lead to submit a claim for project funding to the Accountable Body at a frequency to be determined by the Accountable Body. The claim shall include a progress report on the project. The progress report shall include an assessment of risks associated with the project and details of progress against the agreed outputs. After the parties have agreed in accordance with clause 6.7 of the funding agreement that the project has achieved practical completion, the project authority lead shall not be required to submit claims for project funding. Thereafter, the project authority lead shall complete annual monitoring returns in a form to be specified by the Accountable Body prior to the Accountable Body releasing any project funding to which the project authority lead is entitled. The annual monitoring forms will include an obligation to report on the progress in achieving the agreed outputs. The Accountable Body reserves the right to impose additional monitoring requirements at a frequency and for such period as it considers reasonable in all the circumstances.

In addition to the above monitoring requirement the Accountable Body will require quarterly financial updates on project spend to support the cash flow management of the portfolio. These will detail the actual spend to the period, with forecast outturn over the 15-year duration of the portfolio.

Project lead authorities are also obligated to support the Accountable Body with any progress update reporting as required by the Welsh and UK Governments.

## **4.9 Accountancy Treatment**

### **Accounting for Income and Expenditure**

All income and expenditure is accounted for within the financial statements of the Project Lead Authority.

#### *4.9.1 Revenue Requirement*

The Welsh Government has acknowledged that revenue funding will be required to support the delivery of projects within the City Deal portfolio. The revenue requirements by projects of the City Deal are to be managed locally by the Project Lead Authorities. The Welsh Government recognises that the four local authorities will need to manage their capital funding to enable revenue expenditure to be supported. To achieve this through the use of the Local Authorities' capital receipts, Local Authorities will reference to the latest direction from Welsh Government Ministers on the use of capital receipts. This was issued under section 15(1) (a) of the Local Government Act 2003, along with accompanying guidance. Specific revenue funding will be detailed within project business cases and funded through partner investment.

#### *4.9.2 Balance Sheet Accounting*

Assets generated through the life of the programme will be accounted for and held on the balance sheet of the Local authority in which constituent area the asset is completed or the partner in which the asset is generated. Local authorities will account for assets in line with the relevant legislation and accounting standards. Partners will account for the assets in line with their own industry standard or accounting policies adopted.

#### *4.9.3 Value Added Tax*

Value Added Tax (VAT) is included where appropriate within the forecasts and estimates demonstrated. For objectives delivered by local authorities, VAT is excluded from forecasts and estimates under the application of Section 33 of the VAT act 1994. This Act refunds to (mainly) local government bodies the VAT attributable to their non-business activities and exempt business activities, providing it is considered an insignificant proportion of the total tax they have incurred. Projects or components of projects that are delivered by parties, other than that of local authorities, are subjected to VAT in the manner as regulated by the industry or sector in which they operate, except where regulatory standards dictate a specific treatment or application. Project business cases will identify and detail the application of VAT and include within forecasts and estimates as appropriate.

### **4.10 Financial Risk Management and Assurance**

#### *4.10.1 Financial risks*

The portfolio financial risks are monitored and managed as part of the City Deal's overall risk management arrangements. The City Deal Programmes and Projects maintain, manage and monitor their own risks in line with guidance from the Green Book and the City Region's Accountable Body and SBCD Programme Management Office. The project operates a risk register and issues log, specifically including any financial risks identified. These risks will be monitored and updated with mitigating control actions through the SILCG Programme Board as a standing item and then regularly presented to the SBCD Programme Board and Joint Committee, through the Portfolio Management Office.

#### **Financial issues, dependencies and interdependencies**

The SILCG Programme Board maintains a log of any financial issues, dependencies and interdependencies at both programme and project level. This log will be considered alongside the financial risk register outlined above. The Accountable Body will work through the Section 151 Officer Working Group to determine any actions necessary to address identified issues and will present recommendations for required action to the SBCD Programme Board, Economic Strategy Board and Joint Committee for approval. Regular updates on financial issues, dependencies and interdependencies will also be provided to the SBCD Programme Board and Joint Committee via the Portfolio Management Office as appropriate.

#### *4.10.2 Assurance – internal audit*

The review of the effectiveness of the system of Internal Control and Governance arrangements is informed by the work of the Internal Auditors, from which the Project Lead Authority and project

board gain assurance. Internal Audit is required to undertake their work in accordance with the standards as set out in the Public Sector Internal Audit Standards (PSIAS) established in 2013, which are the agreed professional standards for Internal Audit in Local Government.

As required by these Standards, the Head of Internal Audit as appropriate to the Project Lead Authority will undertake an independent review and report findings to the Project Lead Authority and Project Board. The format of the Annual Report complies with the requirements of the Code of Practice. The Strategic and Annual Audit Plans are approved annually by the Project lead authority and Project board. In addition, the Internal Audit Unit undertakes fraud investigation and pro-active fraud detection work.

#### *4.10.3 Assurance – external regulators*

The Audit Wales as External Auditor to the Project Lead Authority reviews and comments on the financial aspects of Corporate Governance which include the legality of financial transactions, financial standing, systems of Internal Financial Control and standards of financial conduct and fraud and corruption.

## 5.0 The Management Case

### 5.1 Introduction

The purpose of the Management Case is to put in place the arrangements for the successful delivery of the project. It provides evidence that the capability and capacity is in place to govern and deliver the project, and arrangements are in place to manage project risks.

### 5.2 Project Management Governance Arrangements

The project will be delivered using proven project management methodologies to ensure the outputs, benefits and outcomes are achieved in a controlled, well managed and visible set of activities.

The implementation strategy embraces the principles of project management based on proven standards and quality management in line with Managing Successful Programmes (MSP) and Projects IN Controlled Environments (PRINCE2) project management methodologies.

#### 5.2.1 Project & Programme Governance Framework

The EAMPF project will adhere to the existing SILCG programme governance arrangements detailed in the structure below. As above the EAMPF has its own project team and governance arrangements which align to and provide regular reports to the SILCG governance as detailed below:

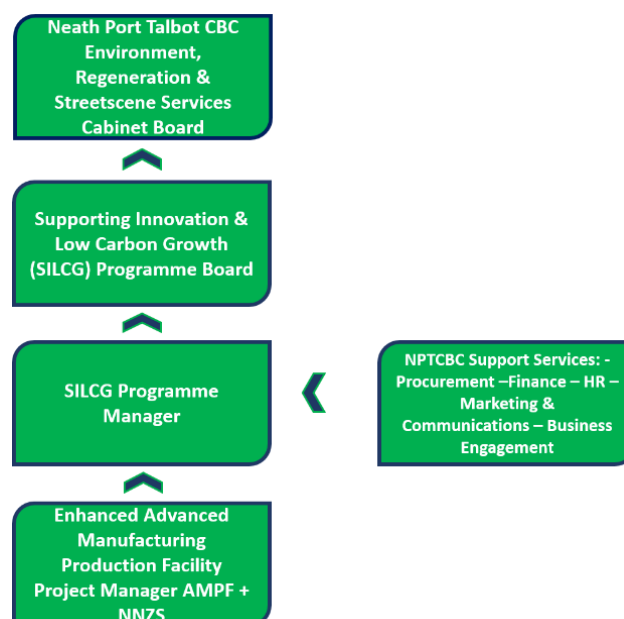


Figure 5.1 EAMPF Project governance structure



### 5.2.2 SILCG programme board

The SILCG Programme Board governs and oversees the SILCG Programme, (and therefore the EAMPF project) reporting directly to each of the partner governance structures and the SBCD governance arrangements as per the structure below.



Figure 5.2: City Deal governance structure

The SILCG Programme Board is chaired by the Programme SRO and includes representatives from each of the project partners and the SBCD Portfolio Management Office.

The Board is responsible for:

- Overall strategic decision making and programme leadership,
- The approval of project timescales and plans,
- The approval of key procurements and recruitments,
- Overall project and budget monitoring,
- The allocation of funds between key project components,
- Approval of any major changes to the project,
- Ensuring that benefits are realised (as per the plans set out below),
- Project assurance and post-project evaluation (as per the plans set out below).

Programme Board membership is as set out below:

**Table 5.1 SILCG Programme Board membership**

Organisation	Name	Role
Neath Port Talbot CBC	Nicola Pearce	Director – Environment and Regeneration Programme & Programme SRO
Neath Port Talbot CBC	Simon Brennan	Head of Property & Regeneration
Neath Port Talbot CBC	Lisa Willis	Strategic Funding Manager
Neath Port Talbot CBC	Brett Suddell	SILCG Programme Manager
Neath Port Talbot CBC	Julia Lewis	Strategic Funding Officer Project Coordinator
Swansea University	Dave Worsley	SWITCH
Swansea University	Miles Willis	SWITCH
University of South Wales	Jon Maddy	Hydrogen stimulus project
Swansea Bay City Deal PoMO	Jonathan Burnes	SBCD Portfolio Director

### 5.2.3 Programme SRO

The SRO is accountable for the EAMPF project, and for ensuring that it meets its objectives and delivers the expected benefits.

### 5.2.4 Programme team

The SILCG Programme Manager will liaise with the EAMPF project manager, and will drive forward the delivery of the programme and ensure progress towards outputs, outcomes and impacts and linkages to other developments in the region.

### 5.2.5 Support services

Support services for the programme including HR, legal, procurement will be provided by Neath Port Talbot CBC.

### 5.2.6 Project plan

The project plan / implementation plan will be used to control and track progress and delivery of the project and resulting outputs, outcomes and impact. It describes how, when and by whom a specific project activity, milestone or target will be achieved.

Detailed project plan Gantt chart will be developed as project progresses.

The project plan summary with key milestones is below:

**Table 5.2 EAMPF programme key milestones (Calendar year).**

Activity	Milestone	Status
Outline Business case approval	Q4 2023	Under review
Enhanced Advanced Manufacturing Production Facility building specification workshops / Design Brief	Q1 2024	Further discussions continuing
Operator Procurement	Q2 2024	Initial Scoping
Enhanced Advanced Manufacturing Production Facility Procurement	Q2 2024	Future development
Design phase	Q3 2024 – Q3 2025	Future development
Construction phase commenced	Q3 2025	Future development
Construction complete	Q4 2026	Future development
Facility Opens	Q4 2026	Future development

### 5.2.7 Outputs, outcomes and impact

Table 5.3 below shows the project’s outputs, outcomes and impacts which contribute to and deliver the SILCG Programme Investment Objectives and programme level impact that will be monitored and reported on.

The table shows the baseline of the original AMPF project outputs as approved with the SILCG PBC, the projected outputs generated by the NNZS, and the combined outputs from the combined EAMPF.

**Table 5.3 Project outputs**

<b>Outputs</b>	<b>AMPF OBC (1)</b>	<b>NNZS (2)</b>	<b>Enhanced AMPF (1&amp;2 combined)</b>
<b>Land Developed</b>	<b>0.81ha</b>	<b>-</b>	<b>0.81ha</b>
<b>Premises Created</b>	<b>4,000m2</b>	<b>1,000m2</b>	<b>5,000m2</b>
<b>Jobs Accommodated</b>	<b>111</b>	<b>29</b>	<b>140</b>
<b>Jobs Created/safeguarded</b>	<b>88 (+10 construction)</b>	<b>15</b>	<b>113</b>
<b>SMEs accommodated</b>	<b>15</b>	<b>-</b>	<b>15</b>
<b>SBCD Investment</b>	<b>£17.2M</b>	<b>£5.3M</b>	<b>£22.5M</b>
<b>Public Sector</b>	<b>-</b>	<b>£50M+</b>	<b>£50M+</b>
<b>Private Sector</b>	<b>£500K/yr (to 2033)</b>	<b>£5.5M</b>	<b>£9M</b>
<b>No. of Courses per annum</b>	<b>-</b>	<b>50+</b>	<b>50+</b>
<b>No. of Individuals trained by 2033</b>	<b>-</b>	<b>3,500</b>	<b>3,500</b>

### **5.3 Use of Specialist Advisors**

Specialist advice has been used for the development of the business case, however the SRO and SILCG Programme Board retain ownership of the business case and its development. The project will use specialist advisors in the following areas.

**Table 5.4 Project specialist advisors**

<b>Category</b>	<b>Specialist Advice</b>
Business case development	NPT Strategic Funding Programme Office Swansea University Industry Wales Economic Strategy Board SBCD PoMO
Financial	Neath Port Talbot CBC, Financial Services

Legal	Neath Port Talbot CBC, Legal Services
Technical	Neath & Port Talbot CBC, Architectural Design Office.
Programme / project management	Neath Port Talbot CBC, Strategic Funding Programmes Office
	SILCG Programme Manager
Programme / project assurance	Neath Port Talbot Council Internal Audit Welsh Government Integrated Assurance Hub SBCD

### 5.3.1 Stakeholder Working Group

A Stakeholder Working Group will be established to provide impartial advice to the project team and partners. The group will include industry experts, academia, and government.

The working group will consider scoping of the facility, skills for the green economy and ensure alignment to the Skills and Talent Project, SWIC and other Skills groups

Terms of reference will be agreed including declarations of interest and the purpose of the group.

## 5.4 Change and Contract Management Arrangements

The EAMPF project team will follow the change control procedure as established by the SILCG Programme Board, in line with the PoMO change control procedure. This will provide an acceptable procedure for the delivery of change over the life of the project to manage anticipated and unexpected change.

Neath Port Talbot will lead on project procurement activity and has an existing contract management process in place.

## 5.5 Benefits Realisation Arrangements

The necessary management arrangements will be put in place to ensure that the project delivers its anticipated benefits. The benefits arising from the EAMPF project for the SILCG programme were identified in the Strategic Case and were assessed in the Economic Case.

The SILCG Programme Manager and EAMPF Project Manager will update the SILCG a benefits realisation plan and benefits register in accordance with the HM Treasury Green Book guidance. The benefits register is based on the funded outputs and realisation of wider spending objectives and is an integral part of project and programme management meetings. The benefits register is owned by the SILCG Programme Board.

**Benefits Register is at Appendix 3.**

## **5.6 Risk Management Arrangements**

The EAMPF Project Manager will develop a risk management strategy and further develop the risk register. A SILCG programme risk register is in place and is regularly updated and reported to SILCG Programme Board. The project risk register is aligned to the SILCG programme risk register and in turn the SBCD Portfolio Risk Register.

**Risk Register at Appendix 4**

## **5.7 Programme Assurance**

The SILCG programme has developed a programme level Integrated Assurance and Approval Plan (IAAP) (Appendix 7) which is a live document with regular updates.

As detailed in the IAAP the SILCG programme and its projects will be subject to the SBCD Assurance Framework and Office of Government Commerce (OGC) Gateway Reviews.

Following approval of the OBC for the National Net Zero Skills Centre of Excellence, the SILCG Programme Business Case will be updated to also include the Skills project. This will be reviewed and approved through the SILCG Programme Board and SBCD governance structures for information.

Once the Programme Business Case has been updated, a Gateway review will be undertaken on the SILCG Programme, with terms of reference for the review to be developed with the SILCG SRO and PoMO.

### *5.7.1 Monitoring during implementation*

A SILCG Programme Monitoring and Evaluation plan will be developed for the project which will align to the SBCD Monitoring and Evaluation plan.

The project Monitoring and Evaluation processes replicates those set out in the SBCD Monitoring and Evaluation Plan. The plan is targeted at Programme / Project SROs, the Portfolio Management Office and SBCD Programme / Project teams. For this project, the SRO will ensure that the project team makes appropriate arrangements to collate, monitor and communicate project milestones, deliverables and benefits realisation. The M&E Plan will align to the revised HM Treasury and the UK Government's Project Delivery Guidance. The M&E plan will be applied at project level where a two-way cascade of outputs and outcomes will be required to understand performance and impact of the project. The tools and templates used to monitor and evaluate activity include:

- Monthly highlight reports
- Quarterly monitoring reports
- Annual reports
- Benefits realisation plan – continually updated and reported quarterly

- Integrated Assurance and Approval Plan (IAAP)
- Construction Costs Impact Assessment
- Financial Monitoring (including private sector investment status)
- Milestone evaluations as agreed with the Portfolio Management Office

Monitoring and Evaluation requires a periodic assessment of project implementation and performance activities and the evaluation of their results in terms of relevance, effectiveness, and impact. Monitoring and Evaluation activities will provide all levels of the governance structure with information on the progress and impact made towards achieving the project's milestones, outputs and outcomes. This information will be shared with the relevant bodies through periodic updates and reviews.

#### *5.7.2 Post implementation and evaluation arrangements*

The Post Implementation Review will involve a detailed review of the outputs and benefits of the project. The timescale for carrying out this review after the project closure will be decided by the Programme SRO and SILCG Programme Board. The review team will be independent to the programme.

The Programme Manager will ensure a Project Implementation Review and a Post Evaluation Review will be carried out in line with HMT Green Book guidance.

## **5.8 Contingency Arrangements and Plans**

The Project Manager will have quarterly monitoring meetings with the SRO and SILCG Programme Board to review project progress, risks, issues and performance against targets, timescales and budget.

## **5.9 Communication and Dissemination Arrangements**

There will be a coordinated approach to branding, communications and marketing.

An initial stakeholder mapping has been carried out and stakeholders have been identified from Welsh and UK Governments, industry including Industry Wales, academia in relation to RD&I and skills. This mapping will inform the project communications plan in line with the good practice example of the power / interest matrix in the diagram below.

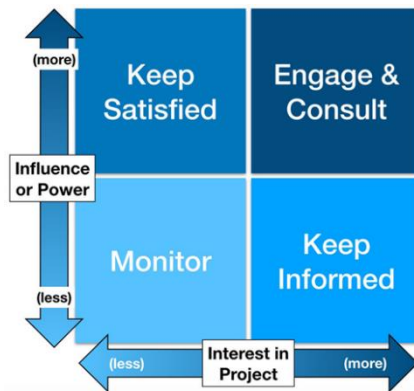


Figure 5.4 Stakeholder power/interest matrix

At pre-approval stage, the following stakeholders have been identified and engagement activity has been undertaken in developing the project business case.

Stakeholder	Engagement activity to date
Welsh Government	Policy workshops Project meetings
UK Government	Policy workshops Project meetings
Industry Wales	Regular engagement meetings
South Wales Industrial Cluster (SWIC)	Engagement meetings
Further Education Colleges	Regular Engagement Meetings
Higher Education Establishments	Regular Engagement Meetings



## Appendix 1

### Stakeholder Engagement Activities undertaken in respect of AMPF & NNZSCoE between 2020 and September 2023

<p>14<sup>th</sup> August 2020 Workshop No.1</p>	<p>The purpose of the workshop was:</p> <ol style="list-style-type: none"> <li>1) To identify and agree             <ol style="list-style-type: none"> <li>a. Spending objectives</li> <li>b. Existing arrangements</li> <li>c. Business needs</li> <li>d. Potential scope for the project</li> </ol> </li> <li>2) To identify             <ol style="list-style-type: none"> <li>a. Key service requirements for the project</li> <li>b. Related benefits</li> <li>c. Risks</li> <li>d. Constraints</li> <li>e. Inter-dependencies</li> </ol> </li> </ol> <p>The outputs from the workshop will be:</p> <ul style="list-style-type: none"> <li>• SMART spending objectives</li> <li>• Business needs and potential scope for the project</li> <li>• Key benefits and risks, constraints and dependencies</li> </ul> <p>We would also look to identify and assess various delivery options i.e. determine a long list of options and reduce them down to a short list using Critical Success Factors and the Investment Objectives (e.g. scope of facility, shared kit, layout etc.)</p> <table border="1" data-bbox="359 1265 826 1765"> <thead> <tr> <th colspan="2">Delegate</th> </tr> </thead> <tbody> <tr><td>Simon Brennan</td><td>NPTCBC</td></tr> <tr><td>Lisa Willis</td><td>NPTCBC</td></tr> <tr><td>Adil Pirmohamed</td><td>NPTCBC</td></tr> <tr><td>Andrew Collins</td><td>NPTCBC</td></tr> <tr><td>Roger Maggs</td><td>PTWEZ</td></tr> <tr><td>James Davies</td><td>Ind Wales</td></tr> <tr><td>Mike Gillard</td><td>Ind Wales</td></tr> <tr><td>Dave Worsley</td><td>Swansea Uni</td></tr> <tr><td>Robert Brown</td><td>UWTSD</td></tr> <tr><td>Hywel Thomas</td><td>Flexis</td></tr> <tr><td>Sarah Jayne Davies</td><td>WG</td></tr> </tbody> </table>	Delegate		Simon Brennan	NPTCBC	Lisa Willis	NPTCBC	Adil Pirmohamed	NPTCBC	Andrew Collins	NPTCBC	Roger Maggs	PTWEZ	James Davies	Ind Wales	Mike Gillard	Ind Wales	Dave Worsley	Swansea Uni	Robert Brown	UWTSD	Hywel Thomas	Flexis	Sarah Jayne Davies	WG
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<p>8<sup>th</sup> October 2021</p>	<p>NPTCBC visit to MTC Coventry to view facilities, discuss set up etc</p> <p>MTC: Ken Young Sharon Anderson</p> <p>NPT</p>																								

	<p>Nicola Pearce Simon Brennan Clive P. Barnard Lisa Willis</p> <p>Others: James Davies (Industry Wales) Mike Gillard (Industry Wales)</p>													
31 <sup>st</sup> Jan 2022	<p>NPT &amp; SU exec meeting discussing skills needs</p> <p>Sarah Coward; Lisa Willis; Karen Jones - CEX; Leader; Huw Jones; Simon Brennan; Chris Owen; Fiona Clay-Poole; Andrew Thomas; Andrew Jarrett; Paul.boyle@swansea.ac.uk; s.p.wilks@swansea.ac.uk; h.r.griffiths@swansea.ac.uk; m.r.willis; g.j.thomas@swansea.ac.uk; Cllr. Ted Latham (Leader); Rhiannon Crowhurst; Hayley Lervy; m.a.redd@swansea.ac.uk; j.v.newbury@swansea.ac.uk; Alexandra Ansell; Angela Marsh; Cameron McIntyre; VC-Elect; Deputy Leader; Cllr. Leanne Jones (Deputy Leader);</p>													
24 <sup>th</sup> March 2022	Industry Wales / UKG Area Lead South West Wales Team introduction													
19 <sup>th</sup> April 2022	NPT Innovation & Manufacturing forum presentation to local industry on AMPF & SILCG programme													
17 <sup>th</sup> June 22	Visit to Gower College Energy Centre to discuss skills provision and future opportunities with SILCG and HAPS project													
24 <sup>th</sup> Oct 2022	<p>NPT &amp; SU senior level Exec meeting with specific AMPF item on the agenda</p> <table border="1"> <tr> <td><b>Team members:</b></td> </tr> <tr> <td>Karen Jones - CEX</td> </tr> <tr> <td>Lisa Willis</td> </tr> <tr> <td>Nicola Pearce</td> </tr> <tr> <td>Simon Brennan</td> </tr> <tr> <td>Huw Jones</td> </tr> <tr> <td>H R Griffiths</td> </tr> <tr> <td>Fiona Clay-Poole</td> </tr> <tr> <td>M R Willis</td> </tr> <tr> <td>G I Thomas</td> </tr> <tr> <td>Chris Owen</td> </tr> <tr> <td>Cllr Steve Hunt</td> </tr> <tr> <td>Karen Pemberton</td> </tr> </table>	<b>Team members:</b>	Karen Jones - CEX	Lisa Willis	Nicola Pearce	Simon Brennan	Huw Jones	H R Griffiths	Fiona Clay-Poole	M R Willis	G I Thomas	Chris Owen	Cllr Steve Hunt	Karen Pemberton
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Cllr Steve Hunt														
Karen Pemberton														
26 <sup>th</sup> October 2022	NPT & Industry Wales catch up re EAMPF													
14 <sup>th</sup> December 2022	EAMPF Scoping meeting with Industry Wales Lisa Willis; jdavies; Mike Gillard; Simon Brennan; Brett Suddell													
10 <sup>th</sup> Jan 2023	Approach by Phil Clements working on behalf of HVM Catapult/Warwick University exploring options for future Catapult sites													
20 <sup>th</sup> Jan 2023	HVM Catapult meeting around EAMPF involving Nicola Pearce; Clements, Phil; Simon Brennan; Lisa Willis; Brett Suddell;													
24 <sup>th</sup> Jan 2023	Skills and apprenticeships around EAMPF meeting with Industry Wales Lisa Willis; tleahy@industrywales.com; bpeaper@industrywales.com; jdavies; mgillard@industrywales.com; Simon Brennan; Brett Suddell;													

25 <sup>th</sup> Jan 23	Phil Clements visits BTC & BBIC to look at setting up regional office for HVM Catapult																												
6 <sup>th</sup> Feb 2023	Meeting with RLSP and Skills & Talent project Chair to discuss skills provision under EAMPF Lisa Willis; Barry Liles; jelewis@carmarthenshire.gov.uk; Simon Brennan; Brett Suddell;																												
3 <sup>rd</sup> May 23	Visit to UWTSD SA1 Campus to view facilities and have a discussion on AMPF and skills provision to avoid duplication. Meeting with Barry Liles (PVC) and team, Jane Lewis and NPTCBC staff																												
4 <sup>th</sup> May 2023 Workshop No. 2	Welsh Government facilitated workshop involving key personnel involved in setting up similar facilities in UK  <table border="0"> <tr> <td><b>Neath Port Talbot Council:</b></td> <td><b>Industry Wales</b></td> </tr> <tr> <td>Nicola Pearce, Director of Environment (responsible for setting up centre in Strathclyde and early days of AMRC Cymru)</td> <td>Prof. Keith Ridgeway</td> </tr> <tr> <td>Simon Brennan, Head Property &amp; Regeneration</td> <td>James Davies</td> </tr> <tr> <td>Lisa Willis, Strategic Funding Manager</td> <td>Mike Gillard</td> </tr> <tr> <td>Brett Suddell, SILCG Programme Manager</td> <td></td> </tr> <tr> <td> <b>Welsh Government:</b></td> <td><b>External:</b></td> </tr> <tr> <td>Nigel Elias</td> <td>Roger Maggs (Celtic</td> </tr> <tr> <td>Freeport &amp; Chair PTWEZ)</td> <td></td> </tr> <tr> <td>Huw Davies (Cymru)</td> <td>Andrew Silcox (AMRC</td> </tr> <tr> <td>Peter Evans (Cymru)</td> <td>Jason Murphy (AMRC</td> </tr> <tr> <td>Leigh Jenkins</td> <td></td> </tr> <tr> <td>Abigail Philips</td> <td></td> </tr> <tr> <td>Gwion Williams</td> <td></td> </tr> <tr> <td>Simon Ripton</td> <td></td> </tr> </table>	<b>Neath Port Talbot Council:</b>	<b>Industry Wales</b>	Nicola Pearce, Director of Environment (responsible for setting up centre in Strathclyde and early days of AMRC Cymru)	Prof. Keith Ridgeway	Simon Brennan, Head Property & Regeneration	James Davies	Lisa Willis, Strategic Funding Manager	Mike Gillard	Brett Suddell, SILCG Programme Manager		 <b>Welsh Government:</b>	<b>External:</b>	Nigel Elias	Roger Maggs (Celtic	Freeport & Chair PTWEZ)		Huw Davies (Cymru)	Andrew Silcox (AMRC	Peter Evans (Cymru)	Jason Murphy (AMRC	Leigh Jenkins		Abigail Philips		Gwion Williams		Simon Ripton	
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16 <sup>th</sup> June 2023	NPT and WG meeting to discuss project updates and land issues  <table border="0"> <tr> <td><b>NPT:</b></td> </tr> <tr> <td>Karen Jones - CEX</td> </tr> <tr> <td>Nicola Pearce</td> </tr> <tr> <td>Simon Brennan</td> </tr> <tr> <td>Brett Suddell</td> </tr> <tr> <td> <b>WG</b></td> </tr> <tr> <td>Duncan Hamer</td> </tr> <tr> <td>Peter Evans</td> </tr> <tr> <td>Julie Cunnington</td> </tr> <tr> <td>Rhys Morris</td> </tr> <tr> <td>Aine Gawthorpe</td> </tr> </table>	<b>NPT:</b>	Karen Jones - CEX	Nicola Pearce	Simon Brennan	Brett Suddell	 <b>WG</b>	Duncan Hamer	Peter Evans	Julie Cunnington	Rhys Morris	Aine Gawthorpe																	
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Julie Cunnington																													
Rhys Morris																													
Aine Gawthorpe																													
22 <sup>nd</sup> June	Formal launch of the BTC and presentation around AMPF, discussion on skills provision with attendees (69 in attendance)																												
10 <sup>th</sup> July 2023	Communications briefing note prepared for internal marketing and comms team to produce press releases around EAMPF																												
13 <sup>th</sup> July 2023	NPT & Swansea University executive group meeting Present: Name Organisation Initials																												

	<p>Cllr Steve Hunt Neath Port Talbot CBC SH  Nicola Pearce Neath Port Talbot CBC NP  Noelwyn Daniel Neath Port Talbot CBC ND  Simon Brennan Neath Port Talbot CBC SB  Chris Owen Neath Port Talbot CBC CO  Lisa Willis Neath Port Talbot CBC LW</p> <p>Paul Boyle (Chair) Swansea University PB  Helen Griffiths Swansea University HG  Miles Willis Swansea University MW  Gavin Thomas Swansea University GT  Keith Lloyd Swansea University KL</p>
20 <sup>th</sup> July 2023	Attendance and SILCG stand at SBCD Regional event at the Bridge Innovation Centre in Pembroke promoting EAMPF and other SILCG Projects
1 <sup>st</sup> August 2023	<p>Good morning James and Mike,</p> <p>I hope you are well. It was good to see you both at the Bay Technology Centre launch a few weeks ago.</p> <p>By way of an update on the City Deal Advanced Manufacturing Production Facility:</p> <p><b>Additional funding</b>  We are finalising a business case to secure additional funding to incorporate the Skills academy in the facility – formal approval due Autumn 2023</p> <p><b>Engagement</b>  Brett will be sending out the online questionnaires (based on the questionnaires you used in mid Wales) shortly to schools, FE, HE etc  We have had a number of meeting / engagement sessions with FE (Neath College), HE (TSD and SU), to develop the brief and ensure added value  We are looking to formalise engagement with an event and workshops with FE, HE, Industry, WG, UKG in mid Sept via a facilitated workshop and have contacted Ross Gill at SQW to facilitate this workshop, he has been involved in a number of NPT economic development strategies recently.</p> <p>In terms of planning the workshop, would you be able to meet with Ross and I to share your thoughts on how best to shape the workshop, you mentioned previously a 3 part workshop with intro, end users and potential operators? Would you be able to let me know your availability week commencing 14<sup>th</sup> Aug or 21<sup>st</sup> Aug please</p> <p>Many thanks and kind regards,</p> <p>Lisa</p>
4 <sup>th</sup> August 23	Visit by WG Minister for Finance Rebecca Evans and team to hear about SILCG Programme and other NPT economic initiatives in the area. Presentation given on AMPF and NNZSCoE.
7 <sup>th</sup> September 2023	Margam Orangery stakeholder workshop planning session with Industry Wales and SQW

	Julia Lewis; Lisa Willis; Simon Brennan; Brett Suddell; Mike Gillard; Bill Peaper; James Davies; Ross Gill; David Birch; Tony Leahy; Oonagh Gavigan; Alec Thomas;
15 <sup>th</sup> Sept 2023	'Demonstrator' concept for BTC on AMPF/NNZSCoE discussed at the last NPTW EZ Board.

## Appendix 2 Letters of Support

Appendix	Subsection	Title
2	1	RLSP – Jane Lewis
	2	SWIC/Industry Wales – Dr Chris Williams
	3	Swansea University – Prof. Dave Worsley OBE
	4	Swansea University – David Warren
	5	Celtic Freeport – David Gwynne
	6	Net Zero Industry Wales – Ben Burggraaf
	7	SILCG Programme Board Chair – Nicola Pearce
	8	GCRE – Simon Jones
	9	Cardiff University – Hywel Thomas
	10	University of South Wales – Jon Maddy
	11	Neath Port Talbot College – Kelly Fountain Vice Principal
	12	NPTCBC - Education Department
	13	UWTSD – Richard Morgan

## 2.1 RLSP

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25<sup>th</sup> September 2023

Lisa Willis,

Neath and Port Talbot County Borough Council.

Dear Lisa,

### **Letter of Support for the National Net Zero Skills Centre of Excellence.**

The Regional Learning and Skills Partnership (RLSP) is delighted to offer its' support for the proposed National Net Zero Skills Centre of Excellence. The provision of such an innovative centre in West Wales alongside an Enhanced Manufacturing Production facility will not only be unique in Wales but will provide the innovation that will be required to meet the new skills and methods of manufacturing for the future.

New manufacturing methods, new technology and new ways of learning will be key to the success of our industry in the region over the next 20 years and creating that future workforce is essential if we are to compete with other manufacturing areas across the UK, European and the wider World. There will be huge opportunities for the South West region through the City Deal project, the Freeport and additional investment opportunities that will be generated because of the former. Manufacturing will be one of the key success factors offering thousands of jobs both in primary and secondary jobs through the supply chain and all of these individuals will need to be skilled or upskilled as they transfer across to new industries and new ways of working.

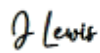
There are approximately 9,000 currently employed in manufacturing in Neath and Port Talbot, with 17% due to retire in the next 10 years. The anticipated growth for the region is 16,000 jobs across primary and secondary services and these will be across all levels, bringing in high paid, high skilled opportunities into the region. There is also a need to develop further opportunities for research into sustainable manufacturing processes which the facility will offer, again providing additional higher paid jobs.

The development of a Centre of Excellence of Net Zero skills will meet the ambitions of the City Deal Skills and Talent Programme not only by bringing a Centre where people and businesses can learn and manufacture together but, it will be a venue where academics in

our universities and colleges can work together. This will be a unique opportunity where Higher and Further Education; School Education can learn from each other and have greater links to learn from the manufacturers themselves, sharing best practice and building the skills platform of the future, creating economic growth for the region.

Collaboration will be key to the success of the programme and the RLSP look forward to working closely with you and your partners as you progress the proposal.

Yours sincerely,



**JANE LEWIS**

**REGIONAL PARTNERSHIP MANAGER**





## 2.2 SWIC



Dear Nicola Pearce

Director of Environment and Regeneration

**Ref: National Net Zero Skills Centre of Excellence (working title)**

Industry Wales is an arm's length organisation of Welsh Government and serves as an important link between industry and Welsh Government. The developing South Wales Industrial Cluster (SWIC) has been managed through Industry Wales thus ensuring the essential cooperation needed between industry, academia and government as industries plan their route to net zero. SWIC will be supported by the new membership organization Net Zero Industry Wales going forward as a member of the Industry Wales family. SWIC represents the largest CO<sub>2</sub> emitting industrial region in the UK. With Welsh Governments target now aligning with UK Governments target to be net zero by 2050, it is important that all decarbonisation plans and technological developments are expedited as soon as possible. SWIC cluster includes Steel, Oil, Cement, Chemicals, paper and general manufacturing companies.

The proposed project completely aligns with the goals of SWIC and will support and steer the decarbonisation of the South Wales area.

Therefore, on behalf of the South Wales Industrial Cluster (SWIC) steering team we would like to endorse and support the plans for the addition of the *National Net Zero Skills Centre of Excellence (working title)* with the ambition to upskill the existing workforce and provide relevant training for new people who wish to work in the green economy and maximise the opportunity of the number of new developments taking place in the region e.g. Freeports, Floating Offshore Wind (FLOW), Blue Eden Project, Homes as Power Stations (HAPS), Skills and Talent and the Supporting Innovation and Low Carbon Growth (SILCG) Programme.

We will support this facility by participating in engagement sessions to scope the facility.

Yours sincerely,

*Chris Williams*

28/09/23

Dr Chris Williams  
Head of Industrial Decarbonisation  
Industry Wales  
cc. James Davies, CEO, Industry Wales

Growing Welsh Technology and Manufacturing Business Globally  
'Industry Wales' is the trading name of SDWP Ltd.



## 2.3 Swansea University – Prof. Dave Worsley OBE



Materials Science and Engineering  
Gwyddor Deunyddiau a Pheirianeg

Dr Brett Sudell  
Head of Low Carbon Growth  
Neath and Port Talbot Council  
The Quays  
Brunel Way  
SA11 2GG

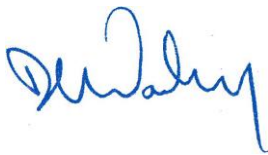
25/9/2023

Dear Brett,

Many thanks for the information on the expanded vision for the manufacturing hub being built as part of the City Deal low carbon growth programme. This centre is clearly allied closely to SWITCH Harbourside and sits in a local net zero ecosystem including our SPECIFIC project sites, the Cardiff University Combustion Centre and the USW Hydrogen hub. It is indeed very exciting to be part of this journey and the news that you are planning to support net zero skills escalation meshes uniquely with our work with the SWITCH on Skills programme. We are naturally therefore very keen to support the scheme both in terms of content development, access to online resources and also for the onsite provision of taught and practical elements. Having delivered our innovation campus I would also like to support elements of the design of the facility not least to make sure it showcases local 'Active Building' innovations which can be used to inspire the next generation of net zero professionals. It is also very timely that this facility be created given the seismic changes in the local industry base needed in order to reduce our own carbon emissions but without losing a critical raw material that underpins the transition.

Good luck and please connect with myself, Prof Dave Penney ([d.penney@swansea.ac.uk](mailto:d.penney@swansea.ac.uk)) and Dr Khalil Khan ([k.khan@swansea.ac.uk](mailto:k.khan@swansea.ac.uk)) so that we can get involved as soon as possible.

With very best wishes;

A handwritten signature in blue ink, appearing to read 'D. Worsley', written in a cursive style.

Professor David Worsley OBE FIMMM FLSW  
CChem MRSC

A decorative horizontal line consisting of three overlapping, wavy blue lines that span the width of the page.

Faculty of Science and Engineering | Cyfadran Gwyddoniaeth a Pheirianeg  
Swansea University | Prifysgol Abertawe

## 2.4 Swansea University – David Warren

Fri 22/09/2023 17:39



David Warren <d.j.warren@swansea.ac.uk>

Letter of support for NNZSCoE

To Brett Suddell

Cc Khalil Khan; David Penney

Dear Brett,

Thank you for sending on the information regarding the proposed National Net Zero Skills Centre of Excellence (NNZSCoE). It sounds like a great proposal and will support the development of much needed skills for the transition to Net Zero. As you are likely aware, my colleagues and I represent a group of Net Zero focussed projects already in receipt of funding, including NOW Skills, SWITCH-On Skills and COATED MZA Centre for Doctoral Training. We are supportive of the proposal and see many opportunities for complementary activities and sharing of best practice in the area of multi-level skills delivery.

Likewise, I see many opportunities for collaboration at the Advanced Manufacturing Production Facility including research and skills to develop the technology and workforce to reach our Net Zero goals and contribute to a prosperous region.

If you require any further information please let me know

Best regards

David

**Dr David Warren EngD MIMMM FHEA**

**MZA Operations Rheolwr**

**Manager Gweithrediadau**

**Swansea MZA**

**University Prifysgol Abertawe**

**Bay Campus Campws y Bae**

**Room A201a, Ystafell A201a,**

**Engineering East Peirianneg Dwyrain**

**Fabian Way Fabian Way**

**Crymlyn Burrows Crymlyn Burrows**

**Swansea Abertawe**

**SA1 8EN SA1 8EN**

**Tel/ Ffôn: 01792 606541 m/s: +44(0)7702 856704**

**Email/Ebost: [D.J.Warren@swansea.ac.uk](mailto:D.J.Warren@swansea.ac.uk)**

**Web: [www.mza.wales](http://www.mza.wales)**



Sylwch nad yw dim yn y neges e-bost hon yn ffurfiol, nac i'gwneithio. I unithyw fath i'ymrwymo i unithyw delerau ac amodau cyfundeblol a drafodir ynddi. Er mwyn cymeradwyo unithyw delerau cyfundeblol yn derfynol, mae'n rhaid cael cymeradwyaeth a chyfundeblol llofnodwyr awurdodol Prifysgol Abertawe. Please note that nothing in this e-mail forms, nor should be understood as, an offer, acceptance, warranty or agreement of any kind to enter into any contractual terms and conditions discussed herein. Final approval of any contractual terms is subject to the formal approval and agreement of Swansea University's authorised signatories.



25<sup>th</sup> September 2023

Dear Nicola,

**NATIONAL NET ZERO SKILLS CENTRE OF EXCELLENCE (NNZSCOE)**

I understand that the outline business case for the National Net Zero Skills Centre of Excellence put forward by Neath Port Talbot Council is reaching its final stages of consideration by the Swansea Bay City Deal (SBCD) Programme Board and Joint Committees. As Interim CEO of Celtic Freeport, I am delighted to confirm our support for the proposal.

Celtic Freeport is aiming to attract new manufacturing businesses to sites within the South-West Wales area which are likely to be linked to the green economy. To be successful, these businesses will need suitably qualified individuals with the requisite skills and projects such as this help address the identified skills gap in the region. As such, the aims and objectives of the NNZSCOE are fully in line with the type of investment we believe is required to support a just transition to a green economy. Our own OBC, which is currently under development, is also likely to include other projects which will benefit from the development of a skills centre of excellence such as this proposal.

From my perspective I can see that integrating the skills centre of excellence with an advanced manufacturing centre provides a number of additional, synergistic benefits. For example, the ability to allow first hand industrial training on state of the art manufacturing equipment to give the learners real world experience that cannot be gained from just classroom environments. We therefore feel that the two projects are highly complementary and will bring many positive benefits to the locality and SBCD region.

Tax benefits are available to freeport users for a short time frame window only. As such, any acceleration of investment that supports the provision of a skilled workforce has a material impact in increasing the attractiveness of the

freeport sites to businesses to accelerate their investments into the local economy. As such, I am delighted to support this proposal.

Yours sincerely,

A handwritten signature in blue ink that reads "David Gwynne". The signature is written in a cursive, flowing style.

**David Gwynne**  
**Interim CEO**  
**Celtic Freeport**



Net Zero Industry Wales  
Waterton Technology Centre  
Bridgend  
CF31 3WT

## **“National Net Zero Skills Centre of Excellence”**

### **Letter of Support from Net Zero Industry Wales**

21<sup>st</sup> September 2023

Dear Brett,

I'm writing to you, to express Net Zero Industry Wales's support to for the proposed National Net Zero Skills Centre of Excellence, as part Advanced Manufacturing Production Facility (AMPF).

The Welsh Government set out a commitment to ensure Wales becomes a Net Zero nation by 2050. South Wales has a significant industrial heritage and covers steel production, oil, gas and chemical sectors. Welsh businesses are responsible for around 20% of the UK's total greenhouse gas emissions associated with industrial and other business activity. These carbon emissions can be mainly directly attributed to companies along the M4 corridor.

In 2019, the South Wales Industrial Cluster (SWIC) was formed to support the reduction and elimination of greenhouse gas emissions emitted in the region, which per capita is one of the highest in the UK. SWIC brings together over 30 partners, including the three largest emitters in the region. Beyond bringing companies together to develop lasting partnerships, the cluster supports the development of a decarbonisation plan for the region and shapes the route to a sustainable net zero economy.

Net Zero Industry Wales (NZIW) was incorporated in 2022. It will support SWIC and other industrial clusters in Wales, work in partnership with business and academic partners operating in a wide range of energy and carbon intensive industries, to enable the decarbonisation of their industrial processes.

The Net Zero Industry Wales members are committed to transition towards producing more sustainable goods & services in Wales, from example the on that set out in the SWIC cluster plan, at a pace needed to meet the legally binding targets.

Industrial decarbonisation is a major challenge if Wales is to reach Net Zero by 2030 and appropriate skills in the workforce is key to achieving this target. Wales is ideally placed to be a test bed for the rapid transition to low carbon technology and there are significant benefits to be gained from a co-ordinated, national approach to industrial decarbonisation and the creation of a green energy economy.

The National Net Zero Skills Centre of Excellence will support an ambitious programme to engage and interact with the Further Education & Higher Education sectors and establish a system to ensure there are no barriers to skills escalation. The uniqueness of the centre being co-located with the AMPF will give those undertaking courses the opportunity to practice their new skill sets on state of the art equipment housed in the facility.

The proposed Centre of Excellence will offer a flexible delivery model that utilises advances in online guided learning, in person teaching and practical sessions, industry collaborations and high-level applied research. People can access short, CPD or credit bearing courses and use these to build

qualifications, or simply to gain the skills needed for their role. The centre will also support higher apprenticeships.

The recently published skills barometer provides the evidence that South West Wales is lacking in skills providers who can support the net zero skills agenda with courses appropriate to this area. In addition, Industry Wales has identified the need for industry led skills provision to meet the needs of industry over the next 5 to 15 years.

I wish the team great success with the funding proposal, to which I give the strongest support.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'BB' with a stylized flourish.

**Ben Burggraaf**  
Chief Executive Officer  
Net Zero Industry Wales

[bburggraaf@nziw.wales](mailto:bburggraaf@nziw.wales)

[www.nziw.wales](http://www.nziw.wales)

[www.swic.cymru](http://www.swic.cymru)



## 2.7 SILCG Programme Board Chair – Nicola Pearce



Cyngor Castell-nedd Port Talbot  
Neath Port Talbot Council

Dyddiad/ Date	21 <sup>st</sup> September 2023
Rhif Ffôn/ Direct Line	01639 686668
Ebost/ Email	n.pearce@npt.gov.uk
Cyswllt/ Contact	Ms N Pearce
Eich cyf / Your ref	
Ein cyf/ Our ref	DENV/AFM

### By Email:

Dr Brett Suddell  
Programme Manager  
Supporting Innovation & Low Carbon Growth Programme  
(SILCG)  
[b.suddell@npt.gov.uk](mailto:b.suddell@npt.gov.uk)

Dear Brett,

### RE: Letter of support

As Senior Responsible Owner (SRO) for two of the Swansea Bay City Deal programmes and projects, which includes the Supporting Innovation & Low Carbon Growth (SILCG) programme and Homes as Power Stations (HAPS) project I would like to offer support as chair of both SILCG and HAPS boards for the newly proposed addition to the SILCG portfolio with the **National Net Zero Skills Centre of Excellence**.

I am aware as SRO that the outline business case for the NNZSCoE put forward by Neath Port Talbot Council will be decided upon by Welsh and UK Governments along with the relevant city deal committees towards the end of this year. I would like to offer this letter of support confirming my full support in my capacity as Chair of both Boards with oversight of the excellent working being undertaken by both projects in this field of work. This well timed proposal will contribute towards addressing the significant shortfall in green economy jobs that are needed in the region over the coming years. This will be, if approved, an additional element to an already approved project, this centre will also support the HAPS project in providing qualified installers for green housing technologies for now and in the future. This centre will also support other

---

#### Amgylchedd ac Adfywio

Nicola Pearce, Cyfarwyddwr yr Amgylchedd ac Adfywio  
Y Ceiau, Ffordd Brunel, Parc Ynni Baglan, Castell-nedd SA11 2GG  
Ffôn 01639 686668 Ffacs 01639 686668

#### Environment and Regeneration

Nicola Pearce, Director of Environment and Regeneration  
The Quays, Brunel Way, Baglan Energy Park, Neath SA11 2GG  
Phone 01639 686668 Fax 01639 686668

[www.npt.gov.uk](http://www.npt.gov.uk)

Croesewir gohebiaeth yn y Gymraeg a byddwn yn ymdrin â gohebiaeth Gymraeg a Saesneg i'r un safonau ac amserlenni.  
We welcome correspondence in Welsh and will deal with Welsh and English correspondence to the same standards and timescales.

local/regional initiatives such as Freeports, Blue Eden, Global Rail Centre of Excellence (GCRE), Hydrogen economy, FLOW and many others.

The important point that I would like to stress from my perspective as Chair of the Boards, that this is not in any way a duplication of existing activity but has been developed in consultation with key skills providers in the area to ensure this centre will be complementary to the existing provision that is currently available and planned for in the future. We in NPT have a proven and highly commended approach to collaboration between academia and industry and this strong partnership with the local authority will ensure success in the future with this project. We also believe combining the skills centre with the advanced manufacturing production facility, an already approved SILCG project, will provide a unique and unrivalled provision in the local area and city deal region for the benefit of all. To address the shortfall in jobs within the green economy that are needed by 2050 this can be addressed with the step change envisaged by supporting a centre of this size and scale in conjunction with the AMPF supporting supply chains and the diverse local the manufacturing industry.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nicola Pearce', written in a cursive style.

**Nicola Pearce**  
**Director of Environment and Regeneration**

## 2.8 GCRE – Simon Jones

Fri 29/09/2023 13:19



Simon Jones <Simon.Jones@gcre.wales>

RE: Letter of Support request for the National Net Zero Skills Centre of Excellence

To Brett Suddell

Cc  Rob Forde

You replied to this message on 29/09/2023 13:20.

**Caution:** This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe. If in doubt, contact the IT Service Desk

Apologies for the delay in responding.

Just to confirm following our conversation earlier this week that the proposed National Net Zero Skills Centre of Excellence aligns closely with our own ambitions for the Global Centre of Rail Excellence which is being built about 15 miles away elsewhere in the county borough.

The National Net Zero Skills Centre of Excellence can become an important aligned part of the offer for clients at GCRE and will undoubtedly be helpful in our core mission to help the UK and European railway to accelerate its own march to Net Zero. Ad the UK's first Net Zero in operation railway we understand the importance of what you are trying to achieve, and the technical and operational challenges it will pose.

We have common cause I we are delighted to add our name to the list of supporters of your plans.

Let me know if you need any further information.

Simon

**Simon Jones**

Chief Executive

**Global Centre of Rail Excellence**

[simon.jones@gcre.wales](mailto:simon.jones@gcre.wales)

+44 7795 334340



Sat 16/09/2023 09:11

Hywel Thomas <ThomasHR@cardiff.ac.uk>

Re: Letter of Support request for the National Net Zero Skills Centre of Excellence

To  Brett Suddell

**Caution:** This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe. If in doubt, contact the IT Service Desk

Dear Brett,

Very happy indeed to support this very welcome initiative. And also happy to be involved in further discussions. In my experience, industry has voiced a strong need for this type of initiative.

With best wishes,  
Hywel

Sent from [Outlook for iOS](#)

## 2.10 University of South Wales – Jon Maddy



Calolfan Hydrogen, Prifysgol De Cymru  
Parc Ynni Baglan  
Port Talbot SA12 7AX

University of South Wales' Hydrogen Centre  
Baglan Energy Park  
Port Talbot SA12 7AX

27<sup>th</sup> September 2023

To: Brett Suddell  
Supporting Innovation & Low Carbon Growth Team

### **Support from University of South Wales for the Advanced Manufacturing Production Facility and National Net Zero Skills Centre of Excellence**

Dear Brett,

As part of our continued engagement with the Swansea Bay City Deal (SBCD) *Supporting Innovation & Low Carbon Growth* programme, the University of South Wales is happy to support the Advanced Manufacturing Production Facility (AMPF) and welcome the inclusion of a National Net Zero Skills Centre of Excellence.

The University of South Wales (USW) is committed to low carbon research, development, and enhancing skills and training in the region. Through the Hydrogen Centre in Baglan, the university plays a pivotal role in collaborative innovation with industry, local government, and academic partners, working to implement effective decarbonization technologies. Commensurate with these activities, the University is keen to support the AMPF and its work in facilitating low carbon product development and commercialisation.

Since its inception in 2008, USW has attracted investment to support the development of hydrogen technology test-bed facilities at the Hydrogen Centre. These complementary facilities present an ideal opportunity to work alongside the AMPF's emerging purpose built, manufacturing facilities for the development of green products and supporting growth of organisations in the field.

As a Higher Education Establishment, USW has developed core Bachelor's and Master's programmes supporting Sustainable Technology Development and works with partner FE colleges on the delivery of apprenticeships and degree apprenticeships addressing low carbon industry. In addition, the team at the University's Hydrogen Centre has worked closely with industrial and government stakeholders in developing the South Wales Industrial Cluster, including assessment of the skills and training requirements of industry in their pursuit of net zero.

As an extension of this existing activity, the University is happy to support the development of the *National Net Zero Skills Centre of Excellence* and initiatives to develop the skills and competencies of the industrial workforce in the region. We anticipate that our engagement will include an advisory role in the set up and delivery programmes of the *National Net Zero Skills Centre of Excellence*, alongside industrial, government and other academic institutions. With supporting agreements, USW can aid in the development and delivery of training programmes through the NNZSCoE.

A handwritten signature in black ink, appearing to read 'Jon Maddy'.

Jon Maddy, Director USW Hydrogen Centre.

Email: [jon.maddy@southwales.ac.uk](mailto:jon.maddy@southwales.ac.uk)



Mae Prifysgol De Cymru yn elusen gofrestrwyd. Rhif Bwsen 1140312  
The University of South Wales is a registered charity. Registration No. 1140312

## 2.11 Neath Port Talbot College – Kelly Fountain Vice Principal



Tue 26/09/2023 08:49

Kelly Fountain <kelly.fountain@nptcgroup.ac.uk>

RE: Letter of Support request for the National Net Zero Skills Centre of Excellence

To  Brett Suddell

Cc  Kathryn Dunston;  Gemma Charmock

 You replied to this message on 26/09/2023 10:51.

**Caution:** This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe. If in doubt, contact the IT Service Desk

Hi Brett,

Thank you for meeting with us yesterday.

This is confirmation that we would be in support of your proposal to develop a National Net Zero Skills Centre of Excellence, within the Advanced Manufacturing Facility. We see this as an excellent opportunity to further collaborate with you in line with our strategic plans for the College. We have recently launched our Net Zero Academy which is an innovative collaboration between the College, industry specialists and respective trade associations, to deliver skills and training to meet the Net Zero targets.

We wish you every success in the bidding process.

Kind regards,

Kelly

---

**Kelly Fountain**

Is-bennaeth Academaidd

Vice Principal: Academic

0330 818 8100

Colleg Castell-nedd / Neath College

[www.nptcgroup.ac.uk](http://www.nptcgroup.ac.uk)

## 2.12 NPTCBC - Education Department

Fri 15/09/2023 10:58



Andrew Thomas

**RE: Letter of Support request for the National Net Zero Skills Centre of Excellence**

To Brett Suddell, Angeline Spooner-Cleary, Christopher D. Mills

Cc Lisa Willis

Brett

Thank you for your e mail. The work you describe sounds as exciting as it is innovative. Please accept this e mail as endorsement and full support for the National Net Zero Skills Centre of Excellence

Kind regards Andrew Thomas

Director of Education, Leisure and Lifelong Learning

## 2.13 UWTSD – Richard Morgan

Tue 09/10/2023 10:59



Richard Morgan (Innovation & Engagement) <[richard.morgan@uwtsd.ac.uk](mailto:richard.morgan@uwtsd.ac.uk)>  
National Net Zero Skills Centre of Excellence

To Brett Suddell  
Cc Lisa Lucas

**Caution:** This email originated from outside of the organisation. Do not click, links or open attachments unless you recognise the sender and know the content is safe. If in doubt, contact the IT Service Desk

Dear Brett,

Further to our recent discussions I am writing in support of your proposal for the development of a National Net Zero Skills Centre of Excellence.

UWTSD have had the pleasure of working with NPTC for a number of years and can attest to the strong industry focus and professionalism in responding to demands through initiatives such as this.

The Innovation and Engagement team at UWTSD see this as very complementary to our own provisions and activities such as our Advanced Manufacturing Skills Academy, the Centre of Batch Manufacturing Wales and MADE Cymru, and look forward to working closely together on this and several other areas. This would also align with the UWTSD SFP project that is about to mobilise, given that a large focus will be on supporting companies in adopting technologies to obtain net-zero ambitions.

We fully support this application for funding and believe it will have a positive impact on the region and its workforce.

Many thanks

Richard

Richard Morgan

Pennaeth Ardeisi ac Yngysylltu | Head of Innovation & Engagement

Athrofa Gwyddoniaeth a Chelf Cymru | Wales Institute of Science & Art

Prifysgol Cymru Y Ddrindod Dewi Sant | University of Wales Trinity St David

Adeilad IQ, Heol Y Brenin, Abertawe | IQ Building, Kings Road, Swansea SA1 8EW

Rhif ffôn | Telephone No: 01792 481286 (Meimol) | Internal: 3286 | E-Bost | Email: [richard.morgan@uwtsd.ac.uk](mailto:richard.morgan@uwtsd.ac.uk)





# Appendix 3

## BENEFITS REGISTER

Project Name: Enhanced Advanced Manufacturing Facility

Date: Oct-23

Responsible Officer/Register Owner: Dr Brett Suddell

This Benefits Register will be reviewed regularly and will form part a standing Agenda on the Project Board.

Note: All the benefits in the Strategic Case and Economic Case must be accounted for within the Benefits Register - this includes the Economic Appraisal for the Preferred Option.

Benefit No:	Benefit Description	Benefit Target	Targeted End Achievement Date	Year Time Value			Data Sources	Activities Required/Critical Dates	Responsible Officer/Who will deliver it	How will it be evidenced	Reporting
				5yrs	10 yrs	15yrs					
<i>(unique no. in this register)</i>	<i>(including enabling project or activity)</i>	<i>Measurable Target - Expected level of change</i>	<i>Specific date when will the benefit be realised</i>	<i>(what benefits will be delivered over the 5yr, 10yr, 15yr period)</i>			<i>(what aspect of the project will give rise to the benefit - to facilitate monitoring)</i>	<i>(to secure the benefit)</i>			
<b>IMPLEMENTATION PHASE</b>											
<b>QUANTITATIVE INDICATORS</b>											
IP1	Land based infrastructure and premises - specialist facilities created	5,000 sq m	2027	100%			Project Accounts Meeting Minutes Contractors Reports Monitoring and Evaluation Reports from independent Consultants	Land acquisitions, planning consents, procurement of construction contractors.	NPTCBC SRO / PM	Copies of Plans & Designs of facility. Works - Certificate of Practical Completion. Photos of completed facility. M&E reports	PDI / PDM Board Minutes & Associated Reports.
IP3	Public sector (SBCD) funding leveraged for the EAMPF Project	£22.5m	2027	100%			SILCG Board approvals, account records, bank statements	City Deal Approval. Terms and Conditions. SILCG Project Board approval	NPTCBC SRO / PM	Claims & Claim documentation	With Claims
IP4	Creation of employment during delivery phase	10 Jobs linked to the construction contracts as a result of the project.	2027	100%			Contractor reports	SILCG approval	NPTCBC SRO / PM	Job descriptions and confirmation of employment confirmation.	Project management reports
<b>OPERATIONAL PHASE</b>											
<b>QUANTITATIVE INDICATORS</b>											
OP1	Gross jobs created by the project	113 Jobs	2033	100%			Job descriptions, employment contracts	Creation of specialist facilities and provision of specialist equipment	NPTCBC SRO / PM	Monitoring of job creation with start up companies and growth	Independent economic impact reports at the programme level. PDM Board Minutes & associated evidence / reports.
OP2	Private sector funding leveraged	£9m	2033	100%			Successful funding awards	Identification and commencement of fundraising activity	NPTCBC SRO / PM	Claims & Claim documentation	With Claims
OP3	50 training Courses per annum delivered through the National Net Zero Skills Centre of Excellence.	500 training courses	2033	100%			Operational Reports. Monitoring and Evaluation reports	Industry led net zero skills pathway developed and delivered.	NPTCBC / SRO / PM / Partners	Monitoring reports	Board meetings SBCD governance reporting
OP4	Number of enterprises accommodated	15 SME's	2033	100%			Reports	Infrastructure/facility completion. Operator procured.	NPTCBC SRO / PM	Lease agreements, term sheets. M & E reports	Board meetings SBCD governance reporting
OP5	Inward investment from public funding	£50m	2033	100%			Successful funding awards	Collaboration between industry, government and academia	NPTCBC SRO / PM	Monitoring of collaboration / collaborative bids	Board meetings SBCD governance reporting
OP6	Individuals trained in net zero related skills training.	3500 individuals	2033	100%			Records from NNZS operator	Net Zero Skills pathway developed and delivered.	NPTCBC SRO / PM / Partners	Operator reporting	Board meetings SBCD governance reporting
OP7	Jobs Accommodated	140	2033	100%			Records from EAMPF operator	Facility completion, and tenants secured.	NPTCBC SRO / PM / Partners	Operator / Company reporting	Board meetings SBCD governance reporting
<b>QUALITATIVE INDICATORS</b>											
OP8	Increased supply chain awareness of Net Zero opportunities		2033	100%			Industry evidence	Project completion	PM / Partners	Stakeholder engagement survey	Independent economic impact reports at the programme level. PDM Board Minutes & associated evidence / reports.
OP9	Increased collaboration between insutry and academia		2033	100%			Industry evidence	Project completion	PM / Partners	Stakeholder engagement survey	Independent economic impact reports at the programme level. PDM Board Minutes & associated evidence / reports.
OP10	Diversification of regional labour market -equipping regional workforce with necessary green economy skills to engage with SBCD activities		2033	100%			Industry evidence	Project completion	PM / Partners	Stakeholder engagement survey	Independent economic impact reports at the programme level. PDM Board Minutes & associated evidence / reports.
OP11	Increased net zero skills development		2033	100%			Training and skills surveys	Project completion	Project partners (collaborating with Skills & Talent lead and academia)	Training and skills surveys	Independent economic impact reports at the programme level. PDM Board Minutes & associated evidence / reports.

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Latest Assessment: 3rd October 2023

Risk Theme	Ref	Title	Date Raised	Category	Owner	Risk Description	Inherent Probability	Inherent Impact	Inherent Rank	Original Control Actions	Review Update/Control Actions	Revised Probability	Revised Impact	Revised Rank	Reported Change	Review Date
Developmental	EAMPF002	Land ownership issues	Oct-23	C3 C6 C11 C14	NPT SRO / PM	Inability to negotiate land agreements in a timely fashion could lead to project slippage and / or increased costs	3	5		Detailed project and resource allocation. Early engagement with land owners. Regular progress meetings and project monitoring.						
Financial	EAMPF010	Increasing capital costs	Oct-23	C1 C3 C6 C11 C13	NPT SRO / PM	Further funding could be required i.e unforeseen costs, changing requirements, rising construction sector costs etc.	4	4		Effective project management / budget monitoring						
Developmental	EAMPF001	Resource capacity	Oct-23	C6 C10 C11 C14	NPT SRO / PM	Resource capacity of programme / project teams, particularly during the development and delivery phase/increased costs from outsourcing e.g. legal costs, project management	3	3		Effective project governance / re-deployment if necessary / team working						
Developmental	EAMPF003	Procurement	Oct-23	C3 C6 C11 C14	NPT SRO / PM	Failure to generate interest for operator via tender process, potentially leading to increased costs / extended timescales.	2	4		Detailed project and resource allocation. Regular progress meetings and project monitoring. Early engagement with procurement team to define specification for building and operator services in earliest possible timeframe.						
Developmental	EAMPF004	Legal	Oct-23	C1 C6 C11 C14	NPT SRO/ Delivery Partners	Cost implications not covered by city deal funds	3	4		NPT and partners covering additional legal costs/Ensuring timescales are discussed and agreed ahead of time/ regular updates.						
Implementation	EAMPF005	Loss of key members of staff	Oct-23	C6 C10 C11 C14	NPT SRO / PM	Resource capacity of project teams, could lead to time delays, increased costs	3	4		Effective project governance / re-deployment if necessary / team working						
Implementation	EAMPF006	Project Slippage	Oct-23	C3 C6 C11 C14	NPT SRO/PM	Slippage as a result of project delays, Enhanced AMPF business case, late business case approval, procurement delays or match funding requirements, which could lead to project delay and / or increasing costs.	3	4		Multidisciplinary team to define scope and undertake mapping of assets and partners. External orgs i.e. external contractor to progress plans. Detailed project and resource allocation. Regular progress meetings and project monitoring.						
Implementation	EAMPF007	Planning delays	Oct-23	C3 C6 C11 C12 C14	NPT SRO / PM	Potential slippage, obstruction or increasing costs due to planning delays or unexpected planning conditions/ changes to planning legislation	3	4		Effective project management and early communication with the planning authorities.						
Implementation	EAMPF008	Technological advances	Oct-23	C3 C6 C11 C14	NPT SRO / PM / Project Board	Potential cost increases in the long term if equipment needs to be upgraded.	3	3		Proper engagement with stakeholders to be carried out during development phase. On-going project management / monitoring.						
Operational	EAMPF 009	Failure to achieve outputs / outcomes	Oct-23	C3 C6 C11 C13	NPT SRO / PM	Could lead to clawback of funding and reduced impact of project.	2	4		A Monitoring and Evaluation Plan will be produced. Effective project management processes / meetings to be employed.						
Financial	EAMPF011	Failure to secure operator / tenants	Oct-23	C3 C6 C11 C13	NPT SRO / PM	On-going revenue responsibilities affecting long term sustainability	2	4		Effective project management processes / early advertising and engagement with potential tenants/operators.						
Opportunity	EAMPF0013	Skills	Oct-23	C11	NPT SRO / PM	Failure to engage with FE/HE and industry to identify skill gaps required	1	4		Working with skills providers HE/FE/RLSP to scope the skills academy and assess skills requirements.						

Risk Register Review Dates:



# Swansea Bay City Deal: Supporting Innovation and Low Carbon Growth

## Programme Business Case (PBC) Version 4.0



Cyngor Castell-nedd Port Talbot  
Neath Port Talbot Council



<b>SRO:</b>	Nicola Pearce
<b>Project Manager:</b>	Lisa Willis
<b>Organisation:</b>	Neath Port Talbot County Borough Council

### Revision History

<b>Version</b>	<b>Modified by</b>	<b>Changes made / review history</b>	<b>Date</b>
<b>1.0</b>	Lisa Willis Steven Phillips	Update of business case	July 2019
<b>2.0</b>	Lisa Willis Stefan Sanchez Fiona Waters	Update of business case	Feb 2020
<b>3.0</b>	Lisa Willis Debbie Baldrey Stefan Sanchez Fiona Waters	Update of business case	Nov 2020
<b>3.0</b>	Lisa Willis Debbie Baldrey Stefan Sanchez Fiona Waters	Update of business case Submission to PoMO	Feb 2021
<b>4.0</b>	Lisa Willis Debbie Baldrey Stefan Sanchez Fiona Waters	Update of business case Address PoMO comments Revise Economic Case	May 2021

### Business case sign off

<b>Version</b>	<b>Signed off by</b>	<b>Comments</b>	<b>Date</b>
<b>1.0</b>	Steven Phillips	To present to NPTCBC Cabinet	July 2019
<b>2.0</b>	Nicola Pearce	To submit to PMO	Feb 2020
<b>3.0</b>	Nicola Pearce	To submit to PMO	Nov 2020
<b>3.0</b>	Nicola Pearce	To submit to PoMO	Feb 2021
<b>4.0</b>	Nicola Pearce	To submit to PoMO	May 2021

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## Introduction

The Supporting Innovation and Low Carbon Growth (SILCG) programme has been developed to deliver sustainable growth and job creation in the Swansea Bay City Region, with a targeted focus on the Port Talbot Waterfront Enterprise Zone area. It aligns to key priority areas such as UK Industrial Strategy, The Ten Point Plan for a Green Industrial Revolution, Welsh Government's Prosperity for All; The Economic Action Plan and Low Carbon Wales, Wellbeing of Future Generations Act (2015) and supports the Foundational and Circular Economies. The programme aims to create the right environment for innovation and new technologies to support the creation of a decarbonised and innovative economy.

The programme's **vision** is: ***to deliver low carbon, sustainable and inclusive economic growth for the region.***

The programme has evolved since the original 2017 Swansea Bay City Deal, and has been developed 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.

The programme is a place-based approach, focused on the Harbourside / Baglan Energy Park area of Port Talbot which will also have a regional, national and UK wide impact. The programme is based on need and opportunity - building on the region's skilled workforce, excellent transport links, a growing RD&I, energy and advanced materials knowledge and expertise base and is within the South Wales Industrial Cluster (SWIC)<sup>1</sup>.

The projects are aligned to supporting the green industrial revolution and have been developed and will be delivered in partnership with government, industry and academia. The SILCG programme will promote low carbon, sustainable and inclusive growth for the region through a number of interlinked projects developed in partnership between Neath Port Talbot CBC, Swansea University and University of South Wales. The programme provides a range of specialist facilities to support collaboration and commercialisation of RD&I activities through to scaling up to late TRL levels and SME development and inward investment – supporting knowledge retention in the region. The programme will be a catalyst for further public and private investment, including supporting a green economic recovery post Covid 19.

---

<sup>1</sup> <https://www.swic.cymru/>

The Programme aims to deliver the following impact over 15 years:

- GVA uplift of approximately £6.2m per annum - £93m over 15 years
- 1,320 jobs created / safeguarded
- £11m minimum direct investment leverage (£5.5m private sector / £5.5m public sector) with planned additional funding leverage from public and private sources.

## Programme summary

Project Summary
<b>Technology Centre (TC)</b>
A hybrid energy positive building providing a range of high quality, flexible, speculative office and laboratory space to support start-up businesses and indigenous business growth in the energy and renewables sector
<b>SWITCH</b> (South Wales Industrial Transition from Carbon Hub)
A purpose-built facility and specialist equipment to support the steel and metals industry and supply chain to improve competitiveness by increasing product capability and reduce carbon emissions to meet legislative requirements.  To strengthen collaboration between industry and academia
<b>Hydrogen Stimulus project (H2)</b>
To 'link' the Technology Centre to the University of South Wales Hydrogen Centre at Baglan to enable excess renewable electricity from the Technology Centre to produce a clean, carbon-free hydrogen supply to fuel hydrogen vehicles.  A demonstrator project to prove commercial viability of hydrogen to fuel
<b>Air Quality Monitoring project (AQMP)</b>
To test alternative low-cost sensors to establish whether they provide a greater understanding of air quality and levels of pollution within targeted areas to help inform action plan measures on a local level.

### **Low Emission Vehicle Charging Infrastructure (LEV)**

To develop a Low Emission Vehicle charging strategy for the region to ensure a coordinated approach to decarbonise journeys in the Swansea Bay City Region.

To coordinate funding opportunities

To develop a pilot in the Valleys area e.g. community charging hub, how to address on-street charging, link charging to renewables generation in the Valleys area

### **Advanced Manufacturing Production Facility (AMPF)**

To develop a hybrid building providing a range of production units with open access shared specialist equipment to support start-up companies and indigenous business growth in the innovation and manufacturing sectors, linked to energy and renewables.

A collaborative development between government, industry and academia based on the 'proving factories' concept (late TRL level to MRL level).

### **Property Development Fund (PDF)**

To provide gap funding for bespoke and speculative commercial buildings in the Port Talbot Waterfront Enterprise Zone area to encourage private sector development, with a focus on the energy and renewables sector

This business case is structured in accordance with the Welsh Government's best practice Five Case Model (Better Business Cases), in the context of the wider Swansea Bay City Deal Portfolio and the totality of its contributory programmes (of which there are another eight, led by other regional local authorities). In this sense, it is important not to consider this programme in isolation, but as an investment proposition that focuses on key aspects of the SBCD portfolio as part of a 'bigger picture'.

The following section – the Executive Summary – provides a précis of each of the five cases and is designed to give the reader a quick and thorough overview of the programme, highlighting the key sections of each of the five cases. This is the 'ten-minute read' providing the reader with a 'map' to identify areas of interest and provide a guide to access the more comprehensive analysis in the main body of the document (as detailed in each of the five cases).

## Executive Summary

### Strategic Case

The strategic drivers at UK, national, regional and local levels shown in the business case are clearly aligned and support the development of proposals focused on low carbon economic growth. In particular:

- The UK and Welsh Government recognises the importance of decarbonisation to ensure economic growth is sustainable;
- There is a clear need to move towards renewable energy sources to increase efficiency and reduce costs, and for the public sector to exemplify this;
- Strategic imperatives to foster innovation and entrepreneurialism in high-value R&D-based opportunities;
- The creation of high-quality jobs is a clear link through all policy levels, as is a desire to provide training and development solutions to upskill existing workers.

The Supporting Innovation and Low Carbon Growth programme is aligned to UK and Welsh Government strategies and policies, in particular UK Industrial Strategy, Ten point plan for a Green Industrial Revolution, Clean Growth Strategy, Climate Change Act, Wellbeing of Future Generations Act (Wales), Economic Action Plan, Low Carbon Wales, A manufacturing future for Wales (consultation).

This programme will contribute to the overarching SBCD portfolio and the SILCG Investment Objectives are aligned to and will contribute towards the delivery of the SBCD portfolio Investment Objectives.

The Case for Change section provides the evidence base for change and the impact of the programme. It provides an overview of the current situation in terms of :

1. Swansea Bay City Region economy
2. Decarbonisation and legislative requirements
3. Manufacturing
4. RD&I environment

The summary section within Table 1.6: Summary of business needs of the Strategic Case demonstrates how the SILCG programme of interlinked projects addresses the business needs of decarbonising and diversifying the economy.

Theme	Existing arrangements	Investment objective	Business needs
Economic performance	<ul style="list-style-type: none"> <li>• SBCR economy underperforming compared to UK:               <ul style="list-style-type: none"> <li>○ GVA 74% of UK average and falling</li> <li>○ 71% working age population employed (UK: 76%)</li> </ul> </li> <li>• Fewer people with higher level qualifications compared to other regions of Wales and the UK.</li> <li>• Reliance on foundational industries for higher value jobs - strong steel industry and the foundation of UK steel industry.</li> <li>• Strong and increasing demand for steel from domestic and export markets, but domestic supply reducing.</li> </ul>	<p><b>1. To create 1,320 high value added jobs aligned to the green economy through creating the right environment for a resilient, diverse and sustainable regional economy by 2033.</b></p>	<ul style="list-style-type: none"> <li>• Diversify the economy (industrial and manufacturing base), increase productivity and stimulate recovery by supporting the steel and metals industry.</li> <li>• Support the supply chain associated with the industrial and manufacturing base.</li> <li>• Develop skills in the region to support existing and developing industry, particularly working with the Skills and Talent programme to increase funding for decarbonisation-focused research specialists and work-based learning to ensure there are appropriate skills to support low carbon economy.</li> </ul>
	<ul style="list-style-type: none"> <li>• RD&amp;I clusters exist in the region with a growing</li> </ul>		<p><b>2. To increase the region's GVA by approximately £93m by 2033</b></p>

Theme	Existing arrangements	Investment objective	Business needs
	<p>number of initiatives.</p> <ul style="list-style-type: none"> <li>• Shortage of high quality, flexible commercial property in SBCR with demonstrated demand.</li> </ul>	<p><b>through supporting innovation and new product development in science, technology and manufacturing sectors - strengthening industry, academia and government collaboration.</b></p> <p><b>3. To secure over £11m in additional investment from public and private sources, and approximately £40m additional leverage from public and private research funding by 2033</b></p>	<p>of the SBCR steel and metals industry.</p> <ul style="list-style-type: none"> <li>• Support industry, academia and government collaboration through applied research.</li> </ul> <p><u>Commercial property:</u></p> <ul style="list-style-type: none"> <li>• Address the cost/value gap with commercial property in the region.</li> <li>• Incentivise development of energy positive buildings.</li> </ul> <p><u>RD&amp;I infrastructure:</u></p> <ul style="list-style-type: none"> <li>• Build on existing RD&amp;I initiatives and support maintenance and growth of market share in the steel and metals industry so the UK and SBCR remain leaders in steel innovation, advancing RD&amp;I and decarbonisation.</li> <li>• Address practical needs of RD&amp;I commercialisation through spinouts, high growth startups</li> </ul>

Theme	Existing arrangements	Investment objective	Business needs
			<p>and indigenous business growth – providing appropriate infrastructure and collaborative space for industry and academia, including flexible office/laboratory and industrial premises, with room for expansion.</p> <ul style="list-style-type: none"> <li>• Encourage private sector investment in facilities and address the market failure/cost – value gap.</li> </ul>
Environmental performance	<ul style="list-style-type: none"> <li>• Strong legislative drivers to reduce GHGs at UK and Wales level.</li> <li>• Wales GHGs driven predominantly by energy generation and industry (particularly the steel industry).</li> <li>• High level of offshored CO<sub>2</sub>.</li> <li>• Public sector desire to lead revolution in LEVs - few charging points and existing</li> </ul>	<p><b>4. To support innovation to influence a shift in the use of high CO<sub>2</sub> energy usage to low CO<sub>2</sub> energy usage in economic activities (industry, commercial buildings and transport) by 2033.</b></p>	<p><u>General:</u></p> <ul style="list-style-type: none"> <li>• Meet net zero emissions target by 2050; decoupling economic growth from carbon emissions in the region.</li> <li>• Reduce importing of CO<sub>2</sub>– diversify the economy and bring economic activity onshore, where possible.</li> <li>• Improve air quality.</li> </ul> <p><u>Industry:</u></p>

Theme	Existing arrangements	Investment objective	Business needs
	<p>hydrogen centre.</p> <ul style="list-style-type: none"> <li>• Energy emissions from commercial buildings not being addressed.</li> <li>• SBCR has range of conventional and renewable energy production assets (25% from renewables, 75% fossil fuels).</li> </ul>		<ul style="list-style-type: none"> <li>• Reduce energy demand in industrial processes.</li> <li>• Decarbonise the steel and metals processing and reduce industrial emissions.</li> <li>• Support applied research into alternative low carbon fuel sources and new steel making technologies, considering the global emissions impact.</li> </ul> <p><u>Energy:</u></p> <ul style="list-style-type: none"> <li>• Rebalance energy production away from fossil fuels to low-carbon. Ensure the security of supply of zero carbon energy for heating and fuel.</li> </ul> <p><u>Vehicles:</u></p> <ul style="list-style-type: none"> <li>• Reduce emissions from public and private vehicles, encouraging the use of low carbon transport, using the public sector to lead by example in reduction of</li> </ul>



Theme	Existing arrangements	Investment objective	Business needs
			<p>emissions for public vehicles.</p> <ul style="list-style-type: none"> <li>• Need to increase capacity for low emission vehicle charging across the region.</li> <li>• Demonstrate commercial viability of the renewable generation of hydrogen and build on its use of hydrogen as an alternative to electric vehicles.</li> </ul> <p><u>Buildings:</u></p> <ul style="list-style-type: none"> <li>• Reduce energy demand and improve design of commercial buildings.</li> <li>• Investigate low carbon technologies for commercial buildings.</li> <li>• Incentivise new commercial buildings to be low-carbon.</li> </ul>

Summary of main programme benefits, risks, constraints and dependencies are shown below:

Benefits	Risks
<ul style="list-style-type: none"> <li>• Productivity gains including from commercialisation of R&amp;D, using uplift in salaries of additional jobs to UK</li> </ul>	<ul style="list-style-type: none"> <li>• Programmes slippage as a result of late business case approval, procurement delays or match funding requirements</li> </ul>

<ul style="list-style-type: none"> <li>• Commercialisation of new and improved products</li> <li>• Safeguard and create employment opportunities</li> <li>• More resilient supply chain</li> <li>• Increase academia and industry collaboration and innovation</li> <li>• Clustering impact</li> <li>• Establish the region as a test bed for innovative solutions to societal challenges e.g. decarbonisation of industrial processes including steel an metals industry, air quality, decarbonised economic growth</li> <li>• Reduction in energy demand and production of energy</li> <li>• Lower cost energy for commercial / industrial infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing capital costs - further funding could be required i.e., unforeseen costs, changing requirements</li> <li>• Dependence on multiple funding sources</li> <li>• Failure to secure tenants - ongoing revenue responsibilities affecting long term sustainability</li> <li>• External risks such as Covid-19 and Brexit</li> </ul>
Constraints	Dependencies
<ul style="list-style-type: none"> <li>• Programme budget based on the fixed funding agreement between NPTCBC and the SBCD</li> <li>• 15-year funding profile to 2033 with a front-loaded delivery within 5 years</li> <li>• Budget must be largely capital investment</li> <li>• Availability of development sites</li> <li>• Planning and development parameters</li> <li>• Capital investment leverage from private sector</li> <li>• Public sector procurement rules</li> <li>• State Aid rules</li> </ul>	<ul style="list-style-type: none"> <li>• Renewable energy projects within the region</li> <li>• SBCD Skills and talent project - combined approach across projects to identify skills and talent development requirements</li> <li>• Strategies and policy drivers: Governance process to ensure a continual review of any new policies and changes that could have a potential impact on programme delivery.</li> <li>• Private sector engagement: Stakeholder management at programme and project level.</li> <li>• Statutory Consents and Planning Approval</li> </ul>

## Economic Case

Part 1 of the Economic Case provides detail on the development of the SILCG programme – describing how it has not developed from first principles - it has developed organically over time, bringing together projects from the City Deal and the Port Talbot Waterfront Enterprise Zone strategic plan. As a programme the identified projects support economic development, diversification and growth of the economy, respond to climate change and improve air quality – the projects have evolved over time and are aligned to the green economy which is an important pillar of UK and Wales policy. The green economy offers opportunities for the SBCR to develop its emerging cluster of energy and technology related businesses, academic R&D institutions and a longstanding concentration of manufacturing industries, particularly in steel and metals.

The analysis shows that the SILCG programme adds value to the UK overall with an overall NPSV of about £94.7 million and the discounted BCR is 1.6. The table below summarises the conclusions of the revised CBA..

		Programme	TC	SWITCH	H2	AQMP	LEV	AMPF	PDF
A Net Present Social Value	£ million	94.7	18.1	29.3	0.0	0.0	0.0	29.6	17.7
B Public sector cost (or appropriate value for cost)	£ million	127.4	8.2	94.8	-	-	-	15.2	9.1
C Appropriate BCR	Ratio	1.6	2.4	1.3	na	na	na	2.2	2.2
D Significant unmonetisable costs/benefits		Full economic costs of counterfactual: erosion of industry base through lower levels of innovation and decarbonisation	Specific product innovation and outcomes of TC tenants and the impact of the TC on their survival and growth. Benefits included in BCR limited to income and productivity	Full economic costs of counterfactual under which the steel and metals industry and significant jobs are at risk	Not included in BCR calculation	Not included in BCR calculation	Not included in BCR calculation	Specific product innovation and outcomes of AMPF tenants. BCR used limited value of research adopting public sector research income as a proxy, other benefits included tenant income and productivity gain	Specific activities of fund recipient not included. Benefits included limited to income and productivity
E Significant unquantifiable factors		Economic implications to SW existing industry base and supply chain without innovation	Specific activities and products/services of TC tenants not known but strong evidence of demand	Economic implications to SW steel & metals industry of not meeting decarbonisation targets on time	Estimates of energy production, usage and carbon savings not known. Influence as a demonstrator and industry take-up of H2 as a result of this project not known	Estimates of improving policy making and future positive impact on emissions and AQ unknown	Estimates of usage and carbon savings to be determined. Influence as a demonstrator and take-up of LEV as a result of project not known	Specific activities and products/services of AMPF tenants not known but strong evidence of demand	Specifically who, timing and take-up of fund not known but strong evidence of demand and take up
F Risk costs by type and residual optimism bias	£ million	4.7	0.8	2.8	-	-	-	1.1	Not included as budget rather than detailed cost estimate at this stage
G Switching values (for the preferred option only)		na							
H Time horizon and reason		30 years operations for buildings. Asset maintenance & overhaul included where known	Facility operational 2022, operations to 2052	Facility operational 2023, operations to 2052	na	na	na	Facility open in 2024, 5 year programme for providing equipment, operations to 2052	Take-up assumed to be 10% 2021, 30% 2022 and 100% 2023, operations to 2052, c30 year building life

## Commercial Case

The Commercial Case sets out the proposed procurement arrangements for delivery of the preferred option, including:

- The proposed procurement strategy and route
- The proposed service requirements and required outputs
- The proposed approach to risk allocation
- The proposed charging mechanisms
- The proposed key contractual arrangements

As lead local authority for the programme, Neath Port Talbot CBC will lead each of these procurements. Neath Port Talbot CBC will therefore be responsible for ensuring compliance with public procurement rules and regulations.

As a public sector organisation Neath Port Talbot CBC has a duty to operate in an open, fair, and transparent way, allowing the market freedom of opportunity to trade with it. Its procedures for procurement are known as 'Contract Procedure Rules'. These are important as they help to:

- Give a legal and auditable framework to its procurement activities;
- Obtain value for money services for the public;
- Ensure the council complies with the law governing the spending of public money;
- Protect its staff and members from undue criticism or allegations of wrongdoing.

The Council also has a legal requirement to comply with EU Procurement Directives (and equivalents post Transition period). These are enforced in UK law through the Public Contracts Regulations 2015. This governs the way in which the public sector procurement process must be conducted for contracts over certain specified thresholds.

## Financial Case

The Financial Case sets out the funding requirements for the preferred option and demonstrates overall Programme affordability.

The current investment breakdown is based on forecasted investment as of December 2020, and summarised below:

## Investment breakdown at programme level

<b>Expenditure</b>	<b>Year 1 (20/21) (£m)</b>	<b>Year 2 (21/22) (£m)</b>	<b>Year 3 (22/23) (£m)</b>	<b>Year 4 (23/24) (£m)</b>	<b>Year 5 (24/25) (£m)</b>	<b>Year 6 (25/26) (£m)</b>	<b>Year 7 (26/27) (£m)</b>	<b>Total (£m)</b>
Capital	£ 3.00	£ 9.17	£ 8.83	£ 30.85	£ 6.65	£ 0.20	£ -	£ 58.70
Revenue	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -
<b>Total</b>	<b>£ 3.00</b>	<b>£ 9.17</b>	<b>£ 8.83</b>	<b>£ 30.85</b>	<b>£ 6.65</b>	<b>£ 0.20</b>	<b>£ -</b>	<b>£ 58.70</b>
<b>Funding</b>								
Swansea Bay City Deal Grant	£ -	£ 6.12	£ 5.53	£ 29.20	£ 6.65	£ 0.20	£ -	£ 47.70
Public Sector	£ 3.00	£ 2.50	£ -	£ -	£ -	£ -	£ -	£ 5.50
Private Sector	£ -	£ 0.55	£ 3.30	£ 1.65	£ -	£ -	£ -	£ 5.50
<b>Total</b>	<b>£ 3.00</b>	<b>£ 9.17</b>	<b>£ 8.83</b>	<b>£ 30.85</b>	<b>£ 6.65</b>	<b>£ 0.20</b>	<b>£ -</b>	<b>£ 58.70</b>

## Investment breakdown at project level

<b>Supporting Innovation &amp; Low Carbon Growth</b>	<b>Budget</b>	<b>City Deal</b>	<b>Funding (£m)</b>					<b>Total</b>	<b>Variance</b>
			<b>NPT</b>	<b>WG</b>	<b>ERDF</b>	<b>Private Sector</b>			
1 Technology Centre	£ 8.50	£ 3.00	£ 1.30	£ 0.50	£ 3.70	£ -	£ 8.50	£ 0	
2 SWITCH	£ 20.00	£ 20.00	£ -	£ -	£ -	£ -	£ 20.00	£ 0	
3 Hydrogen Stimulus	£ 2.00	£ 2.00	£ -	£ -	£ -	£ -	£ 2.00	£ 0	
4 Air Quality Monitoring	£ 0.50	£ 0.50	£ -	£ -	£ -	£ -	£ 0.50	£ 0	
5 Low Emission Vehicles (LEV)	£ 0.50	£ 0.50	£ -	£ -	£ -	£ -	£ 0.50	£ 0	
6 Advanced Manufacturing Production Facility	£ 17.20	£ 17.20	£ -	£ -	£ -	£ -	£ 17.20	£ 0	
7 Property Development Fund	£ 10.00	£ 4.50	£ -	£ -	£ -	£ 5.50	£ 10.00	£ 0	
<b>Total</b>	<b>£ 58.70</b>	<b>£ 47.70</b>	<b>£ 1.30</b>	<b>£ -</b>	<b>£ 3.70</b>	<b>£ 5.50</b>	<b>£ 58.70</b>	<b>£ 0</b>	

As a result of the City Deal investment in specialist facilities and equipment which will improve collaboration between industry, the public sector and academia, it is estimated that the programme of projects will lever in an additional £10 million of private research income and nearly £30 million of public sector research income over 5 years post construction of the specialist facilities, with increased opportunities for clustering and inward investment.

## Management Case

The purpose of the Management Case is to put in place the arrangements for the successful delivery of the programme. It provides evidence that the capability and capacity is in place to govern and deliver the programme, and arrangements are in place to manage programme risks.

Formal governance has been established and the SILCG Programme Board has been formally established with agreed Terms of Reference.

The programme will be delivered using proven programme and project management methodologies to ensure the outputs, benefits and outcomes are achieved in a controlled, well managed and visible set of activities. The programme team will be supported by a technical advisory group.

The programme has undergone a number of programme / project assurance reviews in the form of:

- External Peer Review
- Gateway Review – Project Assessment Review (PAR)
- Gateway Review – Critical Friend Review (CFR)

The programme received a Delivery Confidence Assessment of ‘amber’

The programme has on-going engagement with a range of stakeholders including Welsh and UK Governments, industry including Industry Wales, and academia in relation to RD&I and skills.

## 1.0 Strategic Case

The purpose of the Strategic Case is to make the case for change and demonstrate how the Supporting Innovation and Low Carbon Growth programme aligns with UK, Wales, regional and local strategies and policies as well as other ongoing programmes and projects.

### 1.1 Strategic Context

This section provides an overview of the lead organisation as well as a review of relevant strategies, policies and other ongoing programmes and projects to demonstrate strategic fit.

#### 1.1.1 Organisational overview

Neath Port Talbot County Borough Council is the lead local authority for the Supporting Innovation and Low Carbon Growth programme, and project lead for the Technology Centre, Air Quality Monitoring project, Low Emission Vehicle Charging Infrastructure, Advanced Manufacturing Production Facility and Property Development Fund.

Neath Port Talbot is located at the centre of the south Wales economy between the cities of Cardiff and Swansea. It benefits from direct access via the M4 corridor with access to a wider catchment area for employment – analysis demonstrates that there is a working age population of 1.4 million, and one million jobs within an hour's drive of the Port Talbot Waterfront Enterprise Zone.

**Neath Port Talbot CBC** (NPTCBC) was formed in April 1996 following local government reorganisation. It is the 8<sup>th</sup> most populous in Wales, with a population of approximately 140,000. 17 wards within the local authority area are in the top 10% most deprived in Wales.

NPTCBC has a proven track record of delivering large capital programme and projects, on budget and on time, from a number of different funding sources including:

- PDR Harbour Way: **£111m**
- 21st Century Schools Programme: **£122m**
- Neath Port Talbot Physical Regeneration: **£15m**
- Vibrant & Viable Places: **£35m**

The council also has extensive experience of lead body status for several collaborative regional projects including:

- South West Workways: **£23m**
- Workways+: **£7.5m**



- Engage: **£21m**

Swansea University is project lead for the SWITCH project.

**Swansea University** (SU) was established in 1920 and in its 100-year history collaboration, training and innovation links with industry are the core DNA of the organisation.

Swansea University is a research-led university and has a proven track record in delivering large scale programmes and projects, from a number of different funding sources including:

- Materials Research Centre at Swansea has pioneered and delivered a range of unique collaborations focused in the advanced materials industrial cluster of South Wales.
- In 1992 Swansea Materials started one of the first three Engineering Doctorate centres in the UK with a focus on steel technology. The EngD has led to significant technology breakthroughs for the university and industry partners. It has also seeded a training escalator which supports skills growth at every level down to school engagement.
- Swansea is one of five UK Innovation and Knowledge centres focused on coatings for renewable energy generation, storage and release - SPECIFIC, which has supported over £50m research and innovation investment in the region to date, working with 20 research partners and more than 100 companies. The focus is on the development and adoption of low-cost PV and other solar technologies integrated into buildings to allow them to function as power stations.
- The £450m science and innovation campus (Bay Campus) opened in 2015 and has enabled significant expansions of the manufacturing research capabilities at Swansea University. Delivered in partnership with Neath Port Talbot CBC.
- The University hosts a UKRI manufacturing hub (SUSTAIN (£10M)) and prosperity partnerships (£5M) with the steel industry which are driving a collaborative approach between the five main UK steel producers to the challenges of decarbonisation and the opportunities for new recyclable steel products.

The **University of South Wales** is project lead for the Hydrogen Stimulus project.

The University of South Wales (USW) has a proven track record in delivering strategic programmes and projects, from a number of different funding sources. The USW track record in delivering hydrogen related projects includes:

- USW has researched low and zero carbon methods of producing hydrogen for over 30 years at its Sustainable Environment Research Centre (SERC) laboratories at its Glyntaff Campus (South Wales).
- Since 2008 its Hydrogen Centre in Baglan has been developing cost-effective hydrogen production and recovery approaches that dramatically lower the carbon footprint of existing industrial processes. The team of scientists and engineers have delivered over £80m worth of industrial projects.

A summary of relevant projects is outlined below:

- Green' Hydrogen Production - In 2008 USW installed the first commercial scale 'green' or renewable hydrogen production facility in Wales at the Hydrogen Centre on Baglan Energy Park. In 2011 the UK's first commercial installation of a PEM electrolyser was installed at the Hydrogen Centre.
- USW Hydrogen Refuelling Station - In 2009, USW (then as the University of Glamorgan) installed the first hydrogen refuelling station in Wales at the Hydrogen Centre (one of the first in the UK).
- Hydrogen Recovery to Decarbonise Steelmaking

### 1.1.2 Relevant business strategies

The SILCG Programme is aligned to and will directly contribute to deliver the following UK, national (Wales), regional and local strategies and policies:

Table 1.1: Relevant UK strategies and policies

Strategy/ Policy	Imperative	Programme Relevance
<b>UK Industrial Strategy (2017)<sup>2</sup></b>	<ul style="list-style-type: none"> <li>• Ideas – the world’s most innovative economy</li> <li>• People – good jobs and greater earning power for all</li> <li>• Infrastructure – a major upgrade to the UK’s infrastructure</li> <li>• Business environment – the best place to start and grow a business</li> <li>• Places – prosperous communities across the UK</li> <li>• Grand Challenge areas - Clean growth</li> </ul>	<ul style="list-style-type: none"> <li>• SILCG programme is aligned to the 5 foundations for a transformed economy: ideas, people, infrastructure, business environment, places.</li> <li>• SILCG is aligned to the Clean Growth Grand Challenge.</li> <li>• SILCG will enhance competitiveness of regional economy by creating a knowledge ecosystem with suitable infrastructure to drive growth.</li> <li>• SILCG will encourage the creation of new businesses to capitalise on the research and development in the region.</li> <li>• SILCG will support Innovation in decarbonisation, energy generation and use, construction techniques and air quality improvement.</li> <li>• SILCG will strengthen the regional economic base through supporting critical industries, while diversifying and developing supplementary industries to reduce reliance on existing manufacturing base.</li> <li>• SILCG will support the use of hydrogen as a clean fuel will accelerate the growth of the green economy.</li> <li>• SILCG will increase productivity and help to close the GVA gap between the region and the rest of Wales and between Wales and the rest of the UK.</li> </ul>
<b>Ten point plan for a Green Industrial Revolution<sup>3</sup></b>	<ul style="list-style-type: none"> <li>• Build back better</li> <li>• UK global leader in green technologies</li> </ul>	<ul style="list-style-type: none"> <li>• SILCG programme is aligned to the aim to ‘build back better: to invest in making the UK a global leader in green technologies.</li> <li>• SILCG will stimulate the growth of low carbon hydrogen</li> </ul>

<sup>2</sup> <https://www.gov.uk/government/publications/industrial-strategy-building-a-britain-fit-for-the-future>

<sup>3</sup> <https://www.gov.uk/government/publications/the-ten-point-plan-for-a-green-industrial-revolution>

Strategy/ Policy	Imperative	Programme Relevance
	<ul style="list-style-type: none"> <li>• Growth of low carbon hydrogen</li> <li>• Shift to zero emission vehicles</li> <li>• Greener buildings</li> </ul>	<ul style="list-style-type: none"> <li>• SILCG will support the ambition to the shift to zero emission vehicles</li> <li>• SILCG will construct greener buildings</li> <li>• SILCG will support green innovation</li> <li>• Port Talbot is identified in the plan as one of the places in the UK pioneering the decarbonisation of transport industry and power</li> </ul>
<b>Clean Growth Strategy<sup>4</sup></b>	<ul style="list-style-type: none"> <li>• Decarbonisation all sectors of UK economy</li> <li>• Low carbon opportunities</li> <li>• Tackle climate change</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• SILCG is aligned to the aim of clean growth i.e. economic growth while reducing greenhouse gases.</li> <li>• Decarbonising all sectors of the UK economy through the 2020s</li> <li>• The SILCG will support low carbon industries</li> <li>• The SILCG will support the BEIS ambition to accelerate the commercialisation of clean energy technologies and investment in smart energy systems.</li> </ul>
<b>Climate Change Act<sup>5</sup></b>	<ul style="list-style-type: none"> <li>• Reduce carbon emissions</li> </ul>	<ul style="list-style-type: none"> <li>• The Climate Change Act is the basis for the UK's approach to committing the Government to reduce emissions by at least 80% of 1990 levels by 2050, with 5 yearly interim targets.</li> <li>• The SILCG is aligned to this Act by transitioning to a low carbon economy.</li> </ul>
<b>Clean Air Strategy 2019<sup>6</sup></b>	<ul style="list-style-type: none"> <li>• Improve air quality</li> </ul>	<ul style="list-style-type: none"> <li>• The DEFRA Clean Air Strategy sets out the comprehensive actions required across all parts of government and society to improve air quality.</li> <li>• The SILCG programme is aligned to this strategy as it will support reduction in</li> </ul>

<sup>4</sup> <https://www.gov.uk/government/publications/clean-growth-strategy>

<sup>5</sup> <https://www.legislation.gov.uk/ukpga/2008/27>

<sup>6</sup> <https://www.gov.uk/government/publications/clean-air-strategy-2019>

Strategy/ Policy	Imperative	Programme Relevance
		emissions from industry and transport and monitor air quality.
<b>The Road to Zero<sup>7</sup></b>	<ul style="list-style-type: none"> <li>• Transition to zero emission road transport</li> <li>• Reduction in emissions from conventional vehicles</li> </ul>	<ul style="list-style-type: none"> <li>• The Road to Zero Strategy outlines the mission to put the UK at the forefront of the design and manufacture of zero emission vehicles.</li> <li>• The target is for all new cars and vans to be zero emission by 2040.</li> <li>• It also aims to reduce emissions from conventional vehicles during the transition.</li> <li>• The SILCG programme aligns to this as it will develop a regional LEV strategy and coordinate funding opportunities / charging points activity to increase the number of charge points in the region.</li> <li>• The strategy states that the UK is well placed to be a global leader in hydrogen and fuel cell powered transportation which aligns to the SILCG programme.</li> </ul>

*Table 1.2 Relevant national (Wales) strategies and policies*

Strategy/ Policy	Imperative	Programme Relevance
<b>Taking Wales Forward 2016 – 2021 (WG)<sup>8</sup></b>	<ul style="list-style-type: none"> <li>• Prosperous &amp; secure</li> <li>• Deliver more and better jobs</li> </ul>	<ul style="list-style-type: none"> <li>• Taking Wales Forward programme for government sets out how Welsh Government will deliver more and better jobs through a stronger, fairer economy, improve and reform our public services, and build a united, connected and sustainable Wales.</li> <li>• The SILCG programme is aligned to the priority area of 'prosperous and secure' as it will provide the right environment for job creation.</li> </ul>
<b>Well Being of Future</b>	<ul style="list-style-type: none"> <li>• Prosperity</li> <li>• Resilience</li> </ul>	<ul style="list-style-type: none"> <li>• The SILCG programme is aligned to the 5 ways of working: long term;</li> </ul>

<sup>7</sup> <https://www.gov.uk/government/publications/reducing-emissions-from-road-transport-road-to-zero-strategy>

<sup>8</sup> <https://gov.wales/taking-wales-forward>

Strategy/ Policy	Imperative	Programme Relevance
<b>Generations Act 2015 (Welsh Government)</b> <sup>9</sup>	<ul style="list-style-type: none"> <li>• Equality</li> <li>• Health</li> <li>• Community</li> <li>• Culture &amp; Welsh Language</li> <li>• Globally responsible</li> </ul>	<p>prevention; integration, collaboration and involvement</p> <ul style="list-style-type: none"> <li>• It is aligned to the 7 well-being goals:</li> <li>• <b>A Prosperous Wales</b> – provision of new employment opportunities, high quality jobs, training opportunities, diversification of the economy, re-use of brownfield land. Anticipated spin-out companies will stimulate further private and public investment in the region</li> <li>• <b>A Resilient Wales</b> - Safeguarding of existing, highly-skilled and well-paid jobs, provision of new business premises, with the necessary technological infrastructure to promote diversification and reduce overreliance on traditional industries and public sector employment</li> <li>• <b>A More Equal Wales</b> - the programme includes opportunities accessible to all to reduce societal inequalities</li> <li>• <b>A Healthier Wales</b> - with long-standing evidence demonstrating the positive impact of employment on health and well-being, improving air quality</li> <li>• <b>A Wales of Cohesive Communities</b> - through sustainable, viable employment</li> <li>• <b>A Wales of Vibrant Culture and thriving Welsh Language</b> - with increased employment opportunities supporting the language in the medium and longer term</li> <li>• <b>A Globally Responsible Wales</b> - design and delivery of buildings in line with sustainable development principles; using innovation to decarbonise industry, programme aligned to global needs.</li> </ul>

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<sup>9</sup> <https://www.legislation.gov.uk/anaw/2015/2/contents>

Strategy/ Policy	Imperative	Programme Relevance
<b>Prosperity for All: The National Strategy (Taking Wales Forward 2016 – 2021)<sup>10</sup></b>	<ul style="list-style-type: none"> <li>• Deliver more and better jobs</li> <li>• Create a stronger and fairer economy</li> <li>• Build a sustainable Wales</li> </ul>	<p>The SILCG programme is aligned to the priority areas in the following ways:</p> <ul style="list-style-type: none"> <li>• Creating high-value jobs leading to national prosperity</li> <li>• Support green growth to create sustainable jobs for the future.</li> <li>• Encourage a robust talent pipeline, benefitting the region through higher wages and lower levels of underemployment</li> <li>• Provide a focus for inward investment and indigenous business growth through innovation</li> <li>• Providing the right environment for businesses growth / diversification</li> <li>• Leverage world-wide collaboration through research facilities</li> <li>• Delivering wider benefits to the regional community</li> </ul>
<b>Prosperity for All: The Economic Action Plan (2017)<sup>11</sup></b>	<ul style="list-style-type: none"> <li>• Decarbonisation (public sector to be carbon neutral by 2030);</li> <li>• Innovation, high quality employment and skills development</li> </ul>	<p>The SILCG programme is aligned in the following ways:</p> <ul style="list-style-type: none"> <li>• Aligned to the national thematic sector of High Value Manufacturing</li> <li>• Aligned to a number of areas in the Economic Contract: growth potential and progress in reducing carbon footprint</li> <li>• Aligned to calls to action: decarbonisation; innovation, entrepreneurship and headquarters; high quality employment and skills development; R&amp;D, automation and digitalisation.</li> <li>• Focus on decarbonisation clearly aligns with key aims</li> <li>• Accelerating low-cost energy generation</li> </ul>

<sup>10</sup> <https://gov.wales/sites/default/files/publications/2017-10/prosperity-for-all-the-national-strategy.pdf>

<sup>11</sup> <https://gov.wales/prosperity-all-economic-action-plan>

Strategy/ Policy	Imperative	Programme Relevance
		<ul style="list-style-type: none"> <li>• Investment in human capital, infrastructure and innovation to address productivity gap</li> <li>• A locus of innovation and research in the Neath Port Talbot region will strengthen the existing local economy and create new sustainable opportunities</li> <li>• Creating quality jobs and delivering industrially-relevant training in future-focused technologies and applications will support people-driven economic growth</li> <li>• Enabling public investment with social purpose, delivering increased value</li> <li>• Supporting public sector to become exemplar and drive green growth</li> </ul>
<b>Prosperity for All: Low Carbon Wales (2019)</b> <sup>12</sup>	<ul style="list-style-type: none"> <li>• Key areas of environmental improvement including industry, transport and waste.</li> <li>• Driving sustainable growth and modern infrastructure.</li> </ul>	<p>The SILCG is aligned in the following ways:</p> <ul style="list-style-type: none"> <li>• Creating high value jobs and innovation in clean growth will support the vision of establishing Wales as one of the best places in the world to live, work and do business;</li> <li>• Deliver research, infrastructure and solutions that are essential to delivering the rapid change needed to hit ambitious targets;</li> <li>• Opportunities to use active building (i.e. energy generating) technologies to pilot a modern construction sector;</li> <li>• Efficient use of resources and reuse of brownfield sites</li> </ul>
<b>Innovation Wales Strategy (2014)</b> <sup>13</sup>	<p>5 key themes</p> <ul style="list-style-type: none"> <li>• Improving collaboration</li> <li>• Promoting a culture of innovation</li> </ul>	<p>Innovation Wales Strategy prioritises low carbon as a key strength on which to build.</p> <p>The SILCG is aligned in the following ways:</p>

<sup>12</sup> [https://gov.wales/sites/default/files/publications/2019-06/low-carbon-delivery-plan\\_1.pdf](https://gov.wales/sites/default/files/publications/2019-06/low-carbon-delivery-plan_1.pdf)

<sup>13</sup> <https://gov.wales/innovation-wales-strategy>



Strategy/ Policy	Imperative	Programme Relevance
	<ul style="list-style-type: none"> <li>• Providing flexible support &amp; finance for innovation</li> <li>• Innovation in Government</li> <li>• Prioritising and creating critical mass</li> </ul>	<ul style="list-style-type: none"> <li>• Leading the way through public sector exemplar investment in a cohesive low carbon strategy for the region;</li> <li>• Improved opportunities for supply chain productivity;</li> <li>• Innovation in decarbonisation will lead to growth of new company clusters in recycling technology, the circular economy, component manufacture and modular construction;</li> <li>• It will also increase the research capacity and capability for the region, paving the way for future growth in other sectors.</li> </ul>
<b>A manufacturing future for Wales: a framework for action (2020)<sup>14</sup></b>	<ul style="list-style-type: none"> <li>• Ensuring sustainability of manufacturing post Covid 19</li> <li>• Green based – decarbonising industry as a priority, embrace the opportunities of a circular economy</li> <li>• Place based – focused on strength of an area</li> <li>• People based – role of education in securing future prosperity</li> </ul>	<ul style="list-style-type: none"> <li>• The SILCG is aligned to the 4 pillars and 10 themes of the framework:  The SILCG programme will: <ul style="list-style-type: none"> <li>• Directly support the plans for clean, green growth with focus on decarbonisation and waste utilisation – setting the foundations for a circular economy in a regional eco-system that synergizes benefits and growth;</li> <li>• The cluster expertise in the area will create an ideal location to deliver green innovation through innovators, supply chain, infrastructure and manufacturers across a range of sectors;</li> </ul> </li> <li>Academic and industrial partnership will offer opportunities to develop specialist learning and training to ensure a long-term talent pipeline aimed at attractive, high-quality career opportunities with longevity and resilience.</li> </ul>
<b>Environment (Wales) Act (2016)<sup>15</sup></b>	<ul style="list-style-type: none"> <li>• Management of natural resources</li> </ul>	<p>The Act requires the planning and management of Wales’ natural resources in a more sustainable and joined-up way. Part 2 (Climate Change) is particularly</p>

<sup>14</sup> <https://gov.wales/sites/default/files/consultations/2020-09/manufacturing-future-wales-consultation-document.pdf>

<sup>15</sup> <https://www.legislation.gov.uk/anaw/2016/3/contents/enacted>

Strategy/ Policy	Imperative	Programme Relevance
	<ul style="list-style-type: none"> <li>Positively impacting climate change</li> <li>Emissions reduction</li> </ul>	<p>relevant to this Programme focusing on reducing emission targets by 2050.</p> <p>The SILCG is aligned in the following way:</p> <ul style="list-style-type: none"> <li>Contribute to emissions reduction by creating solutions for commercialisation that will allow a range of manufacturing sectors to decarbonise;</li> <li>Promote use of renewable energy sources;</li> <li>Develop energy positive construction technologies to reduce emissions from buildings, providing demonstrators to a wider audience.</li> </ul>
<b>Commercial Property: Market Analysis and Potential Interventions</b> <small>16</small>	<ul style="list-style-type: none"> <li>Address gaps in supply of commercial property</li> </ul>	<p>The SILCG programme is aligned to this policy in the following way:</p> <ul style="list-style-type: none"> <li>Supports intervention through creation of 900,000 sq ft of new space over a rolling three-year period, providing premises in a new way</li> <li>Creation of this space will support indigenous business and encourage inward investment through delivering a modern, attractive and suitable infrastructure for innovative development</li> </ul>
<b>Clean Air Plan for Wales (consultation, 2020)</b> <sup>17</sup>	<ul style="list-style-type: none"> <li>Improve air quality for health, nature &amp; prosperity</li> </ul>	<ul style="list-style-type: none"> <li>The plan aims to improve air quality through air quality modelling and real time monitoring to ensure there is a targeted approach.</li> </ul> <p>The SILCG is aligned in the following way:</p> <ul style="list-style-type: none"> <li>The programme will enhance monitoring to better understand how and where impacts on air quality are made;</li> <li>Focus on identifying sources of PM10s and hence identify corrective actions</li> </ul>

<sup>16</sup> <https://gov.wales/sites/default/files/publications/2020-08/market-analysis-and-potential-interventions.pdf>

<sup>17</sup> <https://gov.wales/clean-air-plan-wales>

Strategy/ Policy	Imperative	Programme Relevance
<b>Electric Vehicle (EV) charging strategy for Wales (consultation)</b> 18	<ul style="list-style-type: none"> <li>• Draft strategy for EV charging in Wales</li> <li>• Current charging provision in Wales for cars &amp; vans</li> <li>• Future charging needs</li> </ul>	<p>The SILCG is aligned in the following way:</p> <ul style="list-style-type: none"> <li>• Coordinated approach for the region</li> <li>• Mapping current situation, behaviour and future demand in relation to low emission vehicles</li> </ul> <p>Aligned to the Wales strategy</p>
<b>Regional Investment in Wales</b> <sup>19</sup>	<ul style="list-style-type: none"> <li>• 4 investment priority areas:</li> <li>• Business productivity &amp; competitiveness</li> <li>• Healthier, fairer and more sustainable communities</li> <li>• Zero carbon economy</li> <li>• Reducing economic inequalities</li> </ul>	<p>The SILCG is aligned in the following way:</p> <ul style="list-style-type: none"> <li>• Creating the right environment for sustainable and inclusive jobs and growth</li> <li>• Opportunities to grow and strengthen productivity and competitiveness of SMEs in green industrial revolution</li> <li>• Opportunities for research and innovation in collaboration with government, industry and academia.</li> <li>• Economic growth and decarbonisation</li> </ul>

Table 1.3: Relevant regional and local strategic and policy drivers

Objectives/ Goals	Imperative	Programme Alignment
<b>Swansea Bay City Region Economic Regeneration Plan (2017)</b> <sup>20</sup>	<ul style="list-style-type: none"> <li>• Business Growth, retention and specialisation</li> <li>• Skilled and Ambitious for Long-term Success</li> </ul>	<ul style="list-style-type: none"> <li>• Supporting indigenous companies and industries which are economically critical in terms of GVA and employment</li> <li>• Supporting economic diversification through value added jobs</li> <li>• Creating the physical and knowledge-based infrastructure to foster and encourage innovative start-ups, providing support to ensure retention and growth of</li> </ul>

<sup>18</sup> <https://gov.wales/sites/default/files/consultations/2020-12/electric-vehicle-charging-strategy-consultation-document.pdf>

<sup>19</sup> <https://gov.wales/regional-investment-wales-framework>

<sup>20</sup> <https://www.swansea.gov.uk/swanseabaycityregioneconomicregenerationstrategy>

Objectives/ Goals	Imperative	Programme Alignment
	<ul style="list-style-type: none"> <li>• Maximising Job Creation for all</li> <li>• Knowledge Economy and Innovation</li> <li>• Distinctive places and competitive infrastructure</li> </ul>	<p>new businesses, a 'knowledge economy' where innovation thrives</p> <ul style="list-style-type: none"> <li>• In particular, support early-stage knowledge-intensive firms through incubation and innovation stages</li> <li>• Creating highly skilled and well-paid jobs, developing skills to maximise employment in growth sectors</li> <li>• Removing barriers to employment</li> <li>• Providing infrastructure assets to support business as a regional gateway</li> <li>• Supporting business as a regional gateway, increasing entrepreneurial culture</li> <li>• Through specialised training solutions, deliver a talent pipeline for high-growth sectors</li> <li>• Support the 'internet coast' through next-generation digital infrastructure, creating future energy systems, integrating renewable energy with existing asset base and delivering leading-edge research</li> <li>• Contribute to the key themes: <ul style="list-style-type: none"> <li>○ embeddedness - existing base of trained labour</li> <li>○ relatedness - diversifying existing strengths in the area via the metals industry</li> <li>○ connectedness - already established network of steel and metals companies in the area</li> </ul> </li> </ul>
<b>Regional Economic Framework<sup>21</sup></b>	<ul style="list-style-type: none"> <li>• Long term economic development of the region</li> </ul>	<ul style="list-style-type: none"> <li>• The SILCG programme is aligned in the following way:</li> <li>• Addressing the areas of weaknesses / threats – will increase productivity, create employment opportunities, provision of low carbon high quality business infrastructure</li> </ul>

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<sup>21</sup> <https://businesswales.gov.wales/mid-wales-and-south-west-wales-economic-frameworks>

Objectives/ Goals	Imperative	Programme Alignment
		<ul style="list-style-type: none"> <li>• Build on the strengths of sectoral strengths in energy, advanced manufacturing and innovation centres.</li> <li>• The SILCG programme is aligned to the SBCR Regional Delivery Plan as this action plan will focus on diversification, energy and renewables sectors.</li> </ul>
<b>NPT Council Decarbonisation and Renewable Energy (DARE) Strategy (2020)<sup>22</sup></b>	<ul style="list-style-type: none"> <li>• Response to climate emergency</li> <li>• Reducing carbon emissions</li> <li>• Limiting future climate change</li> </ul>	<ul style="list-style-type: none"> <li>• Maximising the environmental, social and economic benefits of decarbonisation</li> <li>• Clean air for everyone</li> <li>• Focus on strategies to reduce traffic-related poor air quality, industrial sources and nuisance dust</li> <li>• Addressing fuel poverty through accelerating development of active building technologies</li> <li>• Improving community engagement through communications as well as demonstrators – establishing infrastructure to position the region as an exemplar in the field</li> <li>• The SILCG programme supports the key areas of transport, industry, air quality and buildings to underpin the strategy and commitments to decarbonisation</li> </ul>
<b>NPTCBC Corporate Plan 2019-2022<sup>23</sup></b>	<ul style="list-style-type: none"> <li>• Developing economy and environment to improve well-being</li> </ul>	<ul style="list-style-type: none"> <li>• Creating opportunities for spin-out companies and further inward investment</li> <li>• Supporting sustainable economic growth through green processes, building resilience</li> </ul>
<b>Port Talbot Waterfront Enterprise Zone<sup>24</sup></b>	<ul style="list-style-type: none"> <li>• Create diversified, resilient economy building on local strengths in steel,</li> </ul>	<ul style="list-style-type: none"> <li>• Recognising importance to the region of the manufacturing base, supporting its sustainability and clean growth through innovation and decarbonisation</li> <li>• Creating infrastructure and ecosystem needed to deliver a diversified economy</li> </ul>

<sup>22</sup> <https://www.npt.gov.uk/media/13541/dare-strategy-may-20.pdf?v=20200522162830>

<sup>23</sup> <https://www.NPTCBC.gov.uk/19450>

<sup>24</sup> <https://businesswales.gov.wales/enterprisezones/zones/port-talbot-waterfront>

Objectives/ Goals	Imperative	Programme Alignment
	energy and manufacturing	<ul style="list-style-type: none"> <li>• Providing attractive and functional employment sites in the region, which is fundamental to securing investment</li> <li>• Creating (and supporting existing) necessary high value, skilled jobs</li> </ul> <p>(PTWEZ letter of support Annex 1.1)</p>

### *Paris Agreement 2015*

In addition to UK and Wales strategies and policies, the programme is also aligned to the Paris Agreement 2015<sup>25</sup>. The Paris Agreement brings all nations into a common cause to undertake ambitious efforts to combat climate change and adapt to its effects. Renewables, green hydrogen and carbon capture utilisation and storage (CCUS) will be key to task of keeping global warming within 2-degrees if it hopes to hit the target set as part of the Paris Climate Agreement.

### *Foundational Economy*

The programme will support and grow the foundational economy<sup>26</sup> by challenging the conventional way of providing business premises, and nurturing an environment / cluster of innovative, state up and growing / diversifying indigenous businesses.

### *Circular Economy*

The SILCG programme is aligned to the circular Economy strategy<sup>27</sup> to move towards zero waste by 2050, scrutinise how we use resources, maximise the economic and social opportunities of a more circular economy. The SWITCH project is closely aligned with this strategy.

### 1.1.3 Links with other relevant initiatives, programmes and projects

At the national (Wales), regional and local level there are a number of complementary initiatives, programmes and projects to which the SILCG programme is aligned and will add value, including:

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<sup>25</sup> <https://www.un.org/en/climatechange/paris-agreement>

<sup>26</sup> <https://businesswales.gov.wales/foundational-economy>

<sup>27</sup> <https://gov.wales/circular-economy-strategy>

Table 1.4 Links with other relevant initiatives

Initiative	Relevance to this Programme
<b>Swansea University<sup>28</sup></b>	Swansea University is a partner and will deliver the SWITCH project
<b>University of South Wales Hydrogen Centre<sup>29</sup></b>	The Hydrogen Centre is a partner in the hydrogen stimulus project.
<b>Active Building Centre<sup>30</sup></b>	The Supporting Innovation and Low Carbon Growth programme and the Active Building Centre are aligned in a number of ways and will continue to work together to accelerate market adoption of energy positive and net zero buildings.
<b>Flexis<sup>31</sup></b>	Port Talbot is a demonstration zone identified in the Flexis programme.
<b>Cardiff University<sup>32</sup></b>	Welsh School of Architecture are advisors for the Technology Centre
<b>University of Wales Trinity St David<sup>33</sup></b>	A partner in the Industrial Futures theme.
<b>Neath Port Talbot Group of Colleges<sup>34</sup></b>	A key partner in ensuring the region has the necessary skills to deliver the opportunities in this Programme
<b>SWIC<sup>35</sup></b>	The SILCG programme supports the work of SWIC and the projects will deliver some of the targets of SWIC i.e. to decarbonise the south Wales industrial cluster.

The SILCG programme stakeholder engagement plan is detailed in the Management Case.

<sup>28</sup> <https://www.swansea.ac.uk/>

<sup>29</sup> <http://www.h2wales.org.uk/pages/hydrogen-centre/hydrogen-centre.html>

<sup>30</sup> <https://www.activebuildingcentre.com/>

<sup>31</sup> <https://www.flexis.wales/>

<sup>32</sup> <https://www.cardiff.ac.uk/>

<sup>33</sup> <https://www.uwtsd.ac.uk/>

<sup>34</sup> <https://www.nptcgroup.ac.uk/>

<sup>35</sup> <https://www.swic.cymru/>

#### 1.1.4 Strategic drivers summary

The strategic drivers at UK, national, regional and local levels shown in the business case are clearly aligned and support the development of proposals focused on low carbon economic growth. In particular:

- The UK and Welsh Government recognises the importance of decarbonisation to ensure economic growth is sustainable;
- There is a clear need to move towards renewable energy sources to increase efficiency and reduce costs, and for the public sector to exemplify this;
- Strategic imperatives to foster innovation and entrepreneurialism in high-value R&D-based opportunities;
- The creation of high-quality jobs is a clear link through all policy levels, as is a desire to provide training and development solutions to upskill existing workers.

The overall cohesion of strategic drivers supports the rationale of developing these projects as a programme. Moreover, the catalysing effect of these synergistic projects is anticipated to deliver exponential benefits, developing a base of expertise in a critical field that brings together research and industrial applications with the physical infrastructure that will generate inward investment and start-ups, support the sustainability of indigenous businesses and create a supporting network of training and job opportunities in a talent pipeline. The vision is that collectively, these projects will establish Neath Port Talbot and the region as an ecosystem delivering a diversified and sustainable cluster for innovative low carbon growth.

#### 1.1.5 SILCG programme alignment with the SBCD portfolio

The approved overarching SBCD Portfolio business case provides the principal strategic driver for the SILCG programme and its associated business case, positioning the SILCG as a key contributor to the Swansea Bay City Deal as follows:



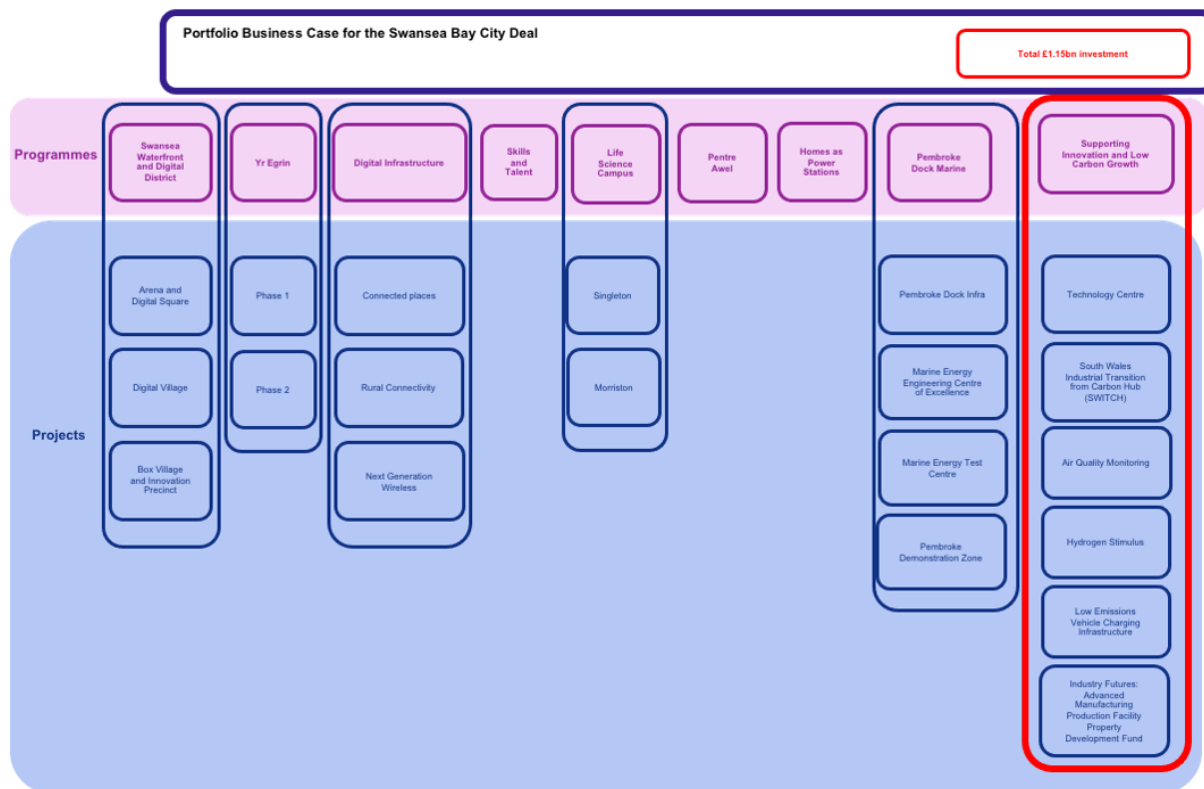


Figure 1.1: Positioning of SILCG in the SBCE

In 2019, the SBCE portfolio also recognised the climate change emergency and the need to focus on the reduction in carbon emissions.

Delivering the aspirations of the Swansea Bay City Deal Portfolio requires positive action to deliver investments in each of the four key themes. The SILCG Programme – the second largest in terms of City Deal investment – will directly deliver against the strategic themes of Energy and Smart Manufacturing as well as contributing to the wider aspirations of the Economic Acceleration theme. This, alongside clearly aligned policy drivers at UK, national, regional and local / organisational levels provide a strong foundation and rationale for the SILCG programme of investment.

## 1.2 The Case for Change

The Case for Change follows HM Treasury and Welsh Government’s Better Business Cases guidance, establishing a robust case for change with a clear understanding of:

- What we are seeking to achieve – the Investment Objectives
- What is currently happening – the Existing Arrangements
- What is required to close the gap between what is happening now (Existing Arrangements) and what we are seeking to achieve (Investment Objectives) - Business Needs

This section sets out the rationale for the project based on need.

### 1.2.1 Investment objectives

Investment Objectives form a key element of the 'Case for Change' section of the Strategic Case. The Investment Objectives describe what the delivery organisation, partners and key stakeholders wish to achieve in terms of targeted outcomes. The SILCG Investment Objectives describe the expected outcomes of the programme and are SMART and address the five key reasons for investment:

- Improving economy
- Improving efficiency
- Improving effectiveness
- Statutory compliance
- Re-procurement

SMART measures for each of the SILCG Programme Investment Objectives enable the measurement of the success of the programme and its contribution to the SBCD Portfolio.

Table 1.5 Investment objectives

Theme	Investment objective	Measures
<p><b>Economic performance</b></p>	<p>1. To create 1,320 high value added jobs aligned to the green economy through creating the right environment for a resilient, diverse and sustainable regional economy by 2033.</p>	<p>Number of jobs created and safeguarded                      Number of specialist facilities created                      Ratio of jobs to capital investment                      Diversification success rates                      On shoring opportunities delivered</p>
	<p>2. To increase the region's GVA by approximately £93m by 2033 through supporting innovation and new product development in science, technology and manufacturing sectors - strengthening industry, academia and government collaboration.</p>	<p>Local GVA uplift                      Measures of new technology developed / commercialisation                      Examples of testing, proof of concept and scaling opportunities.                      Number of new innovative products and processes successfully scaled up and commercialised                      Examples of industry, academia and government collaboration                      Facilitating collaboration by providing suitable premises:</p> <ul style="list-style-type: none"> <li>- Additional floor space created to meet demand for innovation companies</li> <li>- Numbers of SMEs set up in collaborative facilities</li> </ul>
	<p>3. To secure over £11m in additional investment from public and private sources, and approximately £40m (within 5 years) additional leverage from public and private research funding by 2033</p>	<p>Private sector investment leverage                      Public research investment                      Private research investment</p>

Theme	Investment objective	Measures
<b>Environmental performance</b>	4. To support innovation to influence a shift in the use of high CO2 energy usage to low CO2 energy usage in economic activities (n (industry, commercial buildings and transport) by 2033.	Levels of carbon emissions from industrial processes reduced Creation of low carbon and energy positive commercial buildings Developed regional charging strategy Increased LEV vehicle charging points Reduction in CO2 per mile travelled in the region Increase in low carbon public sector vehicles Identification of key regional sources of pollution from industry, commercial buildings and transport Improved air quality

It needs to be noted that the above SILCG Investment Objectives are economic and environmental which support the delivery of the current economic portfolio level Investment Objectives of the SBCD portfolio.

### 1.2.2 Existing arrangements

In order to consider the added value of the SILCG programme, the evidence base for change and the impact of the programme, this section describes the current situation in terms of:

1. Swansea Bay City Region economy
2. Decarbonisation and legislative requirements
3. Manufacturing
4. RD&I environment

#### 1.2.2.1 Swansea Bay City Region economy

The Swansea Bay City Region (SBCR) is a critical driver for the Welsh economy, with a population of 688,000, supporting 302,000 jobs and 22,000 businesses. Figure 1.4 below shows regional productivity per hour is underperforming compared to the UK

average and the Cardiff Capital region over the past two decades<sup>36</sup>. In 2015, GVA per employee was 74% of the UK average<sup>37</sup>, down from 77% in 2010 and 90% in 1981<sup>38</sup>. Only 71% of the working age population is classed as economically active compared to 76% for the UK as a whole<sup>39</sup>. Skill levels in the region compare poorly to other regions of Wales and the UK, with fewer people with high levels qualifications and many with none at all<sup>40</sup> and reliance on the larger foundational industries in the region to support the regional economy and provide high value jobs.

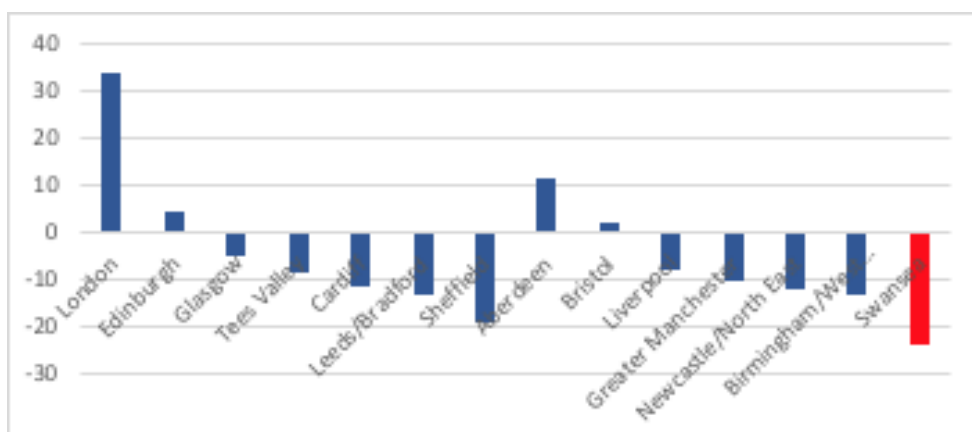


Figure 1.4 – SBCR productivity per hour relative to UK average (2016)

### 1.2.2.2 Decarbonisation and legislative requirements

This section describes the current situation in relation to greenhouse gas (GHG) emissions in the region, examines key contributors (vehicles, buildings and industry) and their measurement using Air Quality Monitoring (AQM).

#### Current GHG emissions

2019 legislation requires net zero GHGs in the UK by 2050<sup>41</sup>. Six major GHGs are identified in the Climate Change Act, as shown in Figure 1.5.

<sup>36</sup> <https://www.walesonline.co.uk/business/business-news/shocking-economic-figures-wales-regions-14260311>

<sup>37</sup> Swansea Bay City Region City Deal Heads of Terms

<sup>38</sup> Swansea Bay City Region Economic Regeneration Strategy, 2013-2030

<sup>39</sup> Data from 2010. Source: Swansea Bay City Region Economic Regeneration Strategy 2013-2030

<sup>40</sup> Swansea Bay City Region: A City Deal 2016-2035, The Internet Coast

<sup>41</sup> <https://www.legislation.gov.uk/ukxi/2019/1056/contents/made>

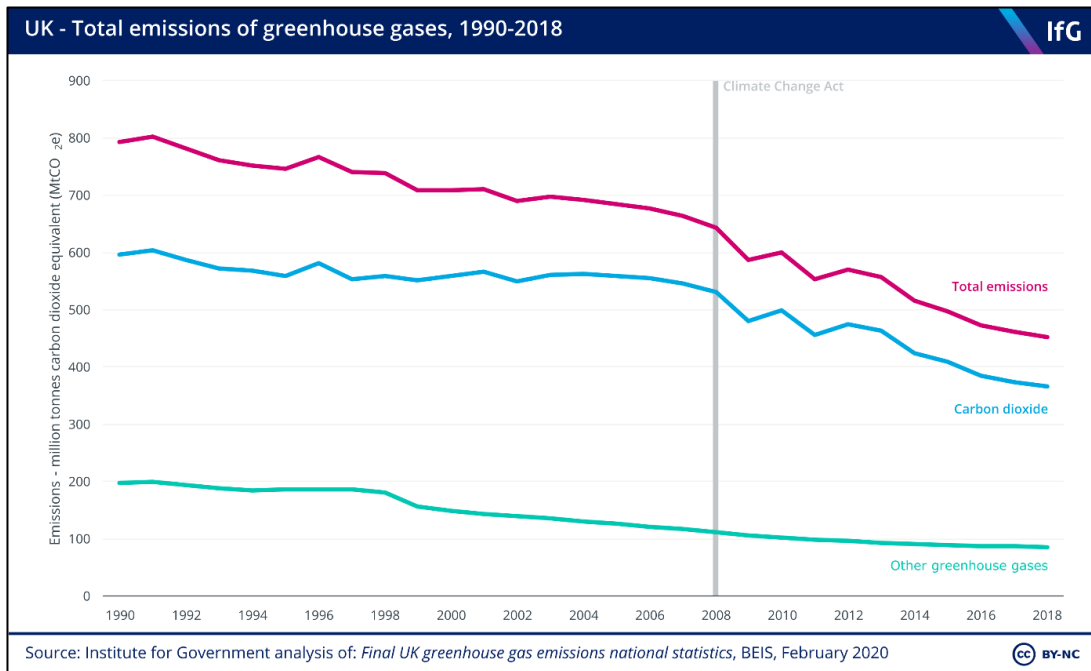


Figure 1.5: UK total emissions of greenhouse gases<sup>42</sup>

The Environment (Wales) Act 2016 requires GHG emissions in Wales to reduce by at least 80% for 2050 against the 1990 baseline, with a system of interim emission targets and carbon budgets. In 2019, Wales accepted the Committee on Climate Change (CCC) recommendation for a 95% reduction in GHG emissions by 2050 with an ambition to reach net-zero<sup>43</sup>. In 2020, Welsh Government has since accepted further recommendations made by the Climate Change Committee in a report to Welsh Ministers in December 2020, and will prepare an action plan in 2021 to achieve net zero emissions by 2050<sup>44</sup>.

As shown in Figure 1.6, Wales has a unique GHG emissions profile, driven by a range of factors, including a high share of the UK industry and manufacturing.

<sup>42</sup> <https://www.instituteforgovernment.org.uk/explainers/net-zero-target#references>

<sup>43</sup> <https://gov.wales/wales-accepts-committee-climate-change-95-emissions-reduction-target>

<sup>44</sup> <https://gov.wales/wales-commits-net-zero-2050-sets-out-ambitions-get-there-sooner>

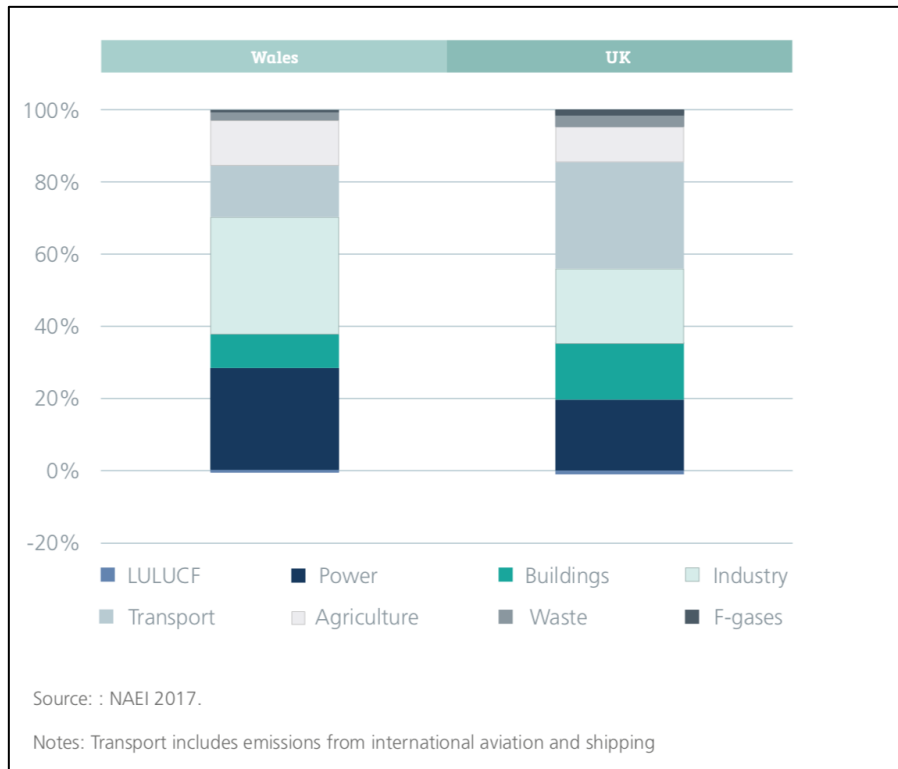


Figure 1.6: Sectoral shares of emissions in Wales and the UK (2015)<sup>45</sup>

The UK is one of the biggest net importers of CO<sub>2</sub> emissions per head<sup>46</sup> – benefiting from products and ‘offshoring’ industry that has generated emissions elsewhere in the world, from countries with lower labour costs and less stringent pollution regulations. China is the biggest importer of emissions to the UK<sup>47</sup>.

In Wales, production and consumption emissions must be reported at the end of each budgetary period to ensure global responsibility<sup>9</sup>.

### Vehicles

Two key low emission vehicle technologies are becoming established:

- Battery electric vehicles – cheap to charge, readily available, supported by a variable level of charging infrastructure and ability to charge at home;
- Hydrogen fuel vehicles – can travel longer distances between fuelling and refuel in approximately 5 mins. Hydrogen clusters exist in Tokyo, California, parts of Germany and Benelux countries. In the UK, clusters are emerging in London,

<sup>45</sup> <https://gov.wales/sites/default/files/publications/2019-06/industry-sector-emission-pathway-factsheet.pdf>

<sup>46</sup> <https://www.ons.gov.uk/economy/nationalaccounts/uksectoraccounts/compendium/economicreview/october2019/thedecouplingofeconomicgrowthfromcarbonemissionsukevidence>

<sup>47</sup> <https://www.ons.gov.uk/news/news/importedemissionsincreaseenvironmentalimpactofukeconomy>

Aberdeen, Birmingham and Liverpool/Manchester, including hydrogen powered passenger cars, vans and buses.

The UK Government's Ten Point Plan for a Green Industrial Revolution details the end of sale of new petrol and diesel cars and vans from 2030. In addition, the Welsh Government's ambition is for the public sector to be carbon neutral by 2030. However, the expected increase in demand required to meet these targets cannot be met. For electric vehicles:

- The number of rapid chargers (43+kW) located near the major road network in the UK needs to increase by 2.5 times by 2030 to meet charging requirements<sup>48</sup>
- The number of fast chargers (22kW) for 'top-up' charging needs to increase ten-fold<sup>48</sup>
- Wales has proportionately fewer chargers than the rest of the UK (3.32% of UK total)<sup>48</sup>
- Demand for public charge points will increase as home charging may not be feasible for certain residential properties.

Worldwide, hydrogen vehicle use is very limited but increasing – approximately 50,000 were in use by the end of 2019. Europe has around 1,000 hydrogen passenger vehicles and an additional 80 buses; although the sector is growing rapidly, with plans for deployment of over 1,000 hydrogen buses over the next three years as vehicle prices fall.

The Welsh Government has recently published its baseline report on hydrogen developments in Wales<sup>49</sup>.

There are 20 hydrogen refuelling points operating in the UK, two located in Wales – one run by the University of South Wales at the Hydrogen Centre on Baglan Energy Park. This was established in 2009 and is the longest running operational hydrogen refuelling station in the UK, operated on a non-commercial basis.

Numbers of public sector low emission vehicles are low, due to cost, lack of available charging infrastructure and limited understanding of fleet suitability to move to low emission vehicles, despite the ambition to achieve carbon neutrality. Natural Resources Wales (NRW)<sup>50</sup> – a Welsh Government Sponsored Body – has

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<sup>48</sup> Plugging the Gap: An Assessment of Future Demand for Britain's Electric Vehicle Public Charging Network

<sup>49</sup> <https://gov.wales/sites/default/files/consultations/2021-01/baselining-report-hydrogen-development-in-wales.pdf>

<sup>50</sup> <https://naturalresources.wales/?lang=en>



demonstrated it could save up to 27% emissions from its fleet and deliver a 5% cost saving through the use of existing low emission technologies<sup>12</sup>.

Transport emissions in Wales have remained steady over recent years, as vehicle efficiency has improved, although this has been counteracted by increased travel.

### *Buildings*

Energy demand for buildings creates direct emissions from fossil fuel heating and electricity related emissions from lighting, use of appliances and electric heating. Residential buildings represent the majority of building emissions. The business sector contributes 10% and the public sector, 8%. 96% of building emissions are carbon dioxide.

The Homes as Power Stations (HAPS) project is co-ordinated across the City Region to tackle fuel poverty and decarbonise the regional economy, focused on embedding energy-saving technologies to thousands of homes as part of a smart, low carbon new-build and retrofit programme for residential builds. There is currently no similar programme for commercial buildings.

### *Commercial property infrastructure*

There is currently a well evidenced shortage of high quality, flexible commercial property in the region, demonstrated by:

- Two Welsh Government managed ERDF funded property development funds which are fully committed
- The recently published Commercial Property: Market Analysis and Potential Interventions report<sup>51</sup> confirmed a lack of commercial property to support economic growth in South Wales
- Research supporting the Port Talbot Waterfront Enterprise Zone<sup>52</sup> strategic plan which examined the 'demand perspective' and evidence of demand and proposed a number of 'potential property interventions' such as a Property Development Fund and commercial and industrial property investments.

The Neath Port Talbot Economic Development team has a 'live demand list' (See Annex 1.2) of companies seeking appropriate commercial property in the area.

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<sup>51</sup> <https://gov.wales/commercial-property-market-analysis-and-potential-interventions>

<sup>52</sup> independent report undertaken by JLL on behalf of the Welsh Government, published in September 2016

## Industry

Industrial energy and processing, particularly iron and steel production and petroleum refining are key GHG contributors (see figure 1.6) – predominantly carbon dioxide (95.8%). Port Talbot steelworks represented 50% of Welsh industrial emissions and 16% of total Welsh emissions in 2015 and South Wales is the second largest industrial cluster for emissions within the UK<sup>53</sup>.

Integrated steelworks using Blast Furnace – Basic Oxygen Steelmaking accounts for 82% of the steel production within the UK, including the Tata Steel site in Port Talbot, with the remainder using Electric Arc Furnace<sup>54</sup>. Blast furnaces require carbon-based raw materials as a reductant and energy source, dominated by coal and coke (77.8%). Iron making accounts for the largest share of direct emissions (1.1 - 1.8 tonne CO<sub>2</sub>/tonne hot rolled coil from blast furnace)<sup>54</sup> with indirect emissions from generation of electricity associated with the process. Overall, integrated steel plants create around 2.2 tonnes of CO<sub>2</sub> per tonne of steel<sup>54</sup>.



Figure 1.7: Location of large point-source industrial CO<sub>2</sub> emissions in Wales 2015

## Air quality monitoring

Local authority Air Quality Action Plans (AQAP) aim to improve air quality and focus resources on priority areas. AQM takes place through several fixed 'continuous monitoring sites' which provide high quality data but are expensive and resource

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<sup>53</sup> <https://idric.org>

<sup>54</sup> <https://www.gov.uk/government/publications/industrial-decarbonisation-and-energy-efficiency-roadmaps-to-2050>

intensive to operate. *Current* accredited low-cost options available (approved by DEFRA) only monitor for a limited number of contaminants.

### *Energy production*

The SBCR has conventional and renewable energy production assets – Neath Port Talbot is the local authority area with the highest total renewable energy capacity (358 MW) and the highest level of renewable energy capacity at an estimated 1122Gwh, including:

- Marine Energy: e.g. the South Pembrokeshire Demonstration Zone
- Wind Power Generation (region-wide)
- Solar Power Systems (e.g. Saron/Ammanford and Baglan)
- Fresh Water Micro Generation systems
- Over £1.5bn of biomass projects in Port Talbot and Milford Haven
- Pembroke Power Station (2000MW – sufficient electricity for 1 million homes)
- The LNG plants (South Hook and Dragon) meeting circa 20-25% of the UK's needs plus the refining capacity at Valero

While fossil fuel power stations create carbon dioxide emissions, renewable energy is intermittent and demand does not always match supply varying considerably by time of day and season.

As shown in Figure 1.8, only 25% of all the electricity generated in Wales in 2018 was from renewable sources. Wales generates twice as much electricity as it consumes, the remainder being exported to other parts in the UK and the wider European electricity network<sup>55</sup>.

The creation of energy from fossil fuel power stations leads to carbon dioxide emissions and the demand for electricity is expected to continue to grow over time with increasing use of low emission vehicles and electric heating for buildings.

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<sup>55</sup> <https://gov.wales/sites/default/files/publications/2019-10/energy-generation-in-wales-2018.pdf>

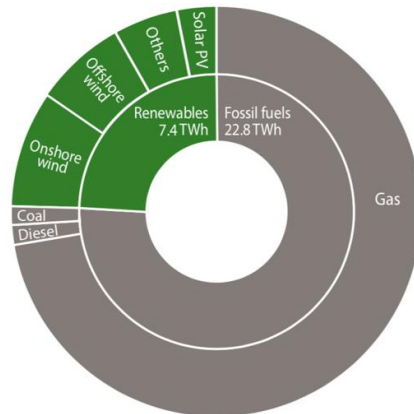


Figure 1.8: Electricity generation in Wales by source (2018)<sup>55</sup>

### 1.2.2.3 Manufacturing

MAKE UK, which represents the UK manufacturing community, reported on the current state of the manufacturing sector in June 2020. It stated that manufacturing has continually reinvented itself in order to adapt to the many factors and forces which drive change (source: A manufacturing future for Wales: a framework for action)<sup>56</sup>.

One of the main manufacturing opportunities in South Wales is in the established steel and metals industries. This section therefore examines the extent of this industry in the region, the impact on the regional and UK economy and describes smart manufacturing approaches being pursued in relation to these industries.

There is a diverse range of steel and metal producers, suppliers and customers within the SBCR, critical to the UK, national, regional and local economies.

The UK steel industry directly contributes £1.6 billion to the economy, employs 31,900 people in production facilities, downstream processing and rolling and distribution businesses and supports 52,300 jobs through its supply chains and local communities<sup>57</sup> contributing £3.9 billion. The steel and metals industry in South Wales is the foundation of this economy, comprising:

- Tata Steel – the largest steel producer in the UK – with four facilities in Wales, employing over 5,000 people in the SBCR at the Port Talbot integrated steel works and steel packaging operation within Llanelli. Every job at Tata Steel supports another 1.22 within the region<sup>58</sup>
- Celsa Steel and Liberty Steel with large operations in Cardiff and Newport

<sup>56</sup> <https://gov.wales/sites/default/files/consultations/2020-09/manufacturing-future-wales-consultation-document.pdf>

<sup>57</sup> <https://www.makeuk.org/insights/publications/new-deal-for-steel>

<sup>58</sup> <https://wer.cardiffuniversitypress.org/articles/abstract/10.18573/j.2012.10440/>

- Internationally recognised metal producers and SMEs: Timet, a titanium manufacturer supplying one-fifth of the world’s titanium; Sandvik Osprey, a global leader in the production of gas atomised metal powders; Wall Colmonoy & Weartech, producers of cobalt-based alloys; Vale, one of the largest refineries in Europe producing high purity nickel and subproducts; and Darlow Lloyd, specialising in waste management and asset recycling

Figure 1.9 shows the associated average salary in the steel industry is 28% higher than the national average and 46% higher in Wales and Yorkshire and Humberside – areas of high socio-economic deprivation.

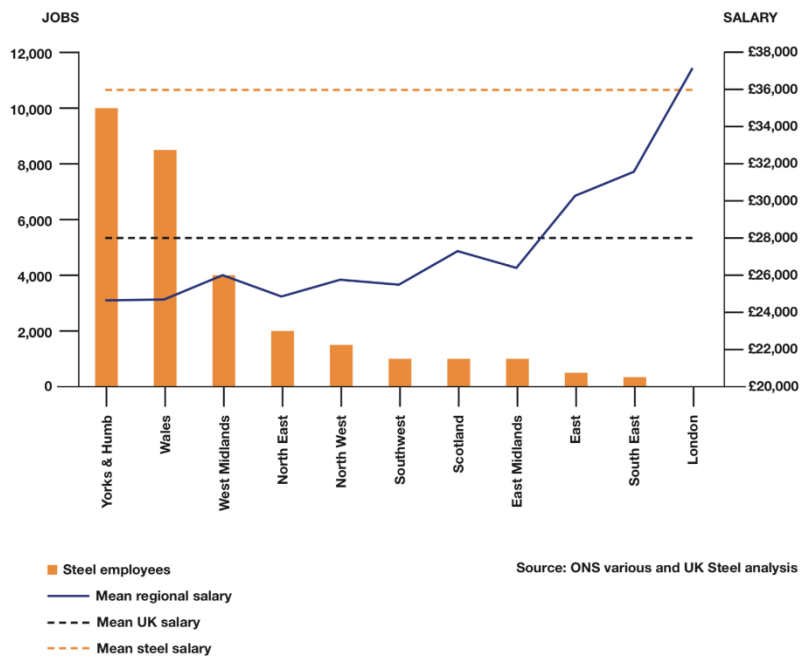


Figure 1.9: UK steel employment by region, average regional and steel salary<sup>57</sup>

There are six steel producing companies in the UK with associated downstream processing, rolling and distribution businesses, producing 7.3 million tonnes of crude steel which was further processed into a finished product, such as strip, plate and wire rod.

Steel is endlessly recyclable, versatile, cost effective, ubiquitous and critical to a diverse industrial economy, with supply chain linkages into major downstream manufacturing sectors such as automotive, aerospace, rail, construction, energy, packaging and machinery.

Market sectors are transforming to improve performance and reduce carbon emissions. UK steel producers are striving to develop and supply higher-value steel –

for example, the construction sector is developing low-impact energy efficient housing and the automotive sector is reducing vehicle weight and moving towards electrification.

UK finished steel demand forecast was 11 million tonnes in 2030<sup>59</sup>, split by market sector, with construction and automotive being dominant areas (see Figure 1.10).

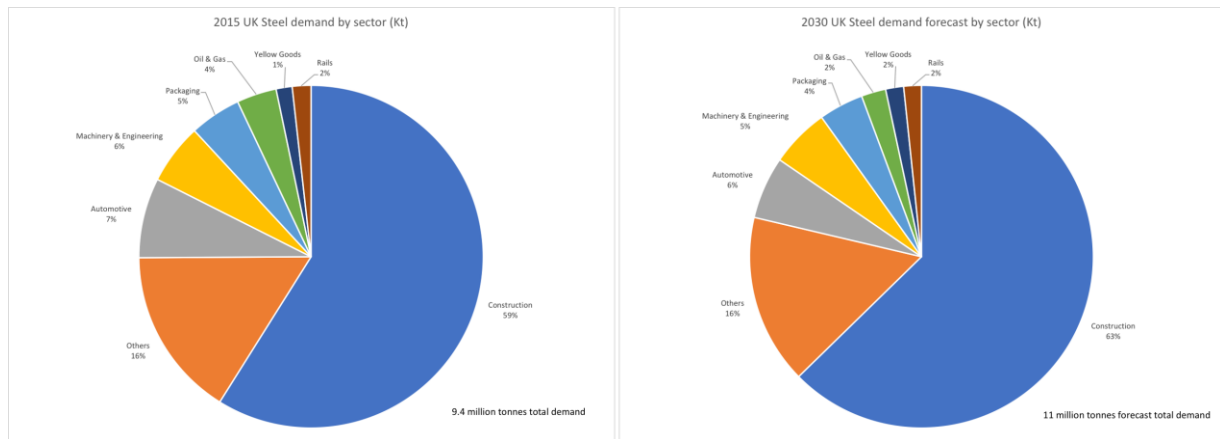
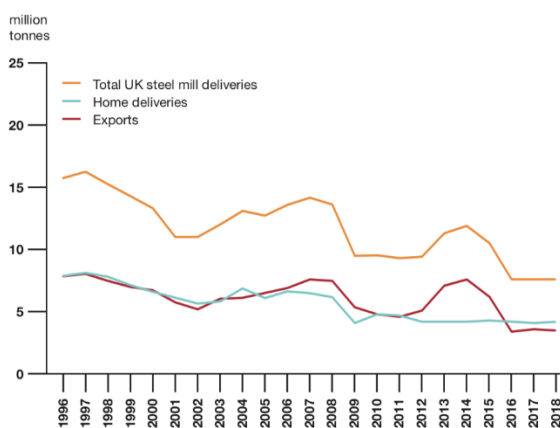


Figure 1.10: Forecast finished UK steel demand by sector<sup>59</sup>

Note: 'Others' includes appliances, light and commercial vehicles, ships, rolling stock, process equipment and internal combustion engines

While UK demand for steel continues to increase, there has been a steady decline in home and export deliveries (see Figure 1.11 below).

#### UK steel mill home and export deliveries 1996 - 2018



#### UK steel requirement 2010 - 2018

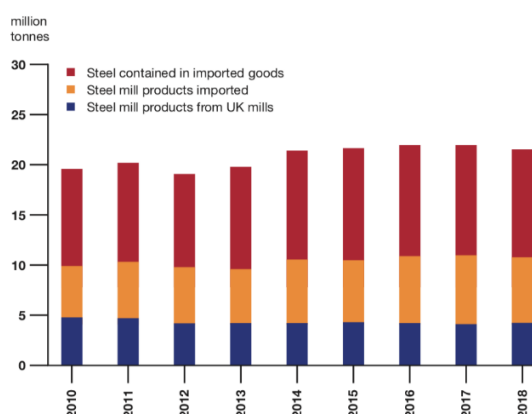


Figure 1.11: UK steel mill product supply into the UK market and level of exports<sup>60</sup>

<sup>59</sup> <https://www.gov.uk/government/publications/uk-steel-industry-future-market-opportunities>

<sup>60</sup> <https://www.makeuk.org/insights/publications/uk-steel-key-statistics-guide-2019>

#### 1.2.2.4 RD&I environment

RD&I clusters exist around Baglan Energy Park, Harbourside, Swansea University Science and Innovation Bay Campus and University of Wales Trinity St David Waterfront Innovation Quarter Campus in SA1, Swansea. The region has a growing number of RD&I initiatives and Centres of Excellence led by the local universities - Swansea (SU), Cardiff (CU), South Wales (USW) and Trinity St David (UWTSD), including:

- Hydrogen Research and Demonstration Centre, Baglan Energy Park (USW)
- Flexible Integrated Energy Systems FLEXIS (CU)
- Sustainable Product Engineering Centre for Functional Innovative Coatings SPECIFIC (SU)
- Steel and Metals Institute SaMI (SU)
- Advanced imaging of Materials Centre AIM (SU)
- Energy Safety Research Institute ESRI (SU)
- Innovative Manufacturing Processing and Numerical Techniques IMPACT (SU)
- TWI Technology Centre, Harbourside (Private sector)
- Gas Turbine Research Centre, Margam (CU)
- Wales Centre for Advanced Batch Manufacture (UWTSD)
- Construction Wales Innovation Centre CWIC (UWTSD)

The existing research development and innovation landscape is associated with developing manufacturing capability for next generation low carbon steel products and energy systems and applications, in addition to innovation in a number of other sectors including advanced manufacturing, ICT, hydrogen, life-science, medical engineering and transport.

In describing the research landscape, the concept of Technology Readiness Levels (TRLs)<sup>61</sup>, describes maturity of research in the translation of science into a new commercially proven product and process.

Across the UK, a number of research development and technology institutes work closely with the steel market sectors including:

- Advanced Materials Research Centre (AMRC) in Sheffield (part of the High Value Manufacturing Catapult) with a focus on close to market (high TRL) advanced manufacturing using multiple materials. It also has a dedicated aerospace facility in North Wales working with Airbus

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<sup>61</sup> originally a concept developed by NASA and described in Annex 1.3

- Henry Royce Institute centred at the University of Manchester and Sheffield specialising in early-stage advanced materials research across multiple sectors such as aerospace and infrastructure
- The Warwick Manufacturing Group (also part of the High Value Manufacturing Catapult) and the embedded Advanced Steel Research Centre focusing on the application of steel, aluminium and advanced composites in automotive and novel sensors used in challenging industrial environments to gather data and improve materials processing.

Several focused metals related research centres have been established in Swansea University:

- **Sustainable Product Engineering Centre for Innovative Functional Industrial Coatings (SPECIFIC)** – an academic and industrial applied research consortium with more than 50 partners from academia, industry, and government and an innovation and knowledge centre at Swansea University and facilities at the Baglan Energy Park in Port Talbot, which:
  - provides a strong linkage into the construction sector researching development of functional coated steel and glass products from fundamental science to full-scale building demonstrations, to reduce energy consumption and carbon emission in buildings
  - has successfully created a focused research and innovation ecosystem, through the co-location of industrial and academic experts with equipment capability that enables the transition from fundamental research
- **Materials Advanced Characterisation Centre (MACH)** – Based at Swansea University Bay Campus, enabling fundamental research (TRL 1-3) into developing next generation alloys for industrial applications and 3D printing through small scale rapid alloy prototyping (RAP) and computer simulations
- **Steel and Metals Institute (SaMI)** – funded through private and public research projects and collaborating with steel and metal producers, suppliers and end users with industrial research staff co-located within the facility – SaMI includes equipment to simulate through chain process for steel alloy development, with capability to test and analyse a new product's characteristics and integrity. It provides an initial level of capability to simulate and test in extreme environments for low carbon steel making research and enabling fundamental alloy development research (TRL 1-3) to be proven at pilot scale (TRL 4-7) before being trialled within industry. SaMI is temporarily housed at Swansea University Singleton campus in a building that requires significant investment to be fit for purpose



The UK commitment to reduce carbon emissions is driving research to reduce carbon emissions, centred around energy systems and applications, including carbon capture utilisation and storage (CCUS):

- **Hydrogen Centre**, led by the University of South Wales, is the first of its kind in Wales and located at Baglan Energy Park in Port Talbot. The aim of the centre is to demonstrate the viability of producing hydrogen from a range of renewable energy sources and the evaluation of using hydrogen as a medium of energy storage
- The **Energy Safety Research Institute (ESRI)** housed at Swansea University bay campus focusing on new technological solutions for energy, with research including next generation energy distribution and the creation of high value products for industrial carbon emissions
- **Flexible Integrated Energy Systems (FLEXIS)** – a consortium of academic and industrial partners developing flexible energy systems, led by Cardiff University with Swansea University and the University of South Wales as lead partners. FLEXIS models energy production, usage/flows and deployment of data to explore improved efficiency, storage and alternative fuel use. Modelling and capturing carbon emissions determine net emissions reduction and assess potential implementation of carbon capture and CO<sub>2</sub> storage techniques<sup>62</sup>. A demonstration area stretches from Tata Steel to Swansea University's Bay Campus, the Swansea SA1 development, incorporating Neath (Figure 1.12)



Figure 1.12 FLEXIS demonstration area

- In 2020 the **South Wales Industrial Cluster (SWIC)**<sup>63</sup> formed. SWIC brings together a range of the key industrial groups across the region spanning metals, petrochemicals and other energy intensive materials processes with a mission to support industrial decarbonisation. SWIC has formed with initial support from

<sup>62</sup> <http://www.flexis.wales/demonstration-area/>

<sup>63</sup> <https://www.swic.cymru/>

FLEXIS and is shaping both a collaborative R and I programme and industrial deployment options ranging from hydrogen fuel switching to carbon capture and conversion. The region's strong industrial base is catalysing an emerging research and Innovation sector. This shift is demonstrated through Swansea's higher education institutions' investment priorities:

- Swansea University's £450m Science and Innovation Bay Campus, opened in September 2015 and the largest educational investment in Europe in recent years
- University of Wales Trinity St David's investment of £300m in a 'Waterfront Innovation Quarter Campus' at Swansea's SA1 Waterfront
- A growing range of research and development initiatives in the region, building on its experience in high quality steel production. Some facilities are located at the universities others are clustered in the Port Talbot Waterfront Enterprise Zone (PTWEZ), established in March 2016 as one of eight officially designated Enterprise Zones in Wales and shown in Figure 1.13 below

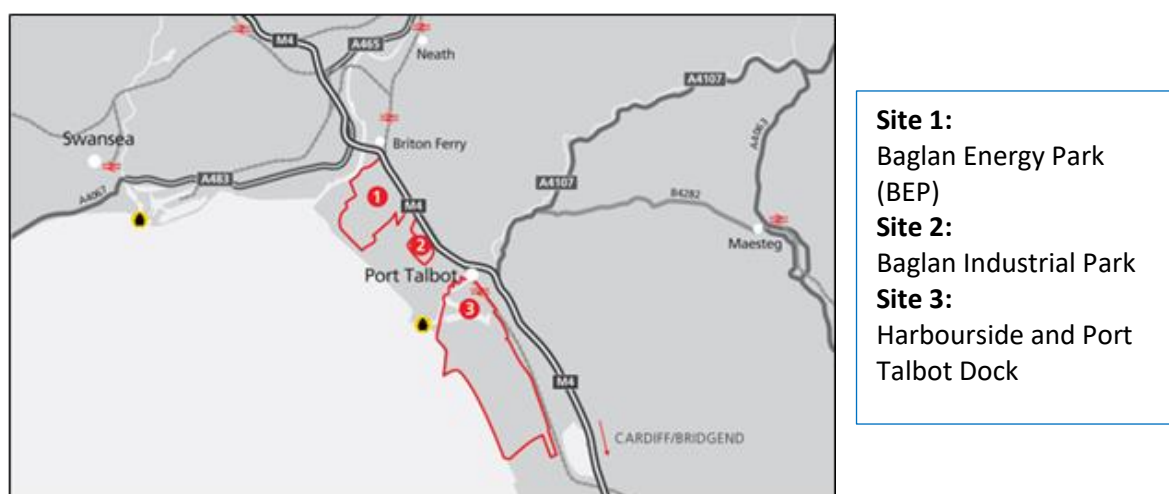


Figure 1.13: Port Talbot Waterfront Enterprise Zone

Across these areas, innovation clusters are emerging, including the research centres detailed above, creating high value jobs (for example at the Harbourside R&D Village tenant-base where all the jobs are paid more than the Welsh average, and 90% are above the UK average)<sup>64</sup>.

- **Baglan Energy Park:** Home to Baglan Bay Innovation Centre, a 39,000 sq ft facility built over four floors, that provides 32 incubator units and communal meeting rooms for innovative, high-tech and sustainable technology led businesses to grow and is already 97% let. A range of high-profile

<sup>64</sup> Based on primary data gathered by NPTCBC

companies including GE Energy, Hi Lex Cable Systems and Montagne Jeunesse are also located on the site. In addition, the Renewable Hydrogen Research and Demonstration Centre and SPECIFIC.

- **Harbourside R&D Village:** Fully let and includes leading global innovators such as Tata Steel and TWI UK Ltd. Also, land has been identified for a proposed new education campus planned by Neath Port Talbot Group of Colleges.

### 1.2.3 Business needs

The Business Needs represent the gap between the desired outcomes (Investment Objectives) and the Existing Arrangements expressed as problems with the status quo and opportunities for change.

To reflect the problems and opportunities associated with the Existing Arrangements, this section is structured against the headings from the Existing Arrangements section:

1. Swansea Bay City Region economy
2. Decarbonisation and legislative requirements
3. Manufacturing
4. RD&I environment

#### 1.2.3.1 Swansea Bay City Region economy

The Welsh Government Economic Action Plan identifies increasing productivity and diversification as key to economic growth. The steel industry is well established in the SBCR and a major contributor to GVA, jobs and the local economy, but overall, the productivity of the region is underperforming, with GVA at 74% of the UK average and decreasing over time.

The region needs targeted investment to arrest the decline in economic performance. The development of the region's research, development and innovation sectors to develop clustering opportunities is critical to future proofing the economy and harnessing the opportunities of the Green Industrial Revolution. A key opportunity is to build on the existing industry and steel production in the region, but in doing so, diversify the industrial and manufacturing base and support the associated supply chain. Doing more of the same will not work. – there is a need to drive change, meet modern demands and standards, including increasingly stringent environmental standards, to cement the region's future for steel expertise, RD&I, energy and renewables sectors and to create and safeguard jobs.

Productivity gains and boosting the region's economic competitiveness can be achieved through existing companies, start-up companies and inward investment. Key growth sectors are energy, renewables, advanced manufacturing, high value engineering, ICT, financial and business services, and tourism.

Overall, there is an over reliance on the foundational industries to support the economy and provide high value jobs. Economic diversity is increasingly important as are skills – there are too few people with high-level qualifications and many with none at all – all of which contributes to a lack of innovators and entrepreneurs in the region. There is an evidenced need for appropriate infrastructure to support economic growth and economic diversification.

Economic business needs are to:

- Diversify the economy (industrial and manufacturing base), increase productivity and stimulate recovery by supporting the steel and metals industry and the decarbonisation of industry
- Support the supply chain associated with the industrial and manufacturing base
- Develop skills in the region to support existing and developing industry

### *1.2.3.2 Decarbonisation and legislative requirements*

#### *GHG emissions*

UK and Welsh Governments have ambitious GHG emissions targets. Achieving them regionally and nationally will be a significant challenge. The SBCR already has a significant proportion of renewable energy sources; however, meeting net zero emissions by 2050 requires acceleration of the transition to low carbon energy production while de-coupling economic growth (and the heavy industries present in the SBCR) from increased carbon emissions.

Government is committed to accounting for all carbon – including 'imported' or 'off-shored' carbon emissions – so 'on-shoring' of industry and its emissions is desirable, as this supports the economy and enables greater control over overall emissions.

Business needs in relation to GHGs are:

- To meet net zero emissions target by 2050; de-coupling economic growth from carbon emissions in the region; and
- Reduce importing of CO<sub>2</sub> – diversify the economy and bring economic activity onshore, where possible to improve air quality.

#### *Vehicles*

Energy demand for transport remains high and incentives are insufficient to challenge the status quo – Internal Combustion Engine (ICE) vehicles are too convenient, easy and cheap compared to their low-carbon equivalents. Addressing this requires a catalyst for change. The Welsh Government’s ambition is for the public sector to be a leader in implementing low carbon technologies. The public sector has an opportunity to provide the foundations for change by prioritising low-carbon vehicles, for its fleet.

This requires investment in extending vehicle charging infrastructure in SBCR and supporting the ‘proof of concept’ of promising new low carbon technologies, such as hydrogen powered vehicles, which have significant potential benefits (such as quicker ‘charging’ and a much greater range) and could complement more established electric vehicle technologies.

Business needs in relation to vehicles are to:

- Reduce energy demand for transport by providing alternative fuel sources
- Reduce emissions from transport – public and private vehicles by encouraging the use of low carbon transport by using the public sector to lead by example in reduction of emissions for public vehicles
- Increase capacity for low emission vehicle charging across the region through infrastructure coordination
- Demonstrate the commercial viability of the renewable generation of hydrogen and build on its use as an alternative to electric vehicles

### *Buildings*

Buildings are major sources of GHGs – the largest emitters being private dwellings. However, given that the HAPS project within the SBCR portfolio is already addressing low carbon domestic properties, there is also a need to consider the significant (18%) emissions from commercial and public sector properties and seek opportunities to reduce energy demand from these buildings and improve design in commercial buildings.

Again, the public sector can act as a catalyst for change by being an early adopter of new technologies and where possible, incentivising incorporation of low-carbon technologies in new build commercial buildings in the SBCR.

Business needs in relation to buildings are to:

- Reduce energy demand and improve design of commercial buildings
- Investigate low carbon technologies for commercial buildings
- Incentivise new commercial buildings to be low-carbon

### *Commercial property infrastructure*

Public sector cuts and a lack of private sector investment in the region due to the 'cost/value gap' have led to underdevelopment of commercial property infrastructure. This lack of commercial property means that the needs of companies actively seeking appropriate property are not being met.

In addressing the cost/value gap and supporting the development of commercial property infrastructure, there is a clear opportunity to incentivise any new developments to adhere to innovative energy positive construction principles being developed by this programme.

Business needs in relation to commercial property infrastructure are to:

- Address the cost/value gap with commercial property in the region
- Incentivise development of energy positive buildings

### *Industry*

There is a need to secure a low carbon competitive industrial base including the development of a true circular economy, and a reduction in carbon emissions.

The industry sector accounted for 29% of Welsh emissions in 2016. Industrial emissions in Wales are dominated by iron and steel production (11% of Welsh emissions in 2016), and petroleum refining (4.9%). Wider industry including manufacturing and construction (2.8%), cement, gas production and distribution, operation of machinery, minerals and mining, chemical production, paper and pulp and the manufacture and processing of food and drink also account for a significant proportion of emissions. A significant majority of industrial emissions arise from a cluster of operations in the South Wales corridor, dominated by the production of steel and oil refining.

There is a need for government, industry and academia to work together to develop the best approaches to achieve decarbonisation in the short, medium and long term. This includes consideration of technologies such as hydrogen and carbon capture utilisation and storage.

Business needs in relation to industry are to:

- Reduce energy demand in industrial processes
- Decarbonise the steel and metals processing and reduce industrial emissions
- Support applied research into alternative low carbon fuel sources and new steel making technologies, considering the global emissions impact
- Collaborative approach – government, industry and academia

### *Air quality monitoring*

Demonstrating improvements in GHG performance requires high quality data. While some data are available for Air Quality Monitoring (AQM) they are insufficiently granular and extensive to provide an accurate picture of the status quo and potential improvements. New lower cost technology is emerging that could be deployed using existing street furniture (such as lamp posts) to increase the coverage of monitoring and measure a wider range of GHGs.

Emerging sensor technology will generate more granular local data and help to identify specific sources and level of pollutants and support the evaluation of the effectiveness of mitigation measures. Higher quality data will enable robust demonstration of improvements delivered by the SILCG programme, as the projects are delivered. A clear business need is therefore to invest in low-cost, mobile AQM sensors to be able to satisfactorily demonstrate improvement.

Business needs in relation to air quality monitoring are to:

- Obtain real time, granular data to address air quality issues and implement mitigation measures
- Adopt emerging technologies for low-cost sensor monitoring to offer greater flexibility in location, volume of monitoring and the number of pollutants that can be monitored

### *Energy production*

A key business need described above, is to support the transition to low-carbon transport, buildings and industry. The SILCG programme needs to promote the re-balancing of energy production from fossil fuels to low carbon, alongside low-carbon transport.

Hydrogen is set to play a major role in the decarbonisation of industry, buildings, the energy sector and transport. - however, this relies on the energy used to either create hydrogen or electrical charge being generated in a low-carbon manner.

In December 2020, the Welsh Government published its hydrogen sector consultation 'A pathway and next steps for developing the hydrogen energy sector in Wales'<sup>65</sup>. The SILCG programme will respond to the need to develop the hydrogen sector.

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<sup>65</sup> <https://gov.wales/developing-hydrogen-energy-sector-wales>

Business needs in relation to energy production are to:

- Rebalance energy production away from fossil fuels to low-carbon
- Ensure the security of supply of zero carbon energy for heating and fuel

### 1.2.3.3 Manufacturing

There is a need to develop clean growth ‘mini clusters’ and net zero industry clusters. The South Wales Industrial Cluster (SWIC) has recently been awarded funding from UKRI to develop a net zero industrial cluster in South Wales, which includes Port Talbot<sup>66</sup>. The SILCG programme will support the delivery of the net zero industrial cluster with its interlinked programme of projects.

The UK steel industry is a major contributor to the UK economy and South Wales and the SBCR are core to that economy. Over the past 20 years, despite increasing demand for steel and steel products in the UK, UK suppliers have not been able to fully satisfy this demand (and export demand), losing market share to foreign suppliers.

Safeguarding the steel industry in the UK and SBCR therefore requires improved competitiveness – meeting customers’ evolving needs for innovative steel products. In the wider global steel market, there is strong competition for steel and metal products and the UK’s opportunity to be competitive is through innovation – creating higher quality steel and metal products; reducing costs and increasing their range of applications and reducing carbon emissions from their processing (given steel and metal production is a major source of GHG emissions, innovation in steel production and processing could provide very significant improvements to GHG emissions in the SBCR). The SBCR is well placed to drive this innovation, building on the heritage of steel production and skills in the region alongside the support available from the region’s universities and research institutions.

Developments in manufacturing will support and develop indigenous businesses – and as described above – will be delivered through research and innovation and collaboration between government, industry and academia.

Business needs in relation to manufacturing are to:

- Maintain and improve the competitiveness of the SBCR steel and metals industry
- Support industry, academia and government collaboration through applied research

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<sup>66</sup> <https://www.ukri.org/news/ukri-announces-winners-of-industrial-cluster-competition/>



#### 1.2.3.4 RD&I environment

There is a need to further develop the region's RD&I sectors to support economic growth and diversification, in particular in the Clean Growth sectors including energy and renewables.

The range of regional assets as detailed in the Existing Arrangements section demonstrates the potential of the region's applied research output in relation to ICT, advanced manufacturing and life sciences. The key to turning this applied research into economic growth is through commercialisation of research and spin-outs. There is a need to facilitate the spin out and product development supported by flexible commercial / laboratory and industrial premises from incubator to manufacturing at scale.

An established, cohesive and multidisciplinary research base is in place for steels and metals in the SBCR, with collaborations between government, industry and academia through Swansea University's research centres including SPECIFIC, MACH and SaMI. Their research supports the local and national steel industry to remain competitive through innovation in products and processes and seeking decarbonisation opportunities. However, these collaborations require support to thrive – they are constrained by lack of space, researchers, equipment and unsuitable infrastructure:

- Although high quality research and innovation is present within the region, the research community from which impact can be delivered is relatively small<sup>67</sup>.
- Current applied research capability is constrained by low grade infrastructure and lack of available space for expansion
- People, including co-located industrial staff already exceeding available capacity with design layout and space impacting on the ability to collaborate effectively
- Current equipment capability insufficient to meet research needs.

Addressing these problems would improve the quality and scope of metals research and the associated output with opportunities to investigate such areas as:

- Alternative low carbon fuel sources for steelmaking
- Improve scrap segregation and utilisation while meeting quality requirements
- Use of societal waste as a fuel source in the steelmaking process
- Improve product capability through alloy development and late-stage product development, integrating approaches that will accelerate development stage

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<sup>67</sup> [https://www.hefcw.ac.uk/documents/policy\\_areas/research/reid-review-en.pdf](https://www.hefcw.ac.uk/documents/policy_areas/research/reid-review-en.pdf)

Energy research in the region taking place through the Hydrogen Centre, ESRI, FLEXIS, Baglan Bay Energy Park and Harbourside R&D Village, support low-carbon energy and can investigate opportunities including:

- Development of renewable hydrogen production, energy storage and usage in vehicles
- Next generation energy distribution
- Carbon capture utilisation and storage

The range of regional research and innovation assets demonstrates the potential of SBCR's applied research output. Turning this into productive economic activity requires research to be commercialised and spun out into new companies, which relies on strong links between academia and research through physical co-location and collaboration.

Incubation, early-laboratory and real-world living-laboratory facilities and proving factories are key components of successful innovation ecosystems around the world. Demand is increasing for these capabilities, with 30 enquires from companies within the last 12 months, requiring 12,350 m<sup>2</sup> of business space and outstrips limited supply. As of 2016, Swansea had four incubators according to official research conducted by the Department for Business, Energy and Industrial Strategy. However, with the exception of TechHub, each is either creative-industry or health-focussed and not in a position to support spin-outs and potential high-growth start-ups in the targeted areas such as energy, renewables, and smart manufacturing. In addition, co-located commercial office space and laboratory facilities are only available at the fully let R&D Village at Harbourside.

Data from the South Wales Property Development Fund (PDF) – one of two European Regional Development Funds to stimulate private sector investment – show a cost/value gap across the region of 55%. The Harbourside and Brunel Park development at the Energy Park would not have been built without public sector investment of 45% of each project's building costs, despite both projects achieving full occupancy rates. Moreover, since withdrawal of the PDF no further commercial developments of this kind have come forward.

Lack of funding for specialism and skills developments – particularly in relation to decarbonisation, which needs to be addressed in collaboration with the Skills and Talent Project within the SBCD portfolio.

This has already been recognised by UK Government with the establishment of the Green Jobs Skills Taskforce<sup>68</sup>

There is therefore a need to meet these demands for co-located commercial office, laboratory and incubator space and continue to provide and increase numbers of appropriately skilled researchers to use them.

Business needs in relation to RD&I infrastructure are to:

- Build on strong existing RD&I initiatives fostering collaboration between government, industry and academia
- Support maintenance and growth of market share in the steel and metals industry by ensuring the UK and SBCR remain leaders in steel innovation, advancing RD&I and decarbonisation
- Address the practical needs of RD&I that support commercialisation through spinouts, high growth start ups and indigenous business growth – providing appropriate infrastructure and collaborative space for industry and academia, including flexible office/laboratory and industrial premises, with room for expansion
- Encourage private sector investment in facilities and address the market failure/cost – value gap
- Work with the Skills and Talent programme, RLSP and other skills and training providers to map skills gaps and secure funding for decarbonisation-focused development of research specialists and work-based learning to ensure there are appropriate skills to support low carbon economy and the Green Industrial Revolution.

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<sup>68</sup> <https://www.gov.uk/government/news/uk-government-launches-taskforce-to-support-drive-for-2-million-green-jobs-by-2030>

## 1.2.4 Business needs summary

Table 1.6: Summary of business needs

Theme	Existing arrangements	Investment objective	Business needs
Economic performance	<ul style="list-style-type: none"> <li>SBCR economy underperforming compared to UK:               <ul style="list-style-type: none"> <li>GVA 74% of UK average and falling</li> <li>71% working age population employed (UK: 76%)</li> </ul> </li> <li>Fewer people with higher level qualifications compared to other regions of Wales and the UK.</li> <li>Reliance on foundational industries for higher value jobs - strong steel industry and the foundation of UK steel industry.</li> <li>Strong and increasing demand for steel from domestic and export markets, but domestic supply reducing.</li> </ul>	<p><b>1. To create 1,320 high value added jobs aligned to the green economy through creating the right environment for a resilient, diverse and sustainable regional economy by 2033.</b></p> <p><b>2. To increase the region's GVA by approximately £93m by 2033 through supporting</b></p>	<ul style="list-style-type: none"> <li>Diversify the economy (industrial and manufacturing base), increase productivity and stimulate recovery by supporting the steel and metals industry.</li> <li>Support the supply chain associated with the industrial and manufacturing base.</li> <li>Develop skills in the region to support existing and developing industry, particularly working with the Skills and Talent programme to increase funding for decarbonisation-focused research specialists and work-based learning to ensure there are appropriate skills to support low carbon economy.</li> </ul> <p><u>Manufacturing:</u></p> <ul style="list-style-type: none"> <li>Maintain and improve the competitiveness of the SBCR steel and metals industry.</li> </ul>
	<ul style="list-style-type: none"> <li>RD&amp;I clusters exist in the region with a growing number of initiatives.</li> </ul>		

Theme	Existing arrangements	Investment objective	Business needs
	<ul style="list-style-type: none"> <li>Shortage of high quality, flexible commercial property in SBCR with demonstrated demand.</li> </ul>	<p><b>innovation and new product development in science, technology and manufacturing sectors - strengthening industry, academia and government collaboration.</b></p> <p><b>3. To secure over £11m in additional investment from public and private sources, and approximately £40m (within 5 years) additional leverage from public and private research funding by 2033</b></p>	<ul style="list-style-type: none"> <li>Support industry, academia and government collaboration through applied research.</li> </ul> <p><u>Commercial property:</u></p> <ul style="list-style-type: none"> <li>Address the cost/value gap with commercial property in the region.</li> <li>Incentivise development of energy positive buildings.</li> </ul> <p><u>RD&amp;I infrastructure:</u></p> <ul style="list-style-type: none"> <li>Build on existing RD&amp;I initiatives and support maintenance and growth of market share in the steel and metals industry so the UK and SBCR remain leaders in steel innovation, advancing RD&amp;I and decarbonisation.</li> <li>Address practical needs of RD&amp;I commercialisation through spinouts, high growth start ups and indigenous business growth – providing appropriate infrastructure and collaborative space for industry and academia, including flexible office/laboratory and industrial premises, with room for expansion.</li> <li>Encourage private sector investment in facilities and address the market failure/cost – value gap.</li> </ul>

Theme	Existing arrangements	Investment objective	Business needs
Environmental performance	<ul style="list-style-type: none"> <li>• Strong legislative drivers to reduce GHGs at UK and Wales level.</li> <li>• Wales GHGs driven predominantly by energy generation and industry (particularly the steel industry).</li> <li>• High level of offshore CO<sub>2</sub>.</li> <li>• Public sector desire to lead revolution in LEVs - few charging points and existing hydrogen centre.</li> <li>• Energy emissions from commercial buildings not being addressed.</li> <li>• SBCR has range of conventional and renewable energy production assets (25% from renewables, 75% fossil fuels).</li> </ul>	<p><b>4. To support innovation to influence a shift in the use of high CO<sub>2</sub> energy usage to low CO<sub>2</sub> energy usage in economic activities (industry, commercial buildings and transport) by 2033.</b></p>	<p><u>General:</u></p> <ul style="list-style-type: none"> <li>• Meet net zero emissions target by 2050; de-coupling economic growth from carbon emissions in the region.</li> <li>• Reduce importing of CO<sub>2</sub>— diversify the economy and bring economic activity onshore, where possible.</li> <li>• Improve air quality.</li> </ul> <p><u>Industry:</u></p> <ul style="list-style-type: none"> <li>• Reduce energy demand in industrial processes.</li> <li>• Decarbonise the steel and metals processing and reduce industrial emissions.</li> <li>• Support applied research into alternative low carbon fuel sources and new steel making technologies, considering the global emissions impact.</li> </ul> <p><u>Energy:</u></p> <ul style="list-style-type: none"> <li>• Rebalance energy production away from fossil fuels to low-carbon Ensure the security of supply of zero carbon energy for heating and fuel.</li> </ul> <p><u>Vehicles:</u></p>

Theme	Existing arrangements	Investment objective	Business needs
			<ul style="list-style-type: none"> <li>• Reduce emissions from public and private vehicles, encouraging the use of low carbon transport, using the public sector to lead by example in reduction of emissions for public vehicles.</li> <li>• Need to increase capacity for low emission vehicle charging across the region.</li> <li>• Demonstrate commercial viability of the renewable generation of hydrogen and build on its use of hydrogen as an alternative to electric vehicles.</li> </ul> <p><u>Buildings:</u></p> <ul style="list-style-type: none"> <li>• Reduce energy demand and improve design of commercial buildings.</li> <li>• Investigate low carbon technologies for commercial buildings.</li> <li>• Incentivise new commercial buildings to be low-carbon.</li> </ul>

## 1.3 Potential Project Scope

### 1.3.1 Potential business scope and key service requirements

This section of the Strategic Case starts the process of considering the potential scope of the programme based on the changes required to satisfy the identified business needs and deliver the Investment Objectives (outcomes). The maximum value of the SILCG programme comes from the synergies between projects and how each project contributes to the Business Needs as detailed above.

*Table 1.7 Potential scope and services*

Investment Objective	Potential business scope & key service requirements
<p><b>IO1 – To create 1,320 high value added jobs aligned to the green economy through creating the right environment for a resilient, diverse and sustainable regional economy by 2033</b></p>	<ul style="list-style-type: none"> <li>• Investment in the development of high quality, flexible, specialist commercial and industrial premises to support research, commercialisation and collaboration.</li> <li>• Provide infrastructure and support at each stage of the life cycle of a business to enable diversification in research, spin-outs, start-ups, growth companies and inward investment.</li> <li>• Develop clustering opportunities.</li> <li>• Establish an open access facility to work with a range of industrial partners.</li> </ul>
<p><b>IO2 - To increase the region’s GVA by approximately £93m by 2033 through supporting innovation and new product development in science, technology and manufacturing sectors - strengthening industry, academia and government collaboration.</b></p>	<ul style="list-style-type: none"> <li>• Investment in the development of high quality, flexible, specialist commercial and industrial premises to support research, commercialisation and collaboration.</li> <li>• Ensuring skills and training match the opportunities emerging from the green economy.</li> <li>• Ensure appropriate infrastructure to support R&amp;D, prototype, commercialisation, business growth.</li> </ul>
<p><b>IO3 - To secure over £11m in additional investment from public and private sources, and approximately £40m (within 5 years) additional leverage from public and private research funding by 2033</b></p>	<ul style="list-style-type: none"> <li>• Investment in the development of high quality, flexible, specialist commercial and industrial premises to support research, commercialisation and collaboration.</li> <li>• Establish an open access facility to work with a range of industrial partners.</li> </ul>



Investment Objective	Potential business scope & key service requirements
	<ul style="list-style-type: none"> <li>Strengthen collaboration between government, industry and academia to secure private and private investment and research funding.</li> </ul>
<b>IO4 - To support innovation to influence a shift in the use of high CO<sub>2</sub> energy usage to low CO<sub>2</sub> energy usage in economic activities (industry, commercial buildings and transport) by 2033.</b>	<ul style="list-style-type: none"> <li>Providing proof of concept in decarbonisation interventions for industry, transport, buildings and economic growth.</li> <li>Increasing RD&amp;I in steel and metals to support competitiveness and decarbonisation targets.</li> <li>Interventions to mitigate climate change and reduce carbon emissions in transport, commercial buildings and industry.</li> </ul>

### 1.3.2 Main benefits

Table 1.8: Summary of main benefits

Investment objectives	Main benefits criteria by stakeholder group	Benefit classification	Stakeholder
SILCG IO1	<ul style="list-style-type: none"> <li>Productivity gains including from commercialisation of R&amp;D, using uplift in salaries of additional jobs to UK</li> <li>Commercialisation of new and improved products</li> </ul>	CRB	SBCR WG UKG Industry Academia Community Wider society
SILCG IO2	<ul style="list-style-type: none"> <li>Productivity gain, based on uplift in salaries of additional jobs to UK</li> <li>Rental income</li> <li>Safeguard and create employment opportunities</li> </ul>	CRB	
	<ul style="list-style-type: none"> <li>More resilient supply chain</li> <li>Build on existing strengths</li> </ul>	CRB CRB NCRB NCRB	
SILCG IO3	<ul style="list-style-type: none"> <li>Income related to industry collaboration and training</li> <li>Value of research, based on funding attracted from public funding sources</li> <li>Increase academia and industry collaboration and innovation</li> <li>Clustering impact</li> </ul>	CRB NCRB NCRB NCRB	

Investment objectives	Main benefits criteria by stakeholder group	Benefit classification	Stakeholder
	<ul style="list-style-type: none"> <li>Establish the region as a test bed for innovative solutions to societal challenges e.g. air quality, decarbonised economic growth</li> </ul>	<b>NCRB</b>	<b>Wider society</b>
SILCG IO4	<ul style="list-style-type: none"> <li>Reduction in energy demand and production of energy</li> <li>Reduction in CO<sub>2</sub></li> <li>Research income for waste utilisation and low carbon processes. (Research income for new and improved projects not included to avoid double counting)</li> <li>Establish the region as a test bed for decarbonising economic growth</li> <li>Lower cost energy for commercial / industrial infrastructure</li> <li>Improved air quality</li> </ul>	<b>NCRB</b>  <b>NCRB</b> <b>CRB</b>  <b>NCRB</b>  <b>CRB</b>	<b>SBCR</b> <b>WG</b> <b>UKG</b> <b>Industry</b> <b>Academia</b> <b>Community</b> <b>Wider society</b>

### 1.3.3 Main risks

Table 1.9: Summary of main risks

Risk Description	Mitigation
<b>Developmental</b>	
<b>Resource capacity</b> Resource capacity of programme / project teams, particularly during the development phase	Effective project governance / re-deployment if necessary / team working.
<b>Procurement</b> Failure to generate interest via tender process, potentially leading to increased costs / extended timescales - all projects	Detailed programme and resource allocation. Regular progress meetings and project monitoring.

Risk Description	Mitigation
<b>Implementation</b>	
<p><b>Programme slippage</b> Slippage as a result of late business case approval, procurement delays or match funding requirements, which could lead to programme delay and / or increasing costs</p>	<p>Detailed programme and resource allocation. Regular progress meetings and project monitoring.</p>
<p><b>Planning delays</b> Potential slippage, obstruction or increasing costs due to planning delays or unexpected planning conditions/ changes to planning legislation</p>	<p>Effective programme management and early communication with the planning authorities. Pre-application consultation initiated.</p>
<p><b>Land ownership issues</b> Inability to negotiate land agreements in a timely fashion could lead to programme slippage and / or increased costs</p>	<p>Detailed programme and resource allocation. Early engagement with land owners. Regular progress meetings and project monitoring.</p>
<p><b>Technological advances</b> Potential cost increases in the long term if equipment needs to be upgraded</p>	<p>Proper engagement with stakeholders to be carried out during development phase. On-going project management / monitoring.</p>
<p><b>Brexit</b> New regulatory requirements could delay progress / increase costs</p>	<p>Close monitoring of political developments, together with regular progress meetings and effective programme management.</p>
<p><b>Covid 19</b> Delays due to potential staff shortages,</p>	<p>Close monitoring of developments, resource reallocation, effective programme management and progress meetings.</p>

Risk Description	Mitigation
procurement delays, lack of capacity from construction companies, supply chain difficulties, increasing costs, programme delays	C19 economic impact assessment closely monitored (Annex 1.4)
<b>Operational</b>	
<b>Loss of key members of staff</b> Resource capacity of programme / project teams, could lead to time delays, increased costs	Effective project governance / re-deployment if necessary / team working
Failure to achieve outputs / outcomes Could lead to clawback of funding and reduced impact of programme / projects.	A Monitoring and Evaluation Plan will be produced. Effective project management processes / meetings to be employed.
<b>Financial</b>	
<b>Increasing capital costs</b> Further funding could be required i.e., unforeseen costs, changing requirements, Covid etc.	Effective programme management / budget monitoring.
<b>Dependence on multiple funding sources</b> Further funding may be required if not all sources are secured.	Effective programme management / budget monitoring.
<b>Short term WG and other funding sources</b>	Effective programme management / budget monitoring.

Risk Description	Mitigation
Further funding may be required if not all sources are secured.	
<b>Failure to secure tenants</b> On-going revenue responsibilities affecting long term sustainability	Effective programme management processes / early advertising and engagement with potential tenants.

SILCG programme risk register is at Annex 5.4

## Constraints and dependencies

### 1.3.4.1 Constraints

The constraints that have been placed on the programme are detailed below:

- Programme budget based on the fixed funding agreement between NPTCBC and the SBCD
- 15-year funding profile with a front-loaded delivery within 5 years
- Budget must be largely capital investment
- Availability of development sites
- Planning and development parameters
- Capital investment leverage from private sector

Each project within the programme has an agreed capital budget and delivery timeframe. Proven programme / project management methodologies will be implemented to ensure delivery within budget and management of change process. In addition, NPTCBC will be responsible for ensuring that the specified procurement route is implemented for each project.

Analysis of suitable development sites has been completed with suitable plots identified for each project. Any further constraints highlighted during design phase will be managed through the programme / project governance process. Also, the provision of public funding assistance to leverage private sector development has already been demonstrated as a successful model within the region.

### 1.3.4.2 Dependencies

In addition to creating synergy opportunities, the programme will ensure management of any inter-dependencies between the projects. An overview of these synergy

opportunities and inter-dependencies are shown in Annex 1.5. The key inter-dependencies are identified below:

- **Technology Centre and Hydrogen stimulus project:** *Excess energy from the Technology Centre will provide hydrogen fuel for vehicles. In addition, the Hydrogen Centre will be used to balance electricity supply and demand for the Technology Centre, reducing any demand from the grid.*
- **Scale up facilities for spin outs and further expansion and growth from innovation activities**

There are also a number of external dependencies outside the programme environment:

- **Renewable energy projects within the region:** *A stakeholder engagement plan has been developed to ensure alignment between the SILCG programme and other initiatives, programmes and projects in the region.*
- **SBCD Skills and talent project:** Combined approach across projects to identify skills and talent development requirements, building on existing platforms within the region. *Funding opportunities to be developed through SBCD skills and talent project*
- **Strategies and policy drivers:** Governance process to ensure a continual review of any new policies and changes that could have a potential impact on programme delivery.
- **Private sector engagement:** Stakeholder management at programme and project level.

## 2.0 Economic Case

### 2.1 Introduction

The Economic Case identifies the proposal that delivers best public value and should apply the principles of the Green Book Business Case Guidance.

The SILCG programme has developed organically over time, bringing together projects from the City Deal and the Port Talbot Waterfront Enterprise Zone strategic plan. As a programme the identified projects support economic development, diversification and growth of the economy, respond to climate change and improve air quality – the projects have evolved over time and are aligned to the green economy which is an important pillar of UK and Wales policy. The green economy offers opportunities for the SBCR to develop its emerging cluster of energy and technology related businesses, academic R&D institutions and a longstanding concentration of manufacturing industries, particularly in steel and metals.

Following a meeting with the Welsh Government Economist and the PoMO in December 2020, it was agreed that the SILCG Economic Case would provide a timeline detailing the development of the programme, providing evidence at key decision points. This Economic Case focuses on why and how the selected projects contribute to the programme:

- **Part 1** of the process is answering the question: is this the right proposal? In this case, we have explained the answer to that question through a careful examination of the development of the SILCG programme, project selection, project options and the mix and linkages of the projects that form the preferred way forward for the programme
- **Part 2** answers the question: is the proposal value for money? This is explained through mapping of benefits, an explanation of what information and evidence about the project benefits is available and undertaking CBA (with the caution that not all projects have been developed to a stage where individual project CBA can be undertaken)

### 2.2 Part 1: Proposal Rationale

#### 2.2.1 Rationale for selection, options and a preferred way forward

Part 1 of the Economic Case, typically identifies a short-list from a long-list, using the 'options framework', identifying solutions for different categories of choice: *scope*, *service solution*, *service delivery*, *implementation* and *funding* – considering less – to

more ambitious options for each category and qualitatively assessing them using standard Critical Success Factors (CSFs)<sup>69</sup>, to identify a preferred way forward.

### 2.2.2 Developing the proposal

For a programme, the solutions identified in the options framework are the ‘projects’ which make up the programme and the output of the options framework is a short-list of potential projects where a more ambitious programme has a greater number of complex projects and a less ambitious programme, fewer, simpler projects.

The organic development of the SILCG programme means that projects have not been selected through a single ‘point-in-time’ comparison of different versions of a programme, aiming to meet the same objectives and assessed against Critical Success Factors, but started with the Swansea Bay City Economic Regeneration Strategy (2013) and subsequently the City Deal. This led to iterative development of the programme in terms of sector focus and intended outcomes and responded to the shifting focus of government policy. This has seen the constituent projects develop over time – some being deleted, changed or merged as the programme developed. Each identified project has (or will) undergo a project-level options analysis to determine a preferred way forward within the scope of that project.

The following **Critical Success Factors**<sup>70</sup> were used during the the programme development:

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<sup>69</sup> Standard CSFs are set out in the Green Book Business Case Guidance: strategic fit, value for money, supply side capability and capacity, affordability and achievability – they should normally be used alongside the agreed investment objectives when undertaking qualitative assessment in the economic case (e.g. ‘strategic fit’ is how well an option is likely to deliver the investment objectives/outcomes)

<sup>70</sup>






[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/938046/The\\_Green\\_Book\\_2020.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/938046/The_Green_Book_2020.pdf)



Key Critical Success Factors	Description
<b>Strategic fit and meets business needs</b>	Alignment of the SILCG Programme with the key UKG, WG and regional policies and strategies including UK Industrial Strategy, WG Prosperity for All, WFGA and the SBCR Economic Regeneration Strategy.  Meets the Programme's 4 agreed investment objectives related business needs and service requirements;
<b>Potential value for money</b>	Optimisation of VfM through an integrated Programme of economic and environmental projects to achieve the required benefits.
<b>Supplier capacity and capability</b>	Viable and compliant route to procurement for the effective delivery of all the Programme
<b>Potential affordability</b>	Affordable solution within the parameters of funding availability and constraints for the Programme partners
<b>Potential achieveability</b>	Ability to provide robust and effective management arrangements for the delivery of the Programme

The overall development timeline and key stages in the development of the SILCG programme are shown in Figure 2.1, below shows the chronology of development of the SILCG Programme from its origins over a period of approximately 2 years.

Key to figure 2.1.

- 'Actors' (those involved in the process) are displayed in: 
- Key actions are described in: 
- Key documents are described in: 
- Further detail of agreements or outcomes are described in: 
- Future decision points are represented with: 

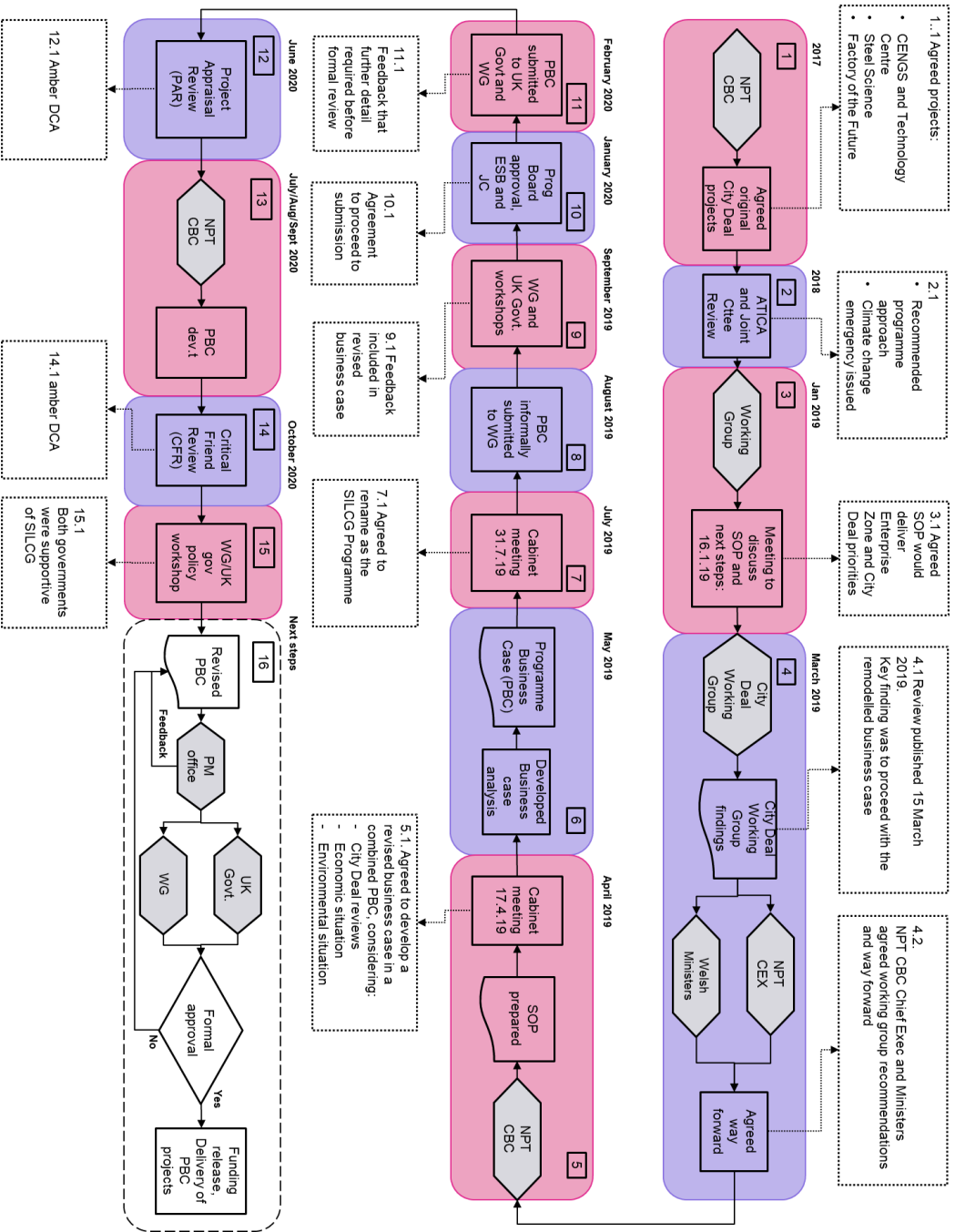


Figure 2.1: Overall development timeline and key stages of the SILCG programme

Figure 2.1 has numbered boxes for each time period and should be read from box 1 to box 12. Each box shows the key developments and outcomes within that period. These are described in further detail in table 2.1 below:

*Table 2.1: Key development and outcomes within each time period*

Box	Activity/outcome description
1	<b>In 2017</b> the origins to the SILCG Programme were developed in 2018-19 as 'City Deal' (CD) projects and City Deal Heads of Terms were agreed (March 2017).
1.1	The original agreed City Deal projects were: CENGS and Technology Centre, Steel Science and Factory of the Future. Neath Port Talbot CBC was appointed as the Local Authority lead.
2.	<b>In January 2019</b> Actica Consulting Ltd was commissioned by the Welsh and UK Governments to undertake a joint Government review of the arrangements of the Swansea Bay City Deal programme.  Link to Actica Consulting Ltd review: <a href="https://www.gov.uk/government/publications/swansea-bay-city-deal-independent-review">https://www.gov.uk/government/publications/swansea-bay-city-deal-independent-review</a>
2.1	A number of recommendations emerged, one of the seven Actica recommendations was Recommendation 6 - <i>The SB CD should be managed as a portfolio not as a set of predetermined and immutable projects.</i>  <a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/786210/Actica_Consulting_Swansea_Bay_City_Deal_Independent_Review_Report.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/786210/Actica Consulting Swansea Bay City Deal Independent Review Report.pdf</a>
3	<b>In January 2019</b> , the City Deal reviews prompted NPTCBC to establish a working group to consider the current projects and how they may evolve to align to the review recommendations, the WG climate change emergency, the macro economic situation and current strategies in the region, in particular the Port Talbot Waterfront Enterprise Zone Strategic Plan.
3.1	On 16.1.19, the NPTCBC working group agreed a Strategic Outline Programme (SOP) business case would be developed for both PTWEZ and CD projects. See Annex 2.1 (SILCG SOP)
4	<b>In March 2019</b> a NPTCBC City Deal Working Group was convened to review the current position; in particular, the constituent projects.

Box	Activity/outcome description
4.1	<p>The internal City Deal Joint Committee Review to review the governance arrangements of the SBCD.</p> <p>Link to Joint Committee internal review:  <a href="https://www.swanseabaycitydeal.wales/media/1413/20190314-sbcd-final-report.pdf">https://www.swanseabaycitydeal.wales/media/1413/20190314-sbcd-final-report.pdf</a></p> <p>The City Deal Review published its findings 15.3.19 and concluded to proceed with the remodelled business case. See NPTCBC Cabinet report 17/04/2019 (paras 26 and 28):</p> <p><a href="http://moderngov.neath-porttalbot.gov.uk/documents/s46130/Swansea%20Bay%20City%20Deal.pdf">http://moderngov.neath-porttalbot.gov.uk/documents/s46130/Swansea%20Bay%20City%20Deal.pdf</a></p>
4.2	<p>Review findings were discussed with NPT Chief Executive and Welsh Minsiters and the proposed approach was agreed. This is noted in NPTCBC Cabinet report 17/04/2019 (paras 26 and 28):</p> <p><a href="http://moderngov.neath-porttalbot.gov.uk/documents/s46130/Swansea%20Bay%20City%20Deal.pdf">http://moderngov.neath-porttalbot.gov.uk/documents/s46130/Swansea%20Bay%20City%20Deal.pdf</a></p> <p>and in para 4, NPTCBC Cabinet Report 31/07/2019:</p> <p><a href="http://moderngov.neath-porttalbot.gov.uk/ieListDocuments.aspx?CId=158&amp;MId=8692&amp;Ver=4">http://moderngov.neath-porttalbot.gov.uk/ieListDocuments.aspx?CId=158&amp;MId=8692&amp;Ver=4</a></p>
5	<p><b>In April 2019</b>, NPTCBC developed an initial draft of the SOP to address the recommendations. Alongside this, officials considered how new developments should be incorporated – the prevailing economic and environmental situation (prompted by Welsh Government’s increasing focus on the environment).</p>
5.1	<p>NPT Cabinet agreed the developing PBC should consider these issues alongside the existing PTWEZ and CD proposals in one combined PBC on 17 April 2019:</p> <p><a href="http://moderngov.neath-porttalbot.gov.uk/documents/s46130/Swansea%20Bay%20City%20Deal.pdf">http://moderngov.neath-porttalbot.gov.uk/documents/s46130/Swansea%20Bay%20City%20Deal.pdf</a></p>
6	<p><b>In May 2019</b>, officials further developed the SOP (now referred to as the ‘SILCG Programme Business Case’)</p>

Box	Activity/outcome description
7	<b>In July 2019</b> , NPT Cabinet met to discuss the PBC
7.1	On 31 July 2019 NPT Cabinet approved the further development of the SILCG PBC and agreed this should be called the ‘Supporting Innovation and Low Carbon Growth’ Programme (SILCG)
8	<b>In August 2019</b> the OBC was submitted to WG/UKG for informal review
9	In September 2019, workshops were held with WG and UK Government to discuss and agree the approach to SILCG
9.1	Key agreements and feedback from these workshops were: See workshop notes and feedback See Annex 2.2 WG/UKG SILCG workshop notes / feedback
10	<b>In January 2020</b> , the SBCD ESB, Programme Board and Joint Committee considered the draft PBC
10.1	The SBCD ESB, Programme Board and Joint Committee endorsed the SILCG business case and agreed for it to proceed to formal submission to WG and UK Governments.  SBCD Joint Committee 28/01/2020: <a href="https://democracy.swansea.gov.uk/ieListDocuments.aspx?CId=664&amp;MId=8794&amp;Ver=4&amp;LLL=0">https://democracy.swansea.gov.uk/ieListDocuments.aspx?CId=664&amp;MId=8794&amp;Ver=4&amp;LLL=0</a>
11	<b>In February 2020</b> , the draft PBC was submitted to WG and UK government for formal consideration.
11.1	Feedback from WG indicated that further detail on the projects within the SILCG programme was required. The SBCD programme needed to action review recommendations before further business cases would be reviewed. Reference: Helen Davies WG MS Teams meeting with NPTCBC and PMO
12	<b>In June 2020</b> , the SILCG programme underwent a Project Appraisal Review (PAR) The National Steel Innovation Centre (NSIC) project was refocused and the project name was changed to SWITCH. This was formalised at the first SILCG Programme Board meeting.

Box	Activity/outcome description
12.1	The PAR resulted in an 'amber' DCA and seven recommendations. See Management Case Annex 5.7 - PAR report
13	<b>In July – September 2020</b> , NPTCBC further developed the PBC, particularly concentraing on providing evidence to support the economic case for the agreed programme of projects.
14	In October 2020, the SILCG Programme was subject to a formal Critical Friend Review (CFR) in accordance with Gateway Review procedures.
14.1	The CFR resulted in an 'amber' DCA with four recommendations See Management Case Annex 5.8 - CFR report
15	In November 2020, the revised PBC was shared with WG and UKG and a workshop was held with WG and UKG to provide informal feedback / advice on the updated PBC.
15.1	Key feedback was that both governments were supportive of the SILCG.
16	Next steps: Since the CFR, NPTCBC has continued to develop the PBC, focusing on strengthening the supporting economic justification. The next steps will comprise agreeing the updated PBC with the UK Government and Welsh Government. Formal approval of the PBC will result in funding release and subsequent delivery of PBC projects. If the proposal is rejected (e.g. to be amended prior to re-submission), it will return to NPTCBC for further development before being presented again.

### 2.2.3 Assessment of project options

In addition to selecting the projects described above, each individual project has undergone an analysis of alternatives to determine the preferred way forward. Table 2.2 summarises the projects.

Table 2.2: Summary of projects in the programme

Project	Description	Outcome and Timing
Technology Centre (TC)	2,500 sqm office and laboratory facilities in a demonstrator energy positive building.  Target SMEs in energy & renewables sector.	Preferred way forward established September 2020
SWITCH	Applied Research Centre for the RD&I steel and metals sector.	Preferred way forward established September 2020
Hydrogen stimulus project (H2)	H2 Centre infrastructure improvements to increase H2 production, procurement of hydrogen vehicles as demonstrators and an electrical link between SBTC and H2 Centre.	Preferred way forward established September 2020
Air quality monitoring project (AQMP)	Test and deploy a network of low-cost air quality monitoring sensors.	Preferred way forward established September 2020
Low emission vehicle charging infrastructure (LEV)	Development of a low emission vehicle charging strategy, coordination of funding opportunities for roll out of charging points, and case study.	Preferred way forward established December 2020
Advanced Manufacturing Production Facility (AMPF)	4,000 sqm facility based on 'proving factory' concept with testing and other specialist equipment. Target SMEs in energy & renewables sector.	Preferred way forward established October 2020
Property Development Fund (PDF)	Investment fund providing grant funding of up to 45% to support property developer / investor-occupier development on PTWEZ. Estimated at 6,000sqm.	Preferred way forward established September 2020

## 2.2.4 Linkages, mix and positioning of the projects within the SILCG programme

### 2.2.4.1 Linkages and interrelationships

Figure 2.2 shows the SILCG programme in terms of each project's inputs and their inter-relationships which demonstrates their synergies in terms of project activities. For example, the Advanced Manufacturing Production Facility provides 'proving factory' concept accommodation and R&D facilities for tenants who will be undertaking proof of concept and prototyping new products in the facility - late TRL level to MRL level. The Technology Centre, whilst housing tenants engaged in R&D and testing activities, is also a proof of concept / testing facility itself, in that the building is planned to be energy positive. SWITCH will directly enable R&D, testing and scale up in industry sectors of concentration in the region. The clustering of activity will help to stimulate demand and with it, potential network and knowledge sharing benefits.

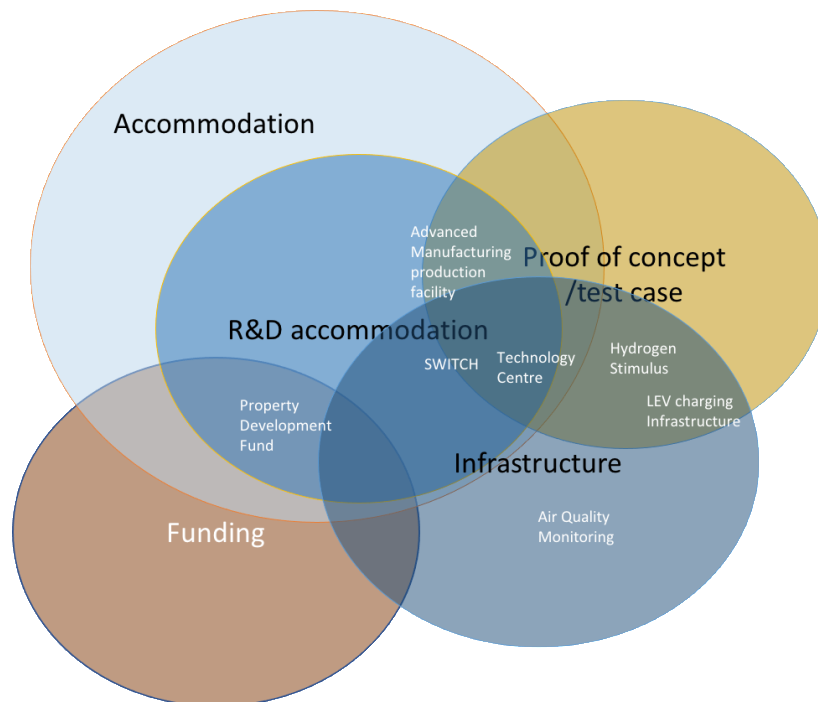


Figure 2.2: Interrelationship of the SILCG programme

### 2.2.4.2 Project mix and positioning

The SILCG programme includes a diverse range of projects in terms of mix and positioning.

Figure 2.3 shows the mix of projects across two dimensions:



- The X axis shows the level of innovation, with early stages of technological readiness (TRL) to the left and established technologies (MRL) to the right. This shows the level of risk associated with each project, from a technology perspective
- The Y axis shows the type of activity of the project, whether it is funding actual R&D activities, or whether it is providing bespoke R&D facilities or accommodation/infrastructure that is applicable to a range of industry sectors

The programme is balanced and comprises a diverse mix of projects, with at least one project in each quadrant. The Property Development Fund for example, facilitating widely applicable and established support to industry (top right quadrant), while the hydrogen stimulus programme (bottom left-hand quadrant) R&D focused and at an earlier TRL stage.

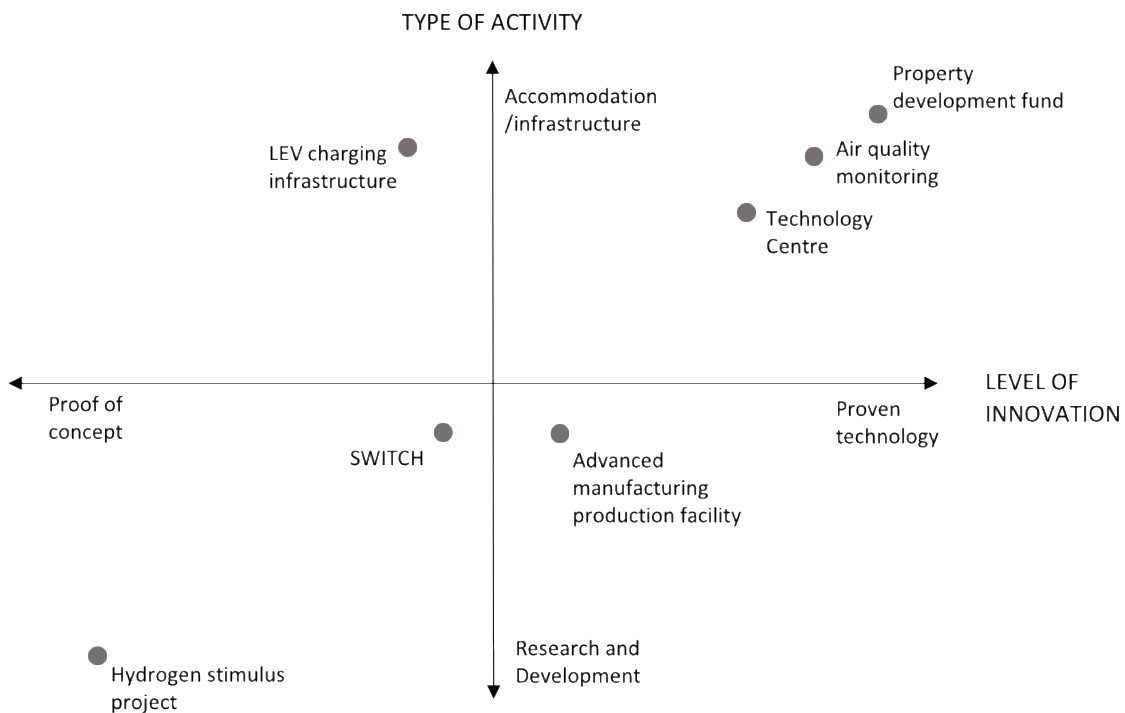


Figure 2.3: SILCG programme mix and positioning of projects

## 2.3 Part 2: Examining Value for Money

### 2.3.1 Approach to part 2 of the Economic Case

Part 2 of the Economic Case examines the value for money of the programme. It explains the application of CBA to the programme including the calculation of the Benefit Cost Ratio (BCR). It takes into account that the projects are developing

separately and not all activities and specific quantified outputs monetised through cost benefit analysis, are available.

The programme BCR calculation focuses on the larger projects with greater capital costs, where the benefits have been able to be quantified and monetised. The smaller projects – H2, AQMP and LEV – have not been included in the BCR calculation; however, their benefits – which together account for 6% of the total City Deal ask – are assessed qualitatively in considering the overall value for money of the SILCG programme.

The programme BCR analysis calculation clearly presents:

- Presentation of which costs have been included,
- Which outputs have been quantified outputs
- How benefits have been monetised, interpreting the results and conclusions with respect to overall value for money.

Part 2 is primarily undertaken with respect to the economic impact to the UK as a whole and the BCR refers to UK and includes consideration of Place Impact (section 2.3.9) in response to the latest update of the Green Book in November 2020.

### 2.3.2 The programme counterfactual

The counterfactual reflects the situation if the programme and its relevant projects did not go ahead in the business as usual (BAU) position, which has future cost/benefit implications.

The Strategic Case explains trends in the regional economy and in environmental considerations and legislation. The SILCG combines the objectives of meeting both economic performance and environmental objectives. The implications of not taking forward projects to support these mutual objectives could be severe.

The existing industrial base is at risk if businesses do not embrace innovation to remain competitive; while if decarbonisation efforts do not materialise, zero carbon targets will not be met. The programme will safeguard business and thousands of jobs in transport and metals and their corresponding supply chains and develop and test new technology and growth sector opportunities in line with the Green Industrial Revolution policy areas.

The counterfactual and the CBA, following Green Book guidelines considers the UK as a whole. For example, a firm relocating from Surrey to Swansea Bay, represents no difference from a UK perspective and simply displaces activity from one region to

another. There are differences, for example if there is a far stronger enabling environment for the business to grow in one region vs another, lower operating costs etc but that is not explicitly captured. Note the clustering argument is made above. Hence what is considered to be additional to the UK in terms of economic activity and other benefits as measured through CBA, is not the same as that for Swansea Bay and the additional benefits and impacts, could be much higher.

Specifically, for the CBA, project specific assumptions for the counterfactual have been adopted, as set out in the following table.

*Table 2.3 Implications of business as usual for each project under the SILCG programme*

	Counterfactual
Technology Centre	<p>Land remains undeveloped. Tenants would either not exist due to lack of suitable facilities and support; or occupy other buildings in the UK or abroad, with higher emissions footprints, and may have poorer business performance outcomes.</p> <p>No proof of concept of energy positive commercial building.</p>
SWITCH	<p>Local steel industry becomes vulnerable as it fails to meet carbon emissions targets. Potential offshoring of steel industry with impact to local jobs and global carbon emissions (given the need then to ship steel back to the UK).</p> <p>The existing research organisations and projects would continue for a limited period involving some upgrade of facilities in order to keep them operational.</p> <p>Equipment acquired through the closure of other facilities would remain unutilised.</p>
Hydrogen stimulus project	<p>The existing H2 Centre remains close to capacity with inability to broaden offerings and demonstrate viability of charging vehicles via excess PV electricity generation.</p> <p>NPT Council would procure new diesel vehicles in the usual way, with resulting CO2 and pollutant emissions.</p>

	Counterfactual
Air quality monitoring project	Continued use of current network of expensive and resource intensive monitoring equipment without ability to collect localised data with implications for policy making and effectiveness.
Low emission vehicle charging infrastructure	Take up of electric vehicles in the region would remain slow and may miss roll out targets. Carbon and other pollution emissions would remain higher. Lack of coordination of charging infrastructure.
Advanced Manufacturing Production Facility	Tenants would either not exist due to lack of suitable facilities and support; or occupy other buildings elsewhere with higher emissions footprints, and may have poorer business performance outcomes.
Property Development Fund	Fewer companies invest in the PTWEZ. Developers are less active in this market due to the cost / value gap issues and low rental yield.

### 2.3.3 Project Maturity

Table 2.4 shows the status of each project within the programme.

The programme-level CBA draws on information for each project which is more developed for some than others.

*Table 2.4 Project status*

Project	Project status
Technology Centre	Construction started.
SWITCH	OBC submitted for CFR in September 2020.  Building specification workshops to commenced.
Hydrogen stimulus project	Technical discussions started.
Air quality monitoring project	Sensors purchased.  Communications plan developed, 15 sensors deployed for calibration.
Low emission vehicle charging infrastructure	Procurement specification in development.

Project	Project status
Advanced Manufacturing Production Facility	Building specification workshops commenced supported by Industry Wales.  Procurement specification in development for operator.
Property Development Fund	Scheme guidance developed.  Procurement specification in development.

### 2.3.4 Programme costs and phasing

Table 2.5 shows the total, capital and operational costs over a 30-year operational life (or 2053 whichever the sooner) as well as when the project is expected to be operational. The SILCG City Deal programme capital contribution is £47.7 million with a total estimated programme capital cost of £58.7 million. The four largest projects are the Technology Centre, SWITCH, Advanced Manufacturing Production Facility and the Property Development Fund, which account for 94% of the City Deal spend.

*Table 2.5 Programme costs (undiscounted) and phasing*

Project	Asset ownership & operations	Total capital cost £m	City deal contribution £m	Operational costs £m	Operational Start
Technology Centre	NPT own and manage	8.5	3.0	6.2	End 2021
SWITCH	NPT own, Swansea University manage	20.0	20.0	156.7	Oct 2023
Hydrogen stimulus project	NPT own the project including TC, link and vehicles  USW procure and own the equipment and manage the hydrogen centre	2.0	2.0	Not included	Sept 2022

Project	Asset ownership & operations	Total capital cost £m	City deal contribution £m	Operational costs £m	Operational Start
Air quality monitoring project	NPT own and manage	0.5	0.5	Not included	Sept 2021
Low emission vehicle charging infrastructure	NPT own and manage	0.5	0.5	Not included	July 2022
Advanced Manufacturing Production Facility	NPT own. NPT procure operator	17.2	17.2	14.5	Early 2025
Property Development Fund	NPT to manage fund. Private Sector to contribute at least 55% City Deal provides max. 45% Project applicant owns asset	10.0	4.5	8.8	April 2021
<b>TOTAL</b>		<b>58.7</b>	<b>47.7</b>	<b>186.2</b>	

*Note: SWITCH appears to have a relatively high operational cost but this is somewhat misleading as the majority of SWITCH operational costs are covered by revenue funding for the research projects undertaken*

### 2.3.5 Mapping programme benefits

Figure 2.4 shows a theory of change map for the SILCG programme. The diagram can be read bottom up and top down to understand the linkages and influences between projects and ultimate programme objectives.

Reading the diagram bottom up explains how projects will target 'enabling changes' to drive benefits and achieve the programme objectives, including sponsoring and facilitating research activities and industrial innovation, mandating energy efficient building standards, and implementing affordable rental policies.

These changes are expected to lead to a series of intermediate benefits, many of which can be quantified and monetised, which then lead to end benefits (delivering the investment objectives of the programme), all of which can be categorised under improvements to either environmental or economic performance within the region.

For example, the Advanced Manufacturing Production Facility, by fostering research activities and industrial innovation and by offering space at affordable rents with open access specialist equipment, will provide affordable and suitable premises for companies that will develop and deliver new products and processes in reducing industrial energy demand, carbon emissions and pollutants. The affordable space and funded equipment will also improve the prospects of companies to survive and grow, magnifying the potential impacts of their innovations. Company growth and survival will support diversification of the local economy as well as potentially supporting/safeguarding the existing industry base.

Reading the diagram top-down, improved economic performance relies on onshoring activity, diversification i.e. greater activity in new industry sectors, as well as and safeguarding the existing industrial base. Greater activity in new industrial sectors is driven by greater adoption of innovation and better company survival and growth rates. Improved company survival and growth rates is driven by affordable accommodation and commitment to early adoption. Affordable and suitable accommodation to rent is driven by City Deal investments in the Technology Centre and Advanced Manufacturing Production Facility.

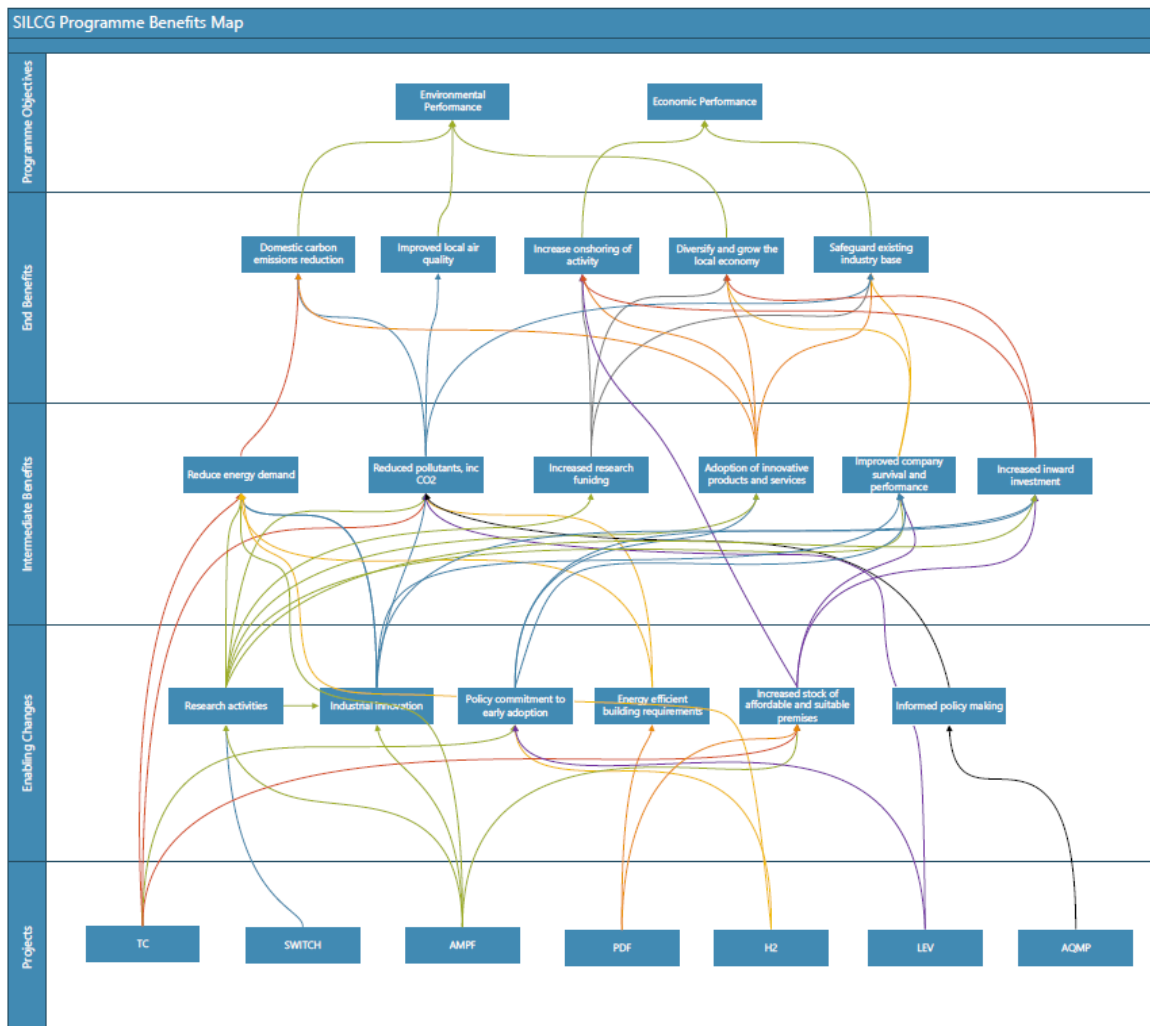


Figure 2.4: Mapping SILCG projects and benefits

## 2.3.6 Key programme outcomes and benefits

### 2.3.6.1 End benefits

The end benefits of the SILCG programme include:

- reduction in carbon emissions
- improved air quality
- greater onshoring of activity
- greater diversification of the local economy
- safeguarding existing local industrial base with corresponding improvement in overall environmental and economic performance

There are also indirect benefits of strengthening the green economy and innovation cluster which may attract further investment and economic activity in the SBCR that



are intended outcomes of the programme but are notoriously difficult to predict or quantify at this stage.

End benefits and their attribution to the SILCG programme would only be possible – to any degree of certainty – after the projects have been implemented and operating for several years. At this stage, it is more feasible to focus on the intermediate or more direct benefits that arise from the individual projects whilst acknowledging that this approach is unlikely to be able to reflect all the benefits that arise from the synergy of the projects and the programme as a whole.

For the purpose of the BCR calculation, programme benefits are assessed with respect to the UK as a whole and benefits accruing to SBCR may be greater (and contribute to levelling up). Additional economic activity in SBCR is not counted as a benefit for the purpose of BCR calculation, if it is simply displacing activity from other UK regions.

With reference to figure 2.4, mapping projects and benefits, **six key intermediate benefits** have been identified and valued / monetised where possible:

*Reduced energy demand from the grid*

The **Technology Centre** is designed as an energy positive building and strict energy efficiency standards for the other facilities including SWITCH, the Advanced Manufacturing Production Facility and the Property Development Fund will also likely reduce the demand for energy from the grid compared to what would happen otherwise. Upgrading the commercial property stock to meet higher standards through policy measures or commercial take-up of the ideas tested in the Technology Centre would also reduce the demand for energy.

The Technology Centre reduction in energy demand to zero from the grid has been estimated by comparison with the energy use in kWh of a standard commercial building. The value of reduction in energy demand to zero is about £5,000 per 1,000sqm or about £25,000 per year for the Technology Centre. Annex 2.3 presents assumptions and details of the calculations.

**Other facilities** will encourage the use of energy efficient solutions. However, reduction in energy demand for other facilities is not included in the monetised calculation since the reduction in energy use is not sufficiently known at this stage.

Further reductions in energy demand from the SILCG programme could occur indirectly through energy saving products and processes being developed in the

various facilities and taken up by the market. These potential benefits are not included since they cannot be estimated at this stage.

#### *Reducing emissions (including CO<sub>2</sub>)*

The reduction in carbon emissions from reduced energy demand in the **Technology Centre** is calculated using the relevant values for traded and non-traded carbon in accordance with Supplementary Green Book guidance. The value is about £2,500 per 1,000sqm, about £10,000 per year for the Technology Centre. Annex 2.3 presents assumptions and details of the calculations.

The **Hydrogen Stimulus Project** will reduce carbon emissions via the substitution of diesel fuel use by council and other vehicles with hydrogen power generated from excess renewable energy generation at the Technology Centre. The magnitude of these emissions reductions is not currently quantifiable for the benefits analysis, but will become so as additional project details are confirmed.

The **Low Emission Vehicle project** will directly reduce carbon emissions but the estimated reduction in CO<sub>2</sub> is not sufficiently documented to date and it is not included in the valuation of benefits.

Research and business activities to reduce emissions are supported throughout the programme through providing affordable and suitable accommodation to firms engaged in the green economy as well as an applied research facility for the steel and metals sector, the largest employer and arguably most important economic sub-sector. All of these activities support emissions reductions but any measurement of benefits can only be intermediary benefits at this stage as the eventual impact on emissions will depend on the specific research and business activities undertaken and so whilst reducing emissions is an end goal or ultimate benefit, at present there is insufficient information to quantify or monetise most of the eventual emission reduction impacts.

#### *Increased research funding*

Greater collaboration of academia and industry through **SWITCH** and the research focus on decarbonisation will attract research funding. This is estimated at about £6.5 million per year.

The **AMPF** operator is also expected to support tenants in attracting research funding from a range of sources including UKRI Industrial Strategy Challenge Fund and other UK government funding such as the Strength in Places Fund and the Industrial Energy Transformation Fund. This is estimated at about £0.5 million per year, excluding contributions from the private sector.

### *Commercialisation and take-up of new products and services*

R&D, innovation, scaling-up and other prototype and testing which ultimately may lead to the take-up of new products and services, particularly in the green economy is central to the SILCG programme.

**All projects** except the Property Development Fund contribute to this benefit either directly or indirectly. Direct testing or scale up of activity and measuring its impact is only part of the story. It is the take-up and commercialisation of products and services by the market which is where the true value of R&D and innovation and is realised.

The **Technology Centre, SWITCH** and the **Advanced Manufacturing Production Facility** will accommodate businesses that are engaged in these activities.

SWITCH has undergone a detailed CBA in which the value of the potential commercialisation of the activity going on inside the building and its attribution has been calculated. This benefit valuation method for SWITCH was used for research and development of new and improved products and included: assessing the success rates of research and development projects; and estimating marginal uplift in the market value of new and improved products for different market segments over a reasonable time period. Even taking into account that only about 10% of the value could be attributed to SWITCH, the annual value was about £2 million, growing to about £6 million over the life of the project.

Whilst R&D, and testing are critical to the take up of innovation, estimating the rate or value of take up is very difficult at the early stages of a project, indeed, often it is only possible once the project has been implemented and in delivery phase.

The 3 smaller decarbonisation projects have identified uses as test-beds and aim to encourage adoption of new technology:

- The **Hydrogen Stimulus Project** will test viability and commercial application through Neath Port Talbot running vehicles using the technology
- The **Technology Centre** will provide a test case for an energy positive building, and also has test-bed and early adoption policies to facilitate commercialisation of tenant products and processes
- The **LEV charging infrastructure project** will encourage the take-up of LEV across the region

However, the eventual take up and attribution to the SILCG programme is not possible to predict at this stage and so the benefits of these projects are not monetised and excluded from the BCR calculation.

### *Demand for Business Accommodation, Business Survival and Performance*

All of the facilities included in the SILCG programme that provide suitable and affordable accommodation, as well as other services including equipment, test-bed and early adoption etc will help target Spin Outs and SMEs to survive. That is not to say they all will, but that their success rate is likely to be higher and with the commercialisation of innovation undertaken within the facilities, businesses will have a greater chance to perform better, to grow and expand.

Target sectors have been identified for the Technology Centre, and the Advanced Manufacturing Production Facility will be managed by a procured operator who will also access research and innovation funding opportunities such as from Innovate UK. For these facilities which will be let to tenants, the estimated rental income from the tenant is adopted as a benefit.

For the **Technology Centre and the Advanced Manufacturing Production Facility** facilities, there is strong evidence of demand for accommodation. Estimates of productivity gains, number of additional jobs to the UK and uplift in salary is based on evidence from:

- Monitoring of existing facility projects and companies in the local area as provided by Neath Port Talbot CBC including evidence from the companies themselves on salaries compared to average salaries, for detailed assumptions – see Annex 2.4<sup>71</sup>
- Evidence from the Baglan Bay Innovation Centre where about 40% of the floorspace is occupied by university spin outs and 82% is occupied by companies classified as RD&I (43%) and product development/technology (7%), ICT (14%), energy and life sciences (17%) – see Annex 2.5
- Analysis of the Neath Port Talbot CBC enquiries database where total floorspace demand was some 6,500sqm for enquiries for less than 400sqm whilst 55% of total enquiries by floorspace was from organisations classified as RDI, Innovation Manufacturing or Energy – see Annex 2.5

The estimated productivity gain is based on the number of additional jobs to the UK (about 80% of those accommodated based on the evidence above from Baglan Bay Innovation Centre) and the salary uplift about £10,700 a year. Since the target firms in the facilities are Spin Outs and SMEs in RDI and it is anticipated that there will be

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<sup>71</sup> Actual salary information is confidential. The uplift is based on data from existing companies in NPT and their reported salaries

considerable turnover in the facility as companies achieve success, grow and then move to larger premises, the salary uplift is assumed for the time period of the project.

### *Inward Investment*

Inward investment is anticipated as a result of the greater scale, reputation for and attractiveness of the green economy cluster. The Property Development Fund could be used for companies wishing to locate to the UK and SBCR. These target companies in high-tech, innovation sectors will have greater productivity, and demand from firms in sectors including RD&I, innovation, manufacturing and energy accounted for a significant number of enquiries to Neath Port Talbot CBC for accommodation.

Based on Neath Port Talbot CBC monitoring of existing facilities, 50% of jobs accommodated are assumed to be additional and the same salary uplift of about £10,700 is adopted. The uplift is adopted for 15 years after the fund is taken up. It is possible, particularly given the target companies / sectors that a greater number of the jobs are additional, in which case the estimated benefits included would be a lower bound estimate of actual. The estimated rental income is adopted as a cash releasing benefit to the owner for the PDF.

## 2.3.7 Monetised cost benefit analysis and BCR calculation

### 2.3.7.1 Key assumptions

The Cost Benefit Analysis is undertaken in constant prices and for the buildings projects includes construction period and 30-year operational life of the facility or 2053 whichever earlier. Costs and benefits are included in the year in which they occur and discounted at the social discount rate of 3.5% according to Green Book guidelines. Detailed assumptions for each individual project are included in Annex 2.4.

As explained in section 2.3.1, the BCR calculation includes the four larger projects only, the Technology Centre, SWITCH, AMPF and PDF.

*Table 2.6: Quantification and monetisation of project outcomes and benefits for BCR calculation*

Project	Benefits included	Type of Benefit
<b>TC</b>	Reduction in energy demand and production of energy	Non-cash releasing to wider society
	Reduction in CO <sub>2</sub>	Non-cash releasing to wider society

Project	Benefits included	Type of Benefit
	Rental income	Cash releasing to wider society (since operator will be procured)
	Productivity gains including from commercialisation of R&D, using uplift in salaries of additional jobs to UK	Non-cash releasing to wider society
<b>SWITCH</b>	Commercialisation of new and improved products	Cash releasing to wider society
	Research income for waste utilisation and low carbon processes. (Research income for new and improved projects not included to avoid double counting)	Cash releasing to project proponent
	Income related to industry collaboration and training	Cash releasing to project proponent
	Note counterfactual included the cost of the existing facility remaining for a short period	Cash releasing to project proponent
<b>AMPF</b>	Rental income	Cash releasing to wider society (since the operator will be private sector)
	Productivity gains including through commercialisation of R&D, based on uplift in salaries of additional jobs to UK	Non-cash releasing to wider society
	Value of research, based on funding attracted from public funding sources	Non-cash releasing to wider society
<b>PDF</b>	Rental income /avoided income if owner occupier	Cash releasing to wider society
	Productivity gain, based on uplift in salaries of additional jobs to UK	Non-cash releasing to wider society

*Table 2.7: Results of the monetised CBA, BCR calculation*

	Programme vs Counterfactual	
	Undiscounted	Discounted
Costs in the Appraisal of Public Value		

		Programme vs Counterfactual	
		Undiscounted	Discounted
1. Total Direct Public Costs (to originating organisation)		101.3	71.9
1.1	Capital	44.7	41.1
1.2	Revenue	56.6	30.8
2. Total Indirect Public Costs (to wider public sector)		98.8	55.5
2.1	Capital	11.0	10.3
2.2	Revenue	87.8	45.2
3. Wider Social Costs		42.8	23.0
3.1	Capital	-	-
3.2	Revenue	42.8	23.0
4. Total Risk Costs		5.0	4.7
4.1	Optimism bias	5.0	4.7
4.2	Estimated or measured risk	-	-
5. Total of Costs		247.9	155.1
Benefits in Appraisal of Public Value		-	-
6. Total Direct Public Sector Benefits		137.9	77.5
6.1	Cash releasing benefits (CRB)	137.9	77.5
6.2	Non-cash releasing benefits (NCRB)	-	-
7. Total Indirect Public Sector Benefits		-	-
7.1	Cash releasing benefits (CRB)	-	-
7.2	Non-cash releasing benefits (NCRB)	-	-
8. Wider Social Costs		315.9	172.3
8.1	Cash releasing benefits (CRB)	152.6	76.3
8.2	Non-cash releasing benefits (NCRB)	163.3	96.1

	Programme vs Counterfactual	
	Undiscounted	Discounted
9. Total Value of Benefits	453.8	249.8
Net Public Value	205.8	94.7
Benefit Cost Ratio	1.8	1.6



### *2.3.7.2 Interpretation of results*

Table 2.7 shows the overall results for the programme, and details of these calculations are shown in Annex 2.6.

The analysis shows that the SILCG programme adds value to the UK overall with an overall NPSV of about £95 million and the discounted BCR is 1.6. The programme delivers a positive NPSV overall, and there are also extensive qualitative benefits which should arise from the programme which would benefit society as a whole. All results are presented relative to the counterfactual.

All of the individual projects i.e., Technology Centre, SWITCH, Advanced Manufacturing Production Facility and the Property Development Fund have positive NPSVs and BCRs. The method adopted for the monetisation of benefits in the SWITCH project was the most sophisticated, as for this facility, it was possible to identify the types of research projects that would be undertaken, their relative success and commercialisation, as well as detailed assessment of the types of research and other income that might be attracted to the facility. The other large projects rely on rental income and broader estimates of productivity gains using additional job and salary uplift-based estimates, which may not fully capture the value of test-bed, research activity and commercialisation of products that are targeted for tenants of the Technology Centre and Advanced Manufacturing Production Facility in particular. The monetised benefit estimates for these facilities might thus be considered a lower bound estimation.

For the three smaller projects; Hydrogen Stimulus Project, Low Emission Vehicle and Air Quality Monitoring Project, some details of project outcomes are yet to be developed and thus they have not been included in the BCR as their benefits have not been quantified or monetised. However, there are numerous unquantified benefits of these projects. These include the potential for improved and more effective policy making in the case of the AQMP to a clear demonstration of the viability of the use of excess renewable energy generation to decarbonise transport for the hydrogen stimulus project.

The overall programme and the projects together deliver potential benefit in research, prototyping and testing, scale up and commercialisation of innovation and low carbon products and processes that could be adopted at scale elsewhere. However, these benefits are difficult to capture in BCR type calculations and are considered together with other qualitative considerations below.

### 2.3.8 Qualitative considerations

At the programme-level, additional qualitative benefits should be considered, which will likely never be quantifiable or monetisable, but which will result in value and advantage for the SBCR and for the UK, which cannot be disregarded:

- Programme completion is likely to achieve notable clustering and reputational benefits for South Wales as an area of sustainable and low carbon innovation
- SWITCH may help establish the area as a global leader in low-carbon and energy efficient steel manufacturing, reversing the current risk of business losses due to increasing environmental regulations and potentially leading to additional business opportunities in the future
- Supported by the Technology Centre and Advanced Manufacturing Production Facility, and developments arising from the Property Development Fund, the programme should serve to create a valuable innovation and high technology cluster within the Port Talbot Waterfront Enterprise Zone and wider City Region by demonstrating the growth and success of new and existing businesses within these developments
- Successful demonstration of new and innovative technologies and concepts within the programme will also deliver considerable qualitative value

Proof of concept and demonstration projects are necessarily hard to complete, but it is important for the public sector to take on this role in order to facilitate downstream successful rollouts of these projects by the private sector thereafter. For example, while the use of hydrogen is in its infancy it is difficult to establish a commercially viable proposal for private sector investment. However, proof of concept demonstrations, like the Hydrogen Stimulus Project which will use of excess photovoltaic energy converted to hydrogen for low carbon vehicle fuel, can establish the parameters for successful subsequent private sector investments. As this demonstration will only be possible via the provision of excess renewable energy generation from the energy positive Technology Centre, it is the bundling of projects within the programme that will enable this demonstration to occur.

### 2.3.9 Place Based Analysis

#### 2.3.9.1 *Positioning and enhancing the green economy cluster*

SILCG projects cater for a range of different potential growth targets of the green economy growth cluster in the Enterprise Zone and the SBCR supporting the development of the South Wales Industrial Cluster as a whole:

- The Technology Centre (TC) will be located on Baglan Bay Energy Park and will target SMEs and spin outs in the research, development and innovation sector with a focus on energy and renewables
- The Hydrogen Stimulus Project will help to position the Hydrogen Centre with its innovative approach to absorbing excess energy and the Technology Centre's innovative approach as an energy positive building
- The Advanced Manufacturing Production Facility which will be located on Harbourside, in the Port Talbot Waterfront Enterprise Zone also targets SMEs and spin outs providing a 'proving factory' facility

There is evidence of demand for the Technology Centre and Advanced Manufacturing Production Facility (AMPF) from two main sources:

- The experience of the Baglan Bay Innovation Centre a c2000sqm facility which currently has 94% occupancy and accommodates research and development, ICT, energy and other small businesses. Some 40% of floorspace is occupied by university spinouts. See Annex 2.5
- Evidence from the Neath Port Talbot CBC business enquiry database, which tracks the status of enquiries to Neath Port Talbot for business accommodation and land. Analysis of the data from December 2019 to December 2020 (see Annex 2.5) suggests a wide range of sizes and types of accommodation are sought. Enquiries for businesses looking for less than 400sqm was about 6500sqm in total of which only about 33% was recorded as completed and 20% of which was not satisfied due to a lack of suitable accommodation. In an unprecedented year such as 2020, with COVID 19 and the uncertainty over the implementation of Brexit, the analysis supports the demand and potential occupation of the facilities

The Property Development Fund which will also be targeted within the Port Talbot Waterfront Enterprise Zone, targets larger size established companies and inward investment with accommodation requirements for larger premises. These may be companies from outside the region and support the target for inward investment, either other UK companies seeking relocation or expansion or from overseas.

SWITCH responds directly to the needs and requirements of the steel and metals sector in boosting R&D activity and scaling up of product developments, responding to regulatory and policy directives for decarbonising steel production and meeting environmental targets. Further details of demand is shown in Annex 2.5.

By targeting different segments of demand in terms of industry sector, size and other requirements the SILCG accommodation will support the acceleration of low-carbon

target growth sectors in the SBCR in line with government and regional policy. The smaller demonstration projects provide focus and support branding of the SBCR as an innovative cluster for the green recovery.

### *2.3.9.2 Jobs in Neath Port Talbot and SBCR*

The four large projects in the SILCG programme together are estimated to accommodate about 900 jobs of which about two thirds are estimated to be additional to the UK. Evidence-based estimates of the number of jobs additional to the SBCR are not available but it is reasonable to assume that the additional number to the SBCR would be considerably higher. These jobs would all be considered to be in innovation sectors or directly supporting innovation in key sectors for the low carbon / green economy cluster including R&D, alternative energy, renewables, information, communication and technology and advanced manufacturing.

Putting the 900 jobs in context (see Annex 2.7), in 2019:

- Total employment in Neath Port Talbot is about 50,000; 900 jobs is about 2% (accommodated, not additional)
- Employment in manufacturing is 9,000 (10%), with about 5,700 (16%) in manufacturing of metals and metal products
- Employment in information and communication is about 700
- Employment in professional, scientific and technical activities is about 1,250

Whilst 900 jobs are not going to change the overall employment profile of Neath Port Talbot or SBCR, for the relevant subsectors and in supporting the innovation and low carbon / green economy agenda, they make a reasonable contribution to Neath Port Talbot.

Neath Port Talbot has an employment diversity index of 0.84, whilst SBCR has a diversity index of 0.86 compared to Wales, 0.88 and GB 0.90. Whilst the direct impact of SILCG on overall diversity and the levelling up agenda will not be large, what is important is the contribution they make to the cluster – and the potential further take-up, reputational benefit and future business development and inward investment they contribute towards.

The SILCG programme has a far greater reach and potential impact than the immediate direct jobs impact. The SILCG programme provides a range of projects, providing test-beds for innovative products and processes, applied R&D to support decarbonisation of the steel and metals sector to support existing businesses and supply chains. It also provides accommodation and support to businesses of different

scales and types covering the spectrum of new start-up businesses to larger inward investors and at the same time increasing the brand and reputation of the SBCR as an emerging low carbon/green economy cluster.

## 2.3.10 Summary and Conclusions

Table 2.8: Key Findings

		Programme	TC	SWITCH	H2	AQMP	LEV	AMPF	PDF
A Net Present Social Value	£ million	94.7	18.1	29.3	0.0	0.0	0.0	29.6	17.7
B Public sector cost (or appropriate value for cost)	£ million	127.4	8.2	94.8	-	-	-	15.2	9.1
C Appropriate BCR	Ratio	1.6	2.4	1.3	na	na	na	2.2	2.2
D Significant unmonetisable costs/benefits		Full economic costs of counterfactual: erosion of industry base through lower levels of innovation and decarbonisation	Specific product innovation and outcomes of TC tenants on the impact of the TC on their survival and growth. Benefits included in BCR limited to income and productivity	Full economic costs of counterfactual under which the steel and metals industry and significant jobs are at risk	Not included in BCR calculation	Not included in BCR calculation	Not included in BCR calculation	Specific product innovation and outcomes of AMPF tenants. BCR used limited value of research adopting public sector research income as a proxy, other benefits included tenant income and productivity gain	Specific activities of fund recipient not included. Benefits included limited to income and productivity
E Significant unquantifiable factors		Economic implications to SW existing industry base and supply chain without innovation	Specific activities and products/services of TC tenants not known but strong evidence of demand	Economic implications to SW steel & metals industry of not meeting decarbonisation targets on time	Estimates of energy production, usage and carbon savings not known. Influence as a demonstrator and industry take-up of H2 as a result of this project not known	Estimates of implications for improving policy making and future positive impact on emissions and AQ unknown	Estimates of usage and carbon savings to be determined. Influence as a demonstrator and take-up of project result of project not known	Specific activities and products/services of AMPF tenants not known but strong evidence of demand	Specifically who, timing and take-up of fund not known but strong evidence of demand and take up
F Risk costs by type and residual optimism bias	£ million	4.7	0.8	2.8	-	-	-	1.1	Not included as budget rather than detailed cost estimate at this stage
G Switching values (for the preferred option only)		na							
H Time horizon and reason		30 years operations for buildings. Asset maintenance & overhaul included where known	Facility operational 2022, operations to 2052	Facility operational 2023, operations to 2052	na	na	na	Facility open in 2024, 5 year programme for providing equipment, operations to 2052	Take-up assumed to be 10% 2021, 30% 2022 and 100% 2023, operations to 2052, c30 year building life

## 2.4 Going Forward

The Economic Case for the SILCG is a living document and as the projects mature, further information may be developed that can be used in the Economic Case, in particular in identifying, quantifying and monetising benefits.

As the programme develops and the projects mature, it may be possible to further expand on the place-based analysis and the potential benefits that arise through the SILCG programme to the low-carbon / green economy economic cluster in SBCR.

## 3.0 Commercial Case

### 3.1 Introduction

The Commercial Case sets out the proposed procurement arrangements for delivery of the preferred option, including:

- The proposed procurement strategy and route
- The proposed service requirements and required outputs
- The proposed approach to risk allocation
- The proposed charging mechanisms
- The proposed key contractual arrangements

### 3.2 Procurement Strategy and Route

The preferred option as specified at the end of the Economic Case comprises seven projects which all involve procurements. The procurement route for each of these projects is set out in the table below:

*Table 3.1: Proposed approach to project procurement*

Project	Procurement route
Technology Centre	South West Wales Regional Contractors Framework (SWWRCF).  2 stage design and build contract.  Contract already procured and awarded to Morgan Sindall.
SWITCH	South West Wales Regional Contractors Framework (SWWRCF).  2 stage design and build contract.  Specification at early stages of development.  Specialist equipment to be procured by Swansea University in line with Neath Port Talbot CBC Contract Procedure Rules (CPR) (aligned to Public Contracts Regulations 2015).



Project	Procurement route
Air Quality Monitoring Project	Procurement already taken place for sensors.
Hydrogen Stimulus Project	Specialist equipment to be procured by USW in line with Neath Port Talbot CBC Contract Procedure Rules (CPR) (aligned to Public Contracts Regulations 2015).  Technical discussions commenced.
LEV Charging Infrastructure	Consultancy to be procured to develop strategy in line with Neath Port Talbot CBC Contract Procedure Rules (CPR) (aligned to Public Contracts Regulations 2015).  Vehicles to be procured in line with Neath Port Talbot CBC Contract Procedure Rules (CPR) (aligned to Public Contracts Regulations 2015).
Advanced Manufacturing Production Facility	South West Wales Regional Contractors Framework (SWWRFC).  2 stage design and build contract.  Operator to be procured via competitive tendering process.  Tender specification being developed with support from Industry Wales.
Property Development Fund	Fund to be advertised via business engagement routes. .  Industry awareness sessions to be held.

As lead local authority for the programme, Neath Port Talbot CBC will lead each of these procurements. Neath Port Talbot CBC will therefore be responsible for ensuring compliance with public procurement rules and regulations. The procurement strategy will be aligned to Circular and Foundational Economy principles.

As a public sector organisation Neath Port Talbot CBC has a duty to operate in an open, fair, and transparent way, allowing the market freedom of opportunity to trade with it. Its procedures for procurement are known as 'Contract Procedure Rules'. These are important as they help to:

- Give a legal and auditable framework to its procurement activities;
- Obtain value for money services for the public;
- Ensure the council complies with the law governing the spending of public money;
- Protect its staff and members from undue criticism or allegations of wrongdoing.

The Council also has a legal requirement to comply with EU Procurement Directives (and equivalents post Transition period). These are enforced in UK law through the Public Contracts Regulations 2015. This governs the way in which the public sector procurement process must be conducted for contracts over certain specified thresholds.

The current thresholds are revised every two years. As of January 2020, these thresholds are £189,330 for Supplies and Services, and £4,733,252 for Works contracts.

The regulations are based on the following principles:

- Contracts that exceed the thresholds must be advertised in the Official Journal of the European Union (OJEU) - now known as 'Find a Tender' so that all interested parties in member states have an equal opportunity to submit tenders;
- All enquiries must receive equal treatment in order to eliminate discrimination on the grounds of nationality of the contractor or the origin of the supplies, services or works; and
- All supplier selection, tendering and award procedures must involve the application of objective and transparent criteria.

*Public Procurement post Brexit* – Neath Port Talbot CBC will ensure all programme procurement complies with revised public procurement laws following the end of the Transition period. (*Green Paper: Transforming public procurement*)<sup>72</sup>

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<sup>72</sup> <https://www.gov.uk/government/consultations/green-paper-transforming-public-procurement>

### 3.2.1 Community benefits

The Council and its partners will work in partnership with appointed contractors and their supply chain to deliver 'targeted recruitment and training' outputs as a 'core' requirement of tenders to support the delivery of social, economic and environmental objectives. This involves encouraging:

- Training and the recruitment of the economically inactive by offering apprenticeship;
- Traineeships or work experience opportunities;
- Maximising opportunities for SMEs to tender or bid for sub-contract opportunities;
- Adopting measures to ensure prompt and fair payment terms;
- Encouraging environmental initiatives;
- Engaging with Third Sector organisations; and
- Supporting educational and community initiatives.

In addition, there are collaborative arrangements to coordinate the delivery of community benefits. This leads to adult employability initiatives such as Workways+ and Communities for Work working closely together with organisations such as the local authorities, Department of Work and Pensions, the Further Education sector to identify opportunities to support disadvantaged individuals and help them tackle barriers to employment.

Community Benefits will be monitored during the lifetime of the project.

### 3.2.2 Swansea Bay City Deal procurement principles

The SILCG programme will align to the Swansea Bay City Deal procurement principles.

The SILCG procurement strategy will address the SBCD 5 Procurement Principles:

1. Be Innovative
2. Have an open, fair and legally compliant procurement process
3. Maximise Community Benefits from each contract
4. Use Ethical Employment Practices
5. Promote the City Deal

### 3.2.3 Procurement plan

The indicative programme implementation plan (Gantt chart) is included at Annex 5.2. This plan indicates planned and indicative procurement dates shown in the table below.

*Table 3.2: Proposed procurement plan*

Project component	Procurement design date	Procurement date
Technology Centre – construction	-	Contract awarded
SWITCH – construction	Q2 2021	Q1 2022
SWITCH – equipment	Q2 2021	Q1 2022
Hydrogen Stimulus project – equipment	Q3 2021	Q4 2021
Air Quality Monitoring project – equipment	-	Contract awarded
LEV charging infrastructure – consultant	Q2 2021	Q3 2021
Advanced Manufacturing Production Facility – construction	Q3 2021	Q2 2022
Advanced Manufacturing Production Facility – equipment	Q3 2021	Q2 2022
Property Development Fund – scheme launch	Q1 2021	Q2 2021

### 3.3 Service Requirements and Outputs

*Table 3.3: Service streams and required outputs*

Project component	Expected Outputs
Technology Centre	Construction of an energy positive hybrid commercial building (2500 m2)
SWITCH	Specialised open access facility created to enhance applied research for steel & metals industry (4000 m2)
	Provision of specialised equipment to enhance research for steel & metals industry

Project component	Expected Outputs
Hydrogen Stimulus Project	Increase the capacity for hydrogen production at the Hydrogen Centre at Baglan Energy Park
Air Quality Monitoring Project	Procurement & installation of 70 sensors in and around the Port Talbot Air Quality Management Area (AQMA)
LEV Charging Infrastructure	Regional strategy for LEV charging
Advanced Manufacturing Production Facility	Specialist hybrid facility providing a range of industrial / production units with pilot line and office space. (4000 m2)
	Provision of open access specialist equipment advised by industry with academia input
Property Development Fund	Property Development Fund targeted on the Port Talbot Waterfront Enterprise Zone (expected premises created 6000 m2)

### 3.4 Risk Allocation

Service risks for this programme vary by procurement.

The procurement of the infrastructure projects and specialist equipment all entail standard contract risks.

The procurement of the LEV charging infrastructure consultant entails standard consultancy procurement risks.

Standard lease documentation will be agreed with Swansea University for the SWITCH facility.

Memorandum of Understanding (MoU) will be agreed between Neath Port Talbot CBC and Swansea University in relation to the SWITCH facility agreeing outputs, outcomes and impacts to be delivered.

Memorandum of Understanding (MoU) will be agreed between Neath Port Talbot CBC and University of South Wales in relation to the Hydrogen Stimulus project agreeing outputs, outcomes and impacts to be delivered.

### **3.5 Charging Mechanism**

Appropriate payment mechanisms will be devised as part of each procurement design period.

### **3.6 Key Contractual Arrangements**

Contract terms will be devised as part of each procurement design period.

The Technology Centre, SWITCH and Advanced Manufacturing Production Facility would all be NEC3 Engineering and Construction contracts

#### **3.6.1 Personnel implications**

It is anticipated that TUPE<sup>73</sup> regulation will not apply to this investment. This is because the programme is not expected to have any impact on the employment of existing staff. The proposed operating model for the programme is outlined in the Management Case and does not include the transfer of any staff.

#### **3.6.2 Accountancy treatment**

Assets generated though the life of the Programme will be accounted for and held on the balance sheet of the of Neath Port Talbot County Borough Council. All Local Authorities will account for assets in line with the relevant legislation and regulatory accounting standards.

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<sup>73</sup> Transfer of Undertakings (Protection of Employment) Regulations 1981

## 4.0 Financial Case

### 4.1 Introduction

The Financial Case sets out the funding requirements for the preferred option and demonstrates overall Programme affordability.

### 4.2 SILCG Investment Summary

The SBCD partnership, through the Smart Manufacturing publication and subsequent discussions with the Welsh and UK Governments, has developed a clear strategy which has been underpinned by identified interventions to deliver widespread and sustainable economic growth across the region. The Supporting Innovation and Low Carbon Growth (SILCG) Programme is a pivotal part of this intervention to deliver low carbon, sustainable and inclusive economic growth for the region through a programme of interlinked projects.

The current investment breakdown presented in Table 4.1. below is based on forecasted investment as of December 2020:

*Table 4.1. SILCG investment breakdown*

<b>Expenditure</b>	<b>Year 1 (20/21) (£m)</b>	<b>Year 2 (21/22) (£m)</b>	<b>Year 3 (22/23) (£m)</b>	<b>Year 4 (23/24) (£m)</b>	<b>Year 5 (24/25) (£m)</b>	<b>Year 6 (25/26) (£m)</b>	<b>Year 7 (26/27) (£m)</b>	<b>Total (£m)</b>
Capital	£ 3.00	£ 9.17	£ 8.83	£ 30.85	£ 6.65	£ 0.20	£ -	£ 58.70
Revenue	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -
<b>Total</b>	<b>£ 3.00</b>	<b>£ 9.17</b>	<b>£ 8.83</b>	<b>£ 30.85</b>	<b>£ 6.65</b>	<b>£ 0.20</b>	<b>£ -</b>	<b>£ 58.70</b>
<b>Funding</b>								
Swansea Bay City Deal Grant	£ -	£ 6.12	£ 5.53	£ 29.20	£ 6.65	£ 0.20	£ -	£ 47.70
Public Sector	£ 3.00	£ 2.50	£ -	£ -	£ -	£ -	£ -	£ 5.50
Private Sector	£ -	£ 0.55	£ 3.30	£ 1.65	£ -	£ -	£ -	£ 5.50
<b>Total</b>	<b>£ 3.00</b>	<b>£ 9.17</b>	<b>£ 8.83</b>	<b>£ 30.85</b>	<b>£ 6.65</b>	<b>£ 0.20</b>	<b>£ -</b>	<b>£ 58.70</b>

*Table 4.2. SILCG Project level breakdown*

Supporting Innovation & Low Carbon Growth	Funding (£m)							Total	Variance
	Budget	City Deal	NPT	WG	ERDF	Private Sector			
1 Technology Centre	£ 8.50	£ 3.00	£ 1.30	£ 0.50	£ 3.70	£ -	£ -	£ 8.50	£ 0
2 SWITCH	£ 20.00	£ 20.00	£ -	£ -	£ -	£ -	£ -	£ 20.00	£ 0
3 Hydrogen Stimulus	£ 2.00	£ 2.00	£ -	£ -	£ -	£ -	£ -	£ 2.00	£ 0
4 Air Quality Monitoring	£ 0.50	£ 0.50	£ -	£ -	£ -	£ -	£ -	£ 0.50	£ 0
5 Low Emission Vehicles (LEV)	£ 0.50	£ 0.50	£ -	£ -	£ -	£ -	£ -	£ 0.50	£ 0
6 Advanced Manufacturing Production Facility	£ 17.20	£ 17.20	£ -	£ -	£ -	£ -	£ -	£ 17.20	£ 0
7 Property Development Fund	£ 10.00	£ 4.50	£ -	£ -	£ -	£ 5.50	£ -	£ 10.00	£ 0
<b>Total</b>	<b>£ 58.70</b>	<b>£ 47.70</b>	<b>£ 1.30</b>	<b>£ -</b>	<b>£ 3.70</b>	<b>£ 5.50</b>	<b>£ -</b>	<b>£ 58.70</b>	<b>£ 0</b>

These figures are the current financial investment forecast which the SILCG programme is currently projecting and are set within the approved revised portfolio update. Funding elements are subject to change as the programme evolves. On the successful approval of the programme business case the Accountable Body will release Government funding to the SILCG programme up to the value of the agreed programme allocation.

It is the aim of the SBCD that all projects and programmes will be delivered in a seven-year period in order to maximise the full benefits realisation of the operational schemes during the lifetime of SBCD funding, which is to be released to the SBCR from both the UK and Welsh Governments over a fifteen-year period.

The SILCG programme has been allocated £53m by the SBCD Programme, this however, was reduced to £47.7m on the approval of a revised programme business case. This is an initial estimate and may evolve over the course of the programme as technologies and market conditions change. Further funding may be sought from the City Deal or other sources in due course, depending on the cost and success of early activities.

The overall investment composition comprises of three following investment components:

- The **City Deal investment** component consists of the government grants awarded by UK and Welsh government totalling £47.7m. City Deal Grant is awarded to Programmes over a fifteen-year term up to a maximum of the allocated value.
- **Public sector** investment consists of investment from local authorities and other public funded and public service organisations. Public sector investment will also consist of specific European grant funding.
- **Private sector** investment includes regional investment from local and national private sector partners.

#### 4.3 SILCG Programme Income and Expenditure Summary

The UK and Welsh Government capital grant contribution to the SILCG programme is awarded over a fifteen-year period and currently forecasted at £47.7m. Funding will only be released from the portfolio on the successful approval of business cases by both the UK and Welsh Governments, up to a maximum of the agreed grant allocation.

An inherent temporary funding gap is recognised with the funding being released to the Programme over a fifteen-year period. Neath Port Talbot County Borough Council as the Programme Lead Authority is responsible for managing the operational cashflows in respect of the Programme. Therefore, subsequently accountable for managing inherent risks and the funding gap recognised.

The Programme expenditure profile is presented in Table 4.2 below with further financial appraisal on the expenditure forecasts at Programme level detailed in Annex 4.1.



Table 4.2: Annual income and expenditure analysis

<b>Programme Spend Forecast</b>															
<b>Capital/Revenue</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>	<b>Year 11</b>	<b>Year 12</b>	<b>Year 13</b>	<b>Year 14</b>
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Capital Expenditure				3.00	9.17	8.83	30.85	6.65	0.20	-					
Revenue Expenditure															
<b>Total</b>	-	-	-	<b>3.00</b>	<b>9.17</b>	<b>8.83</b>	<b>30.85</b>	<b>6.65</b>	<b>0.20</b>	-	-	-	-	-	-
<b>Programme Funding Forecast</b>															
<b>Funding Breakdown - Total</b>															
City Deal Grant Award					6.12	5.53	29.20	6.65	0.20	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	<b>6.12</b>	<b>5.53</b>	<b>29.20</b>	<b>6.65</b>	<b>0.20</b>	-	-	-	-	-	-
<b>Public Sector:</b>															
Neath Port Talbot Council				0.50	0.80	-	-	-	-	-	-	-	-	-	-
Welsh Government Grant				0.50											
WEFO				3.70											
<b>Total</b>	-	-	-	<b>4.70</b>	<b>0.80</b>	-	-	-	-	-	-	-	-	-	-
<b>Swansea Bay City Deal:</b>															
<b>Private Sector:</b>															
Industry Providers and Private Developers					0.55	3.30	1.65								
<b>Total</b>	-	-	-	-	<b>0.55</b>	<b>3.30</b>	<b>1.65</b>	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	<b>4.70</b>	<b>7.47</b>	<b>8.83</b>	<b>30.85</b>	<b>6.65</b>	<b>0.20</b>	-	-	-	-	-	-

### 4.3.1 Investment leverage

One of the benefits of City Deal is the ability to lever additional public and private sector investment and to work with existing government funded initiatives and industry partnerships.

As a result of the City Deal investment in specialist facilities and equipment which will improve collaboration between industry, the public sector and academia, it is estimated that the SILCG programme of projects will lever in an additional £10 million of private research income and nearly £30 million of public sector research income over 5 years post construction of the specialist facilities, with increased opportunities for clustering and inward investment.

*Table 4.3: Investment leverage over 5 years post construction*

Investment Leverage	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28
	£	£	£	£	£
Private research	1,849,852	1,896,099	1,943,501	1,992,089	2,041,891
Public research	5,248,235	5,507,905	5,984,513	6,121,625	6,512,166
<b>Total</b>	<b>7,098,087</b>	<b>7,504,004</b>	<b>7,928,014</b>	<b>8,113,714</b>	<b>8,554,057</b>

The programme of projects in the SILCG programme present significant potential for the leverage of further funds. The relevance of the low carbon aims of the programme to national policy suggest that a broad range of further grant funding and potential private investment can be induced as a direct result. In particular, the UK Government's Ten Point Plan for a Green Industrial Revolution highlights a number of areas of alignment with the SILCG programme including:

- Driving the Growth of Low Carbon Hydrogen
- Accelerating the Shift to Zero Emission Vehicles
- Green Public Transport
- Greener Buildings
- Investing in Carbon Capture, Usage and Storage

These low carbon growth opportunities are included in the Energy White Paper 'Powering our net zero future'. Further detail of funding programmes to support these policy measures will emerge.

The SILCG programme will seek to secure funding from the following low carbon funding programmes<sup>74</sup>, and seek to secure additional private sector investment:

- UKRI Industrial Strategy Challenge Fund (ISCF) - Clean Growth Challenge
- Industrial Decarbonisation Fund
- Manufacturing made smarter
- Prospering from the Energy Revolution
- Transforming Foundation Industries

UK Government Funding<sup>75</sup>:

- Net zero hydrogen fund
- Clean Steel Fund
- Strength in Places Fund
- Industrial Energy Transformation Fund (IETF)

#### **4.4 City Deal Funding Profile**

The release of funds from the Accountable Body will follow one of two funding routes. This is determined on a programme / project basis, dependant on whether funding is being released to a regional programme / project or a Local Authority programme / project. The flow of funding is shown in Figure 4.2. below:

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<sup>74</sup><https://www.ukri.org/our-work/our-main-funds/industrial-strategy-challenge-fund/clean-growth/>

<sup>75</sup> <https://www.gov.uk/apply-funding-innovation>

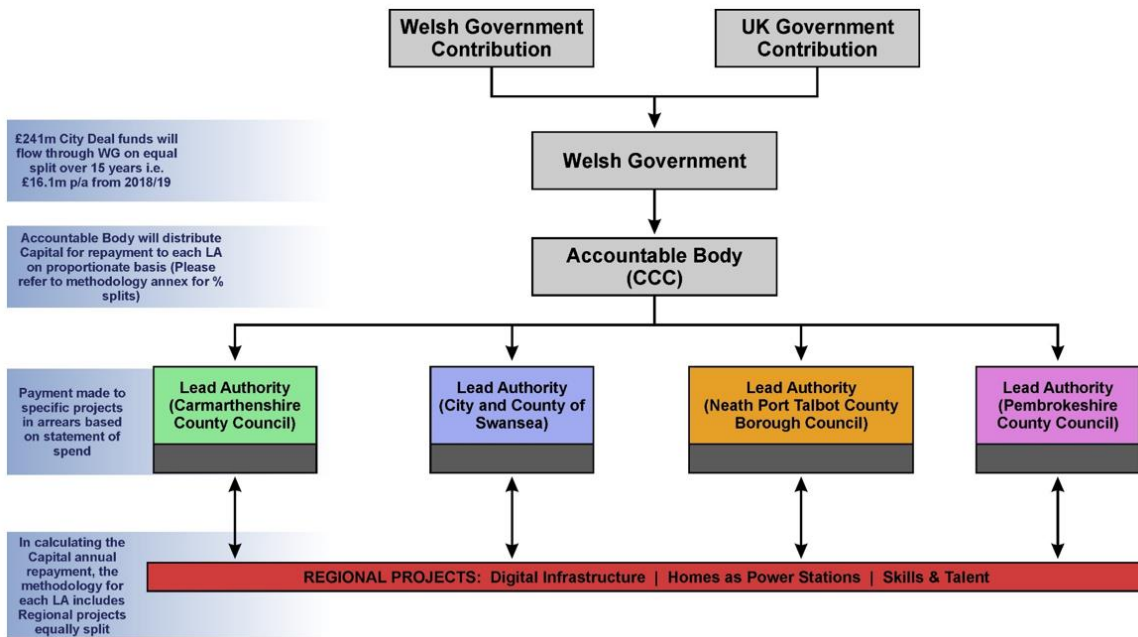


Figure 4.2: City Deal funding flow

#### 4.4.1 Borrowing

NPTCBC is responsible for borrowing to provide funding to support delivery of the SILCG Programme. The capital borrowing (in respect of the Government funded element) for the City Deal Programmes will be re-paid by identified Government funds (UK & Welsh Government) over the 15-year period.

All borrowing will be conducted in line with the principles of the Prudential Code and Treasury Management Policy and Strategy set by the local authority. When further details of the investments required for the Programme are known, a full business case appraisal will be completed and submitted to the relevant local authority governance boards/committees for approval before submission to the Joint Committee. These full business cases will include the detailed funding proposals and requirements of the local authority.

#### 4.4.2 Government Grant 'Top Slice'

Annually, up to 1.5% of the Portfolio Investment Fund, specifically the government grants awarded, will be earmarked to support the Joint Committee and central administration functions required to support the delivery of the Portfolio. This is referred to as 'Top Slice' of Government Grants.

#### 4.4.3 Interest on investments

It is recognised that throughout the lifecycle of the City Deal portfolio, cash balances will arise through cashflow movements as and when Programmes become live and actual expenditure is incurred. Cash balances held by the Joint Committee will be invested through Carmarthenshire County Council as the Accountable Body. Income generated from cash investments will be ring-fenced and redistributed direct to Programmes based on the allocation outlined within the original Heads of Terms.

#### 4.4.4 Retention of National Non-Domestic Rates

Welsh Government have agreed in principle (as per below) 50% of the additional net yield generated through City Deal developments can be retained by the region to support revenue costs associated with the programme. This has been acknowledged by the Lead Authorities within the Joint Committee Agreement (JCA - 29th April 2018).

*Welsh Government (Cabinet Secretary for Finance, 11th April 2018):*

'I intend to initiate arrangements to allow the region to retain 50% of the additional net yield in Non-Domestic rates generated by the 9 programmes / projects which are to be delivered by the Deal'

### 4.5 Monitoring and Evaluation

The City Deal portfolio finances will be monitored through the Programme Board and Joint Committee, with the Economic Strategy Board also making recommendations on possible additional funding opportunities or alternative portfolio expenditure. Regular reports will also be presented by the Accountable Body to the regional Local Authority Directors of Finance and Regional Section 151 Officer working group. This working group will, in collaboration with the Welsh Government and the SBCD PMO, agree the financial monitoring process which will be:

- In line with overall reporting processes for the City Deal.
- Based on best practice principles and guidance on Programme monitoring contained within the Green Book.

The monitoring process will allow for the control of Programme cost variations and visibility of variations at a portfolio level.

The monitoring requirements of the Portfolio will require the Programme Authority Lead to submit a claim for Programme funding to the Accountable Body at a frequency to be determined by the Accountable Body. The claim shall include a progress report on the Programme. The progress report shall include an assessment of risks associated with the Programme and details of progress against the agreed outputs. After the parties have agreed in accordance with clause 6.7 of the funding agreement that the Programme has achieved practical completion, the Programme authority lead shall not be required to submit claims for Programme funding. Thereafter, the Programme authority lead shall complete annual monitoring returns in a form to be specified by the Accountable Body prior to the Accountable Body releasing any Programme funding to which the Programme authority lead is entitled. The annual monitoring forms will include an obligation to report on the progress in achieving the agreed outputs. The Accountable Body reserves the right to impose additional monitoring requirements at a frequency and for such period as it considers reasonable in all the circumstances.

In addition to the above monitoring requirement the Accountable Body will require quarterly financial updates on Programme spend to support the cashflow management of the portfolio. These will detail the actual spend to the period, with forecast outturn over the fifteen-year duration of the portfolio.

Programme lead authorities are also obligated to support the Accountable Body with any progress update reporting as required by the Welsh and UK Governments.

## **4.6 Accounting Treatment of Programme Transactions**

### **4.6.1 Accounting for income and expenditure**

All income and expenditure in relation to Programmes outlined within the heads of terms are accounted for within the financial statements of the delivery lead, in this case Neath Port Talbot County Borough Council.

All income and expenditure will be accounted for in line with the relevant legislation and regulatory accounting standards. This will be managed through the accounts and management systems of NPTCBC. Account preparation will be conducted on an accruals basis.

### **4.6.2 Revenue requirement**

The Welsh Government has acknowledged that revenue funding will be required to support the delivery of Programmes within the City Deal portfolio. The revenue requirement by the Programme will be actively managed locally by NPTCBC. The Welsh Government recognises that the four regional local authorities will need to manage their capital funding to enable revenue expenditure to be supported. To achieve this through the use of the Local Authorities' capital receipts, Local Authorities

will reference to the latest direction from Welsh Government Ministers on the use of capital receipts. This was issued under section 15(1) (a) of the Local Government Act 2003, along with accompanying guidance.

#### 4.6.3 Balance sheet accounting

Assets generated through the life of the Programme will be accounted for and held on the balance sheet of the of Neath Port Talbot County Borough Council. All Local Authorities will account for assets in line with the relevant legislation and regulatory accounting standards.

#### 4.6.4 Value Added Tax

Value Added Tax (VAT) is included where appropriate within the forecasts and estimates demonstrated. For objectives delivered by local authorities, VAT is excluded from forecasts and estimates under the application of Section 33 of the VAT act 1994. This Act refunds to (mainly) local government bodies the VAT attributable to their non-business activities and exempt business activities, providing it is considered an insignificant proportion of the total tax they have incurred. Programmes or components of Programmes that are delivered by parties, other than that of local authorities, are subjected to VAT in the manner as regulated by the industry or sector in which they operate, except where regulatory standards dictate a specific treatment or application. Programme business cases will identify and detail the application of VAT and include within forecasts and estimates as appropriate.

Developments will be accounted for in the most tax efficient manner, with specialist advice commissioned to support where necessary

### 4.7 Financial Risk Management and Assurance

#### 4.7.1 Financial risks

The portfolio financial risks are monitored and managed as part of the City Deal's overall risk management arrangements. The City Deal Programmes and Projects maintain, manage and monitor their own risks in line with guidance from the Green Book and the City Region's Accountable Body and SBCD Programme Management Office. The project operates a risk register and issues log, specifically including any financial risks identified. These risks will be monitored and updated with mitigating control actions through the project board as a standing item and then regularly presented to the Programme Board and Joint Committee, through the Portfolio Management Office.

#### 4.7.2 Financial issues, dependencies and interdependencies

The project board will develop and maintain a log of any financial issues, dependencies and interdependencies at both programme and project level. This log will be considered alongside the financial risk register outlined above. The Accountable Body will work through the Section 151 Officer Working Group to determine any actions necessary to address identified issues and will present recommendations for required action to the Programme Board, Economic Strategy Board and Joint Committee for approval. Regular updates on financial issues, dependencies and interdependencies will also be provided to the Programme Board and Joint Committee via the Portfolio Management Office as appropriate.

#### 4.7.3 Assurance – internal audit

The review of the effectiveness of the system of Internal Control and Governance arrangements is informed by the work of the Internal Auditors, from which the Project Lead Authority and project board gain assurance. Internal Audit is required to undertake their work in accordance with the standards as set out in the Public Sector Internal Audit Standards (PSIAS) established in 2013, which are the agreed professional standards for Internal Audit in Local Government.

As required by these Standards, the Head of Internal Audit as appropriate to the Project Lead Authority will undertake an independent review and report findings to the Project Lead Authority and Project Board. The format of the Annual Report complies with the requirements of the Code of Practice. The Strategic and Annual Audit Plans are approved annually by the Project lead authority and Project board. In addition, the Internal Audit Unit undertakes fraud investigation and pro-active fraud detection work.

#### 4.7.4 Assurance – external regulators

The Audit Wales as External Auditor to the Project Lead Authority reviews and comments on the financial aspects of Corporate Governance which include the legality of financial transactions, financial standing, systems of Internal Financial Control and standards of financial conduct and fraud and corruption.



## 5.0 Management Case

### 5.1 Introduction

The purpose of the Management Case is to put in place the arrangements for the successful delivery of the programme. It provides evidence that the capability and capacity is in place to govern and deliver the programme, and arrangements are in place to manage programme risks.

### 5.2 Programme and Project Management Governance Arrangements

The programme will be delivered using proven programme and project management methodologies to ensure the outputs, benefits and outcomes are achieved in a controlled, well managed and visible set of activities.

The implementation strategy embraces the principles of programme and project management based on proven standards and quality management in line with Managing Successful Programmes (MSP) and Projects IN Controlled Environments (PRINCE2) project management methodologies.

#### 5.2.1 Programme framework

The SILCG programme governance arrangements detailed in the structure below. Each project has its own project team and governance arrangements which align to and provide regular reports to the SILCG governance as detailed below :

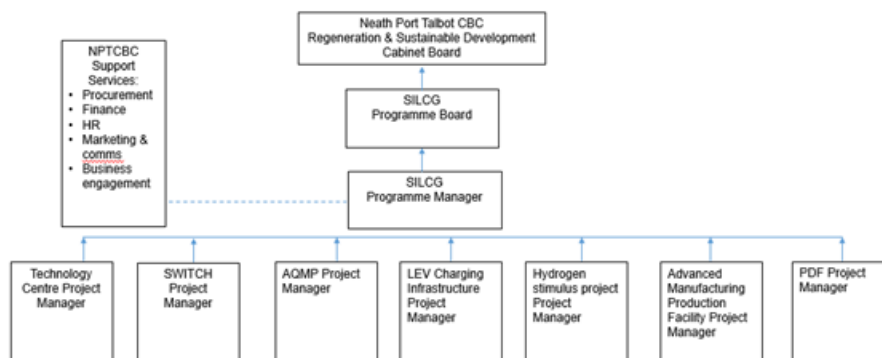


Figure 5.1: SILCG programme governance

#### 5.2.2 SILCG programme board

The SILCG Programme Board governs and oversees the SILCG Programme and reports directly to each of the partner governance structures and the SBCD governance arrangements as per the structure below.

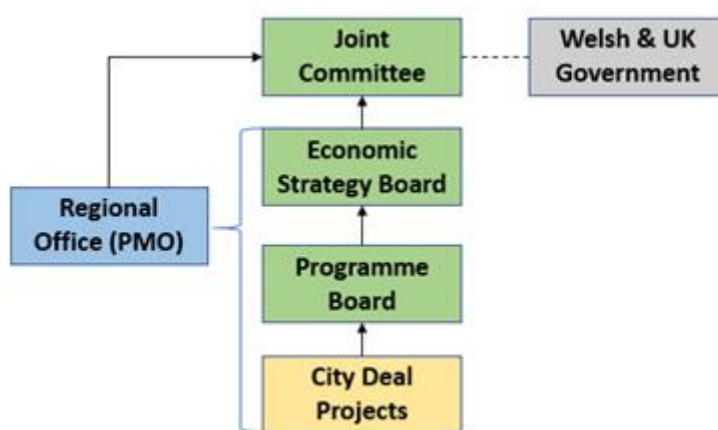


Figure 5.2: City Deal governance structure

The SILCG Programme Board is chaired by the Programme SRO and includes representatives from each of the project partners and the SBCD Portfolio Management Office.

The Board is responsible for:

- Overall strategic decision making and programme leadership,
- The approval of project timescales and plans,
- The approval of key procurements and recruitments,
- Overall project and budget monitoring,
- The allocation of funds between key project components,
- Approval of any major changes to the project,
- Ensuring that benefits are realised (as per the plans set out below),
- Project assurance and post-project evaluation (as per the plans set out below).

Programme Board membership is as set out below:

Table 5.1: SILCG Programme Board membership

Organisation	Name	Role
Neath Port Talbot CBC	Nicola Pearce	Director – Environment and Regeneration Project SRO
Neath Port Talbot CBC	Simon Brennan	Head of Property & Regeneration
Neath Port Talbot CBC	Lisa Willis	European & Strategic Funding Manager Project Manager

Organisation	Name	Role
Neath Port Talbot CBC	Julia Lewis	Strategic Funding Officer Project Coordinator
Swansea University	Dave Worsley	SWITCH
Swansea University	Miles Willis	SWITCH
University of South Wales	Jon Maddy	Hydrogen stimulus project
Swansea Bay City Deal PoMO	Jonathan Burnes	SBCD Portfolio Director

The SILCG Programme Board Terms of Reference are included in Annex 5.1.

### 5.2.3 Programme SRO

The SRO is accountable for the programme, and for ensuring that it meets its objectives and delivers the expected benefits

### 5.2.4 Programme team

A Programme Manager will be appointed following the approval of the business case

The Programme Manager will liaise with the project managers for each of the seven interlinked projects, and will drive forward the delivery of the programme and ensure progress towards outputs, outcomes and impacts and linkages to other developments in the region.

### 5.2.5 Support services

Support services for the programme including HR, legal, procurement will be provided by Neath Port Talbot CBC

### 5.2.6 Programme plan

The programme plan / implementation plan will be used to control and track progress and delivery of the programme and resulting outputs, outcomes and impact. It describes how, when and by whom a specific project activity, milestone or target will be achieved.

Programme Plan Gantt chart with project Gantt charts is at Annex 5.2

The programme plan summary with key milestones for the next six months is below:

*Table 5.2: SILCG programme key milestones*

Activity	Milestone	Status
Business case approval	Q2 2021	Under review
Recruitment of Programme Manager	Q2 2021	In progress
Air Quality Sensor installation	Q2 2021	In progress
PDF procurement	Q1 2021	Planned
SWITCH building and equipment specification workshops	Q2 2021	In progress
Advanced Manufacturing Production Facility building specification workshops	Q2 2021	In progress
Hydrogen link technical workshops	Q1 2021	In progress
Low Emission Vehicle strategy procurement	Q2 2021	In development

### 5.2.7 Outputs, outcomes and impact

Table 5.3 below shows in detail each project's outputs, outcomes and impacts which deliver the SILCG Programme Investment Objectives and programme level impact which will be monitored and reported on.

*Table 5.3 Project outputs*

Output	Outcome	Impact
<b>Technology Centre</b>		
Construction of an energy positive hybrid commercial building (2500m <sup>2</sup> )	High quality hybrid commercial premises to meet the need and demand for commercial premises to support economic growth.	Support the diversification of the economy by creating an environment where RD&I and ICT businesses can develop and grow
	Living demonstrator for energy positive commercial mixed-use facility	Supporting shift to energy positive commercial buildings - supporting the Green industrial revolution
	Jobs created (construction)	

Output	Outcome	Impact
	Jobs created / safeguarded (RD&I and ICT sectors) - start-up companies and indigenous business growth. Cluster approach.	Create cluster of RD&I and ICT businesses in the region leading to higher value-added jobs
<b>SWITCH</b>		
Specialised open access facility created to enhance research for steel & metals industry	Establishment of a national applied research centre to support investment in the steel and metals sector.	Increased investment by UK based steel and metal processors and users to reduce carbon emissions
Provision of specialised equipment to enhance research for steel & metals industry		Diversification of the steel & metals industry / foundation industries / circular economy
	Jobs created / safeguarded RD&I in the steel & metals industry supply chain in South Wales and UK	More competitive steel & metals industry in South Wales and UK
	Jobs accommodated	More competitive steel & metals industry in South Wales and UK
	Jobs created (construction)	
<b>Hydrogen Stimulus</b>		
Increase the capacity for hydrogen production at the Hydrogen Centre at Baglan Energy Park	Route map 'spring board' to commercialisation of hydrogen	Economic stimulus leading to further investment in hydrogen and job creation in the green economy
	Route map to increasing the use of hydrogen as fuel.	Complementary hydrogen developments in line with the Welsh hydrogen pathway plan.
<b>Air Quality</b>		
Procurement & installation of 70 sensors in and around the Port Talbot Air Quality Management Area (AQMA)	Pilot project to trial low cost, mobile sensors. Evaluate and validate the sensors with field tests	Proof of concept for low cost, mobile sensors. Industry investment and job creation potential.
	Daily analysis of data with independent quality assurance and quality control	Improved air quality for the area

Output	Outcome	Impact
	Source apportionment of identified pollution to inform selection, implementation and effectiveness of air quality mitigation and intervention measures	Improved mitigation measures and real time mitigation
<b>LEV</b>		
Regional strategy for LEV charging	Coordinated regional approach to decarbonise journeys in the region	Work towards improving the LEV charging infrastructure needs of the region / inc in no. of charge points
	Coordinate funding opportunities	Investment leverage from public and private sector
<b>Advanced Manufacturing Production Facility</b>		
Specialist hybrid facility providing a range of industrial / production units with pilot line and office space.	Hybrid production facility to meet the needs of start-ups and indigenous business growth in the innovation and manufacturing sectors / proving factory concept established	Support the diversification of the economy by providing facilities and a cluster approach for the innovation and manufacturing sector.
Provision of open access specialist equipment advised by industry with academia input	Premises created	Investment leverage (ISCF, UKRI etc)
	Jobs accommodated	
	Jobs created construction	
	Jobs created / safeguarded	
<b>PDF</b>		
Property Development Fund targeted on the Port Talbot Waterfront Enterprise Zone	Premises created	Diversification of the economy and economic growth.
	Jobs created / safeguarded	
	Jobs accommodated	
	Private Sector investment (£m)	
<b>SILCG Programme</b>		
		Jobs created / safeguarded (15 yrs) Green Economy

### 5.2.7.1 Additional Investment Leverage Opportunities

One of the benefits of City Deal is the ability to lever additional public and private sector investment and to work with existing government funded initiatives and industry partnerships.

The programme of projects in the SILCG programme present significant potential for the leverage of further funds. The relevance of the low carbon aims of the programme to national policy suggest that a broad range of further grant funding and potential private investment can be induced as a direct result. In particular, the UK Government's Ten Point Plan for a Green Industrial Revolution highlights a number of areas of alignment with the SILCG programme including:

- Driving the Growth of Low Carbon Hydrogen
- Accelerating the Shift to Zero Emission Vehicles
- Green Public Transport
- Greener Buildings
- Investing in Carbon Capture, Usage and Storage

These low carbon growth opportunities are included in the Energy White Paper 'Powering our net zero future'. Further detail of funding programmes to support these policy measures will emerge.

The SILCG programme will seek to secure funding from the following low carbon funding programmes, and seek to secure additional private sector investment:

- UKRI Industrial Strategy Challenge Fund (ISCF) - Clean Growth Challenge
- Industrial Decarbonisation Fund
- Manufacturing made smarter
- Prospering from the Energy Revolution
- Transforming Foundation Industries

Source: <https://www.ukri.org/our-work/our-main-funds/industrial-strategy-challenge-fund/clean-growth/>

UK Government Funding:

- Net zero hydrogen fund
- Clean Steel Fund
- Strength in Places Fund
- Industrial Energy Transformation Fund (IETF)

Source: <https://www.gov.uk/apply-funding-innovation>

### 5.3 Use of Specialist Advisors

Specialist advice has been used for the development of the business case, however the SRO and SILCG Programme Board retain ownership of the business case and its development.

The programme will use specialist advisors in the following areas.

*Table 5.4 Programme specialist advisors*

Category	Specialist Advice
Business case development	Value People Ltd
Financial	Neath Port Talbot CBC, Financial Services
Legal	Neath Port Talbot CBC, Legal Services
Technical	Swansea University
	University of South Wales
	Vortex IoT
Programme / project management	Neath Port Talbot CBC, European & Strategic Funding Team
	Project Manager to be appointed
Programme / project assurance	Welsh Government Integrated Assurance Hub

#### 5.3.1 Technical Advisory Group

A Technical Advisory Group (TAG) will be established to provide impartial advice to the programme team and partners. The group will include industry experts, academia, government, and utility companies.

The TAG will also consider skills for the green economy and will align to the UK Government Green Jobs Taskforce<sup>76</sup>, which aims to support 2 million green jobs by 2030.

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<sup>76</sup> <https://www.gov.uk/government/groups/green-jobs-taskforce>



Terms of reference will be agreed including declarations of interest and the purpose of the group.

#### **5.4 Change and Contract Management Arrangements**

The programme team and SILCG programme board will develop and agree a change control procedure, in line with the PoMO change control procedure. This will provide an acceptable procedure for the delivery of change over the life of the programme to manage anticipated and unexpected change.

Neath Port Talbot will lead on programme procurement activity and has an existing contract management process in place.

#### **5.5 Benefits Realisation Arrangements**

The necessary management arrangements will be put in place to ensure that the programme delivers its anticipated benefits. The benefits for the SILCG programme were identified in the Strategic Case and were assessed in the Economic Case. These are the core benefits and form the initial benefits register.

The Programme Manager will develop a benefits realisation plan and benefits register in accordance with the HM Treasury Green Book guidance. The benefits register will be based on the funded outputs and realisation of wider investment objectives and will be an integral part of programme management meetings. The benefits register will be owned by the SILCG Programme Board.

Benefits Register is at Annex 5.3

#### **5.6 Risk Management Arrangements**

The Programme Manager will develop a risk management strategy and further develop the risk register. An initial programme risk register has been developed and will be developed further in accordance with HM Treasury Green Book guidance. The programme risk register is aligned to the SBCD Portfolio Risk Register.

The City Deal portfolio risk register is sub-divided into the areas of: development; implementation; operational and financial.

The programme has developed a Covid-19 Impact Assessment which will be monitored alongside the risk register.

The risk register is an integral part of programme management meetings and is attached in Annex 5.4

An initial issues log has been developed and is an integral part of programme management meetings and is attached in Annex 5.5. This aligns to the SBCD Portfolio issues log.

## **5.7 Programme Assurance**

The programme has developed a programme level Integrated Assurance and Approval Plan (IAAP) (Annex 5.6) which is a live document with regular updates.

As detailed in the IAAP the SILCG programme will be subject to Office of Government Commerce (OGC) Gateway Reviews.

The SILCG programme underwent a Project Assessment Review (PAR) in June 2020 and a Critical Friend Review (CFR) in October 2020. The programme received a Delivery Confidence Assessment of 'amber' and the programme team and partners have developed an action plan to address the recommendations of the reviews.

The reports from the Project Assessment Review (PAR) (June 2020) and Critical Friend Review (CFR) (October 2020) are at Annex 5.7 and 5.8.

The Peer Review carried out by David Swallow Consulting Ltd is at Annex 5.9

### 5.7.1 Monitoring during implementation

An initial monitoring and evaluation plan has been developed (Annex 5.10) which is aligned to the City Deal portfolio monitoring and evaluation plan. This monitoring and evaluation plan will evolve as the programme matures.

The Programme will report on progress to the monthly SILCG Programme Board meetings and will submit monthly highlight reports to the PoMO along with quarterly and annual reports.

### 5.7.2 Post implementation and evaluation arrangements

The Post Implementation Review will involve a detailed review of the outputs and benefits of the programme. The timescale for carrying out this review after the programme closure will be decided by the Programme SRO and SILCG Programme Board. The review team will be independent to the programme.

The Programme Manager will ensure a Programme Implementation Review and a Post Evaluation Review will be carried out in line with HMT Green Book guidance.

## 5.8 Contingency Arrangements and Plans

The Programme Manager will have quarterly monitoring meetings with the SRO and Programme Board to review programme progress, risks, issues and performance against targets, timescales and budget.

## 5.9 Communication and Dissemination Arrangements

There will be a coordinated approach to branding, communications and marketing.

An initial stakeholder mapping has been carried out and stakeholders have been identified from Welsh and UK Governments, industry including Industry Wales, academia in relation to RD&I and skills. This mapping will inform the programme communications plan in line with the good practice example of the power / interest matrix in the diagram below.

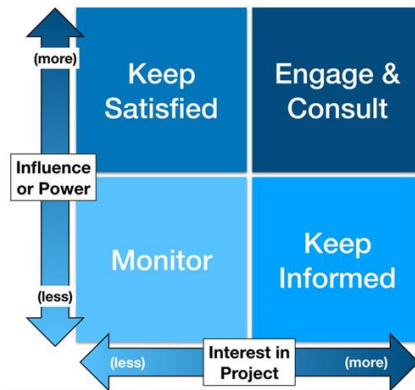


Figure 5.4 Stakeholder power/interest matrix

At pre-approval stage, the following stakeholders have been identified and engagement activity has commenced in developing the programme business case.

Stakeholder	Engagement activity to date
Welsh Government	Policy workshops Project meetings
UK Government	Policy workshops Project meetings
Industry Wales	Regular engagement meetings
South Wales Industrial Cluster (SWIC)	Engagement meetings

An initial communications plan has been developed (Annex 5.11)

## Appendix 6 - EAMPF Procurement and Design & Build Gantt chart

Task	2023		2024												2025												2026												
	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	
SBCD PB/JC Approval	█																																						
Design brief development			█	█	█																																		
2 stage Design & build procurement process commence						█																																	
Operator procurement commence						█	█	█																															
Stage 1 Design & build phase commences (1 yr design/planning)										█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
Stage 2 D&B Commence (1 - 1.5 yrs build)																																							
Facility Opens																																						█	



# Agenda Item 12



Swansea Bay City Region Joint Committee – 16 November 2023

## Financial Monitoring Report 2023/24 - Provisional Outturn Position Quarter 2 (July - Sept 2023)

<b>Purpose:</b>	To provide Joint Committee an update on the latest financial position of the Swansea Bay City Region.
<b>Policy Framework:</b>	Swansea Bay City Deal
<b>Consultation:</b>	Accountable Body
<b>Recommendation(s):</b>	It is recommended that the Joint Committee:  1) Review and approve the financial monitoring update report for submission to Joint Committee.
<b>Report Author:</b>	Chris Moore, Section 151 Officer, SBCD
<b>Finance Officer:</b>	Chris Moore, Section 151 Officer, SBCD
<b>Legal Officer:</b>	Debbie Smith, Monitoring Officer, SBCD

### 1. Introduction

1.1 This report details the forecasted year end outturn position of the Joint Committee and the Portfolio Investment Fund. The Financial Monitoring Report presents the City Deal Accounts in a detailed format, in line with Carmarthenshire County Council's financial management system.

### 2. JOINT COMMITTEE – Estimated Forecast Outturn Position

#### 2.1. Supplementary Information

The outturn position includes 'Top Slice' of Government Grants in terms of income. On drawdown of government grants, 1.5% of this will be utilised to support the PoMO and the direct administration functions of the Portfolio. Any contribution from Government grants utilised within the financial year will be transferred to a ring-fenced reserve at year end, for utilisation in future years.

In June 2022 Joint Committee has previously agreed and set a five-year operational budget which has been revised on a continual basis. Since this period the operational budget has been reviewed and a detailed breakdown of the Joint

Committee - Provisional Quarter 2 Outturn Position Financial Year 2023/24 is included in Appendix A.

## **2.2. Joint Committee and Accountable Body**

The Joint Committee and Accountable Body expenditure forecast is estimated at £1,635k. This is in respect of democratic support, support of the portfolio monitoring officer and legal fees in respect of the funding agreements. Internal audit has been forecasted. The Accountable Body expenditure is attributable to service provision by the Portfolio Section 151 Officer to the Swansea Bay City Deal and the annual external audit review by Audit Wales.

The accrued interest in residual cash balances is invested in line with Carmarthenshire County Council's approved Treasury Management Strategy. Any interest accrued on such cash balances is dispersed back to projects on an appropriate apportionment methodology (JC – 11 June 2020). The accounting management of this has been amended to clearly demonstrate the interest accrued and paid out. The accrued interest for 2023-24 is estimated at £1,535k.

## **2.3. Joint Scrutiny Committee**

The Joint Scrutiny Committee expenditure consists of democratic services and related costs, provided by Neath Port Talbot County Borough Council. This has been forecasted at £22k.

## **2.4. Portfolio Management Office (PoMO)**

For the period ending 31<sup>st</sup> March 2024 the expenditure is estimated at £642k. The PoMO staffing cost is estimated at £509k which includes the expected 2023-24 pay adjustment of 5%. There is an underspend of £72k against budget, this is due to all posts being budgeted at the top of grade and savings due to in year temporary staffing vacancies.

Rents and service charges in respect of office space total £23k, fees including consultancy and gateway reviews have been forecast at £27k which includes project management software purchased, and conferences, marketing and advertising estimated at £54k including the annual event.

Central Recharges of £28k has been included being the contribution to Carmarthenshire County Council as the host Authority's costs for supporting the PoMO. These include payroll, Pensions, Creditors, Debtors, Human Resources support, Information Technology Support, financial systems support, Chief executive administration support, employee support and all necessary insurances.

## **2.5. Income**

Total income for the year demonstrates £2,295k. This consists of anticipated drawdown of 'Top Slice' of £761k from the dispersed grant awards and estimated interest derived from cash balances £1,535k.



## **2.6. Financial Monitoring - Statement of Balances**

The prior year (2022/23) balance carried forward in reserve demonstrates £140.8k. Currently the estimated year end position of the City Deal accounts demonstrates a deficit of £73.6k, this is due to a timing effect attached to the grant dispersed to projects/programmes within the year. This results in an anticipated reserve of £67.2k at year end.

## **3. PORTFOLIO INVESTMENT FUND – Forecast Outturn Position**

### **3.1. Provisional Portfolio Investment Outturn Position**

The overall estimated investment position is demonstrated at £1.279bn (Quarter 1 2023/24 - £1.255bn) over the fifteen-year life of the portfolio. The revised budget (Quarter 3 2022/23) comprised of a total investment of £1.248bn, currently the City Deal is presenting an over investment against the revised budget of £31m.

Details of significant variances are outlined below:

Digital Infrastructure is demonstrating £15.8m over investment against budget mainly due to additional private sector funding.

Swansea Waterfront is demonstrating an overinvestment of £5m. Swansea Council have completed a reconciliation of costs relating to the Arena and Public Realm and an additional payment of £14.4m is to be allocated between each asset. This brings the total public sector spend to £73.4m against the original business case total of £69m, this £4.4m overspend will be absorbed into the wider Copr Bay project spend and will be covered by the Local Authority.

Pentre Awel has commenced construction and is demonstrating £6m over investment against budget. Work is estimated to be completed during Autumn 2024.

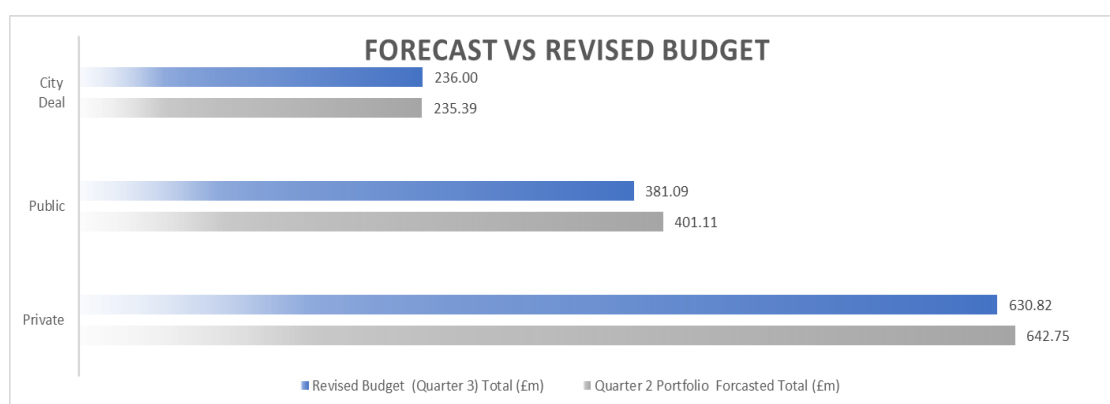
PDM is demonstrating an over investment of £4m. The PDI project is now demonstrating a total investment of £48m project (increased from £41.5m at Approval), the majority of which has come from WEFO (increase from circa £7m to £12m) and the balance from private (port) sources.

**Portfolio Forecast (Estimated)**

Prior Quarter Portfolio Forecasted Total (£m)	Investment Component	Revised Budget (Quarter 3) Total (£m)	Quarter 2 Portfolio Forecasted Total (£m)	Variance (£m)	Variance
234.61	City Deal	236.00	235.39	-0.61	-0.26%
385.48	Public	381.09	401.11	20.02	5.25%
634.42	Private	630.82	642.75	11.94	1.89%
<b>1,254.51</b>	<b>Grand Total</b>	<b>1,247.91</b>	<b>1,279.25</b>	<b>31.34</b>	<b>2.51%</b>

**Programme Breakdown (Estimated)**

Prior Quarter Programme/Project Forecast Total (£m)	Programme/Projects	Quarter 2 Forecast				Revised Budget (Quarter 3) Total (£m)	Variance (£m)	Variance (%)
		City Deal Investment (£m)	Public Sector Investment (£m)	Private Sector Investment (£m)	Programme/Project Total (£m)			
71	Digital Infrastructure	25	18	28	71	55	16	29%
506	Homes as Power Stations	15	115	376	506	506	-	0%
136	LS&WB Campuses	15	59	62	136	135	1	1%
63	Pembroke Dock Marine	28	19	17	64	60	4	6%
206	Pentre Awel	40	58	108	206	200	6	3%
30	Skills & Talent	10	16	4	30	30	-	0%
59	Supporting Innovation and Low Carbon Growth	48	6	6	59	59	0	0%
159	Swansea Waterfront	50	92	41	183	178	5	3%
25	Yr Egin	5	19	2	25	25	0	0%
<b>1,255</b>	<b>Grand Total</b>	<b>235</b>	<b>401</b>	<b>643</b>	<b>1,279</b>	<b>1,248</b>	<b>31</b>	<b>3%</b>



### 3.2. Provisional Annual Investment Forecast 2023/24

The forecast estimated investment for the financial year ending 31<sup>st</sup> March 2024 is demonstrated at £148.1m. The annual investment forecast is currently demonstrating an annual under-investment of £39.2m, in respect of the following:

PDM is demonstrating an over investment of £4m. The PDI project is now demonstrating a total investment of £48m project (increased from £41.5m at Approval), the majority of which has come from WEFO (increase from circa £7m to £12m) and the balance from private (port) sources.

Digital Infrastructure’s public and private sector spends are behind profile due to funding agreements not yet being signed. Accurate public and private sector investment figures have been established for 2021/22 which have now been included following completion of an externally commissioned benefits realisation exercise which was conducted by Farrpoint and completed in January 2022. This exercise will be undertaken on an annual basis to accurately determine levels of public and private inward investment however, this assessment requires information and data that is not released until the Autumn of the year following which it is reported. This will therefore continue to require retrospective updated investment reporting to reflect the actual and accurate public and private investment.

Yr Egin Phase 2 (the active component of the wider Egin project) is currently going through a change notification process to significantly change the delivery methodology. This will have a significant impact on the project investment once more up to date costings are identified via expert consultants. This should be in place by September 2023.

The HAPS project will soon launch the Financial Incentives Fund (FIF) with payment to successful schemes being made following installation of the HAPS technologies. In some cases, monitoring will take place for up to 12 months prior to technology being installed. This has resulted in moving the profile of defrayed spend for the £5.75m FIF into latter years than originally profiled.

The HAPS project has now recruited and successfully filled the post of HAPS Supply Chain Lead and will be launching the Supply Chain Fund this year, however it is unlikely there will be spend of over £500k during 2023/24 and therefore the majority of the spend has been reprofiled into next year.

The Skills and Talent project is demonstrating slippage in delivery within the year. The project has currently awarded funding to six successful school, further and higher education pilot projects and will review the funding mechanism in the new year. This this is not expected to have an impact on the total investment for the project.

Pentre Awel's annual investment profile was estimated as at quarter 3, currently construction enabling works have commenced and will be completed as at Autumn 2024. Whilst slippage has occurred this financial year due to small spend in the preliminary stages, this will accelerate over the remaining 17-month period of construction. This is not expected to have an impact on the total investment for the project.

The SWITCH project has announced Morgan Sindall as the successful contractor on the 2nd May with a kick off meeting held mid-May with all parties involved. The first design meeting took place on 8th June with subsequent monthly meetings scheduled. The project also met with Swansea University to progress Heads of Terms document.

Swansea Waterfront is demonstrating an overinvestment of £5m. Swansea Council have completed a reconciliation of costs relating to the Arena and Public Realm and an additional payment of £14.4m is to be allocated between each asset. This brings the total public sector spend to £73.4m against the original business case total of £69m, this £4.4m overspend will be absorbed into the wider Copr Bay project spend and will be covered by the Local Authority.

**Portfolio Summary 2023/24**

Description	Revised Budget	Quarter 2 Provisional Outturn Position				Variance
		Actuals (to Date)	Commitments	Forecast Commitments	Total Annual Forecast	
		(£)	(£)	(£)	(£)	
<b>City Deal Investment</b>						
Capital	76,959,257	15,154,598	3,156,806	39,754,424	58,065,827	- 18,893,430
Revenue Expenditure (where capital receipts directive applied)	5,037,776	79,073	400,000	2,496,862	2,975,935	- 2,061,841
<b>City Deal Total</b>	<b>81,997,033</b>	<b>15,233,670</b>	<b>3,556,806</b>	<b>42,251,286</b>	<b>61,041,762</b>	<b>- 20,955,271</b>
<b>Public Sector Investment</b>						
Capital	49,736,343	22,795,601	5,005,129	35,781,015	63,581,745	13,845,402
Revenue	6,845,658	2,426,914	39,500	1,482,000	3,948,414	- 2,897,243
<b>Public Sector Total</b>	<b>56,582,001</b>	<b>25,222,515</b>	<b>5,044,629</b>	<b>37,263,015</b>	<b>67,530,159</b>	<b>10,948,158</b>
<b>Private Sector Investment</b>						
Capital	47,007,411	1,596,000	-	16,294,692	17,890,692	- 29,116,719
Revenue	1,721,273	271,470	925,796	461,693	1,658,959	- 62,314
<b>Private Sector Total</b>	<b>48,728,684</b>	<b>1,867,470</b>	<b>925,796</b>	<b>16,756,386</b>	<b>19,549,652</b>	<b>- 29,179,033</b>
<b>Project Total</b>						
Capital	173,703,011	39,546,199	8,161,935	91,830,131	139,538,265	- 34,164,747
Revenue	13,604,707	2,777,457	1,365,296	4,440,555	8,583,308	- 5,021,398
<b>Project Total</b>	<b>187,307,718</b>	<b>42,323,656</b>	<b>9,527,231</b>	<b>96,270,687</b>	<b>148,121,573</b>	<b>- 39,186,145</b>

**Annual Programme Investment Breakdown 2023/24 (Estimated)**

Description	Revised Budget	Quarter 2 Provisional Outturn Position				Variance
		Actuals (to Date)	Commitments	Forecast Commitments	Total Annual Forecast	
		(£)	(£)	(£)	(£)	
Digital Infrastructure	15,602,392	-	-	10,102,392	10,102,392	- 5,500,000
Homes as Power Stations	17,466,503	79,073	-	5,626,430	5,705,503	- 11,761,000
LS&WB Campuses	8,866,505	366,625	681,283	7,818,598	8,866,505	-
Pembroke Dock Marine	8,120,992	10,485,971	129,152	9,792,676	20,407,799	12,286,807
Pentre Awel	59,122,658	5,179,079	-	41,937,921	47,117,000	- 12,005,658
Skills & Talent	6,700,000	-	1,275,264	2,001,776	3,277,040	- 3,422,960
Supporting Innovation and Low Carbon Growth	28,749,240	121,334	-	2,494,573	2,615,907	- 26,133,333
Swansea Waterfront*	36,959,428	26,091,574	7,441,532	16,496,321	50,029,427	13,069,999
Yr Egin	5,720,000	-	-	-	-	- 5,720,000
<b>Total</b>	<b>187,307,718</b>	<b>42,323,656</b>	<b>9,527,231</b>	<b>96,270,687</b>	<b>148,121,573</b>	<b>- 39,186,145</b>

### 3.3. Capital and Revenue Apportionment

There is currently an estimated revenue requirement of £58.04m (4.54%) to deliver the city deal projects. This will be supported through the use of the Local Authorities flexible capital receipts directive, and alternative public and private sector commitment. The revenue requirement demonstrates a small change compared with the prior period (Quarter 1 2023/24 - £56.42m), this is as a result of some small fluctuation across several projects.

**Capital/Revenue Summary (Estimated)**

Investment Component	Capital Forecast (£m)	Revenue Forecast (£m)	Total Forecast (£m)	Revenue Proportion
City Deal	217.96	17.43	235.39	7.41%
Public	372.42	28.61	401.03	7.14%
Private	630.76	11.99	642.75	1.87%
<b>Grand Total</b>	<b>1,221.14</b>	<b>58.04</b>	<b>1,279.17</b>	<b>4.54%</b>

## 4. Financial Implications

4.1 The forecasted Joint Committee Quarter One out-turn position (as at 30<sup>th</sup> September 2023) indicates a deficit of £73.6k, which will be supported by the Swansea Bay City Deal ring-fenced reserve at the year end. Expenditure is forecasted at £2,369k, which is offset by the 'Top Slice' of dispersed Government grants of £761k and estimated interest derived from cash balances £1,535k.

4.2 The business cases of all nine SBCD Portfolio programmes and projects have now been formally approved and a revised budget was compiled in Quarter Three 2022/23 for the portfolio demonstrating £1.248billion. The estimated portfolio forecasted investment position (as at 30<sup>th</sup> September 2023) demonstrates over investment against the revised budget of £31m. Currently the portfolio is presenting a total investment over the fifteen-year life span of the Swansea Bay City Region Deal of £1.279billion. This is subject to fluctuation over the life span of the project and will continue to be monitored quarterly through financial templates and through the Portfolio risk register.

## **5. Legal Implications**

5.1 There are no legal implications associated with this report.

**Background papers:** None

### **Appendices:**

Appendix A – Provisional Quarter 2 Outturn Position Financial Year 2023/24

**Joint Committee - Provisional  
 Quarter 2 Outturn Position Financial  
 Year 2023/24  
 as at 30th September 2023**

Description	Budget 2023/24	Forecast Outturn 2023/24	Variance
	£	£	£
<b>Expenditure</b>			
<b><u>Programme Management Office</u></b>			
Salary (Inc. On-costs)	580,576	508,518	- 72,058
Training of Staff	27,862	6,000	- 21,862
Rents (The Beacon)	16,921	15,633	- 1,288
Rates (The Beacon)	7,472	7,022	- 450
Public Transport - Staff	2,185	-	- 2,185
Staff Travelling Expenses	17,482	5,500	- 11,982
Admin, Office & Operational Consumables	2,732	1,500	- 1,232
Furniture	1,071	1,000	- 71
Fees	27,316	27,000	- 316
ICTs & Computer Hardware	2,678	-	- 2,678
Subsistence & Meetings Expenses	8,741	2,500	- 6,241
Conferences, Marketing & Advertising	81,947	54,170	- 27,777
Projects & Activities Expenditure	15,297	-	- 15,297
Translation/Interpret Services	10,296	10,700	404
Printing & Copying	4,917	2,000	- 2,917
<b>Programme Management Office Total</b>	<b>807,493</b>	<b>641,544</b>	<b>- 165,949</b>
<b><u>Accountable Body</u></b>			
Audit Wales- Financial Audit	26,780	13,030	- 13,751
Section 151 Officer	59,268	59,258	- 10
Interest paid Out to Projects	-	1,534,610	1,534,610
<b>Accountable Body Total</b>	<b>86,048</b>	<b>1,606,897</b>	<b>1,520,849</b>
<b><u>Legal and Governance</u></b>			
Monitoring Officer	38,198	38,472	274
Legal Advisory Fees	26,780	10,000	- 16,780
<b>Legal and Governance Total</b>	<b>64,978</b>	<b>48,472</b>	<b>- 16,506</b>
<b><u>Joint Committee</u></b>			
Room Hire	1,986	-	- 1,986
Subsistence & Meeting Expenses	3,671	-	- 3,671
Travel	-	-	-
Democratic, Scrutiny and Legal Support Costs	27,737	27,935	198
<b>Joint Committee Total</b>	<b>33,394</b>	<b>27,935</b>	<b>- 5,459</b>
<b><u>Joint Scrutiny Committee</u></b>			
Room Hire	-	-	-
Subsistence & Meeting Expenses	7,364	-	- 7,364
Travel	1,311	-	- 1,311
Democratic, Scrutiny and Legal Support Costs	22,129	22,171	42
<b>Joint Scrutiny Committee Total</b>	<b>30,804</b>	<b>22,171</b>	<b>- 8,633</b>
<b><u>Internal Audit</u></b>			
Audit Support	22,013	22,064	51
<b>Internal Audit Total</b>	<b>22,013</b>	<b>22,064</b>	<b>51</b>
<b><u>Provision for Unwinding of PoMO</u></b>			
Redundancies	37,674	-	- 37,674
<b>Provision for Unwinding Total</b>	<b>37,674</b>	<b>-</b>	<b>- 37,674</b>
<b>Total Expenditure</b>	<b>1,082,404</b>	<b>2,369,083</b>	<b>1,286,679</b>
<b><u>Funding Contributions</u></b>			
Balance C/F from previous year	-	-	-
SBCD Grant Revenue Contribution	723,000	760,858	37,858
Partner Contributions	-	-	-
Interest Income /- contribution from LA'S	-	1,534,610	1,534,610
<b>Total Income</b>	<b>723,000</b>	<b>2,295,468</b>	<b>1,572,468</b>
<b>Provision of Service - Surplus / (Deficit)</b>	<b>(359,404)</b>	<b>(73,615)</b>	<b>285,789</b>
<b><u>Movement to Reserves</u></b>			
<b>Description</b>		<b>2022/23 £</b>	<b>2023/24 £</b>
Balance Brought Forward from previous year		220,361	140,801
Net Provision of Service - Surplus / (Deficit)		(79,560)	(73,615)
<b>Balance Carry Forward</b>		<b>140,801</b>	<b>67,186</b>

# Agenda Item 13



Swansea Bay City Region Joint Committee - 16 November 2023

## Swansea Bay City Deal Quarterly Monitoring Report

<b>Purpose:</b>	To inform Joint Committee of the SBCD Quarterly Monitoring Report for both the SBCD Portfolio and its constituent programmes / projects
<b>Policy Framework:</b>	Swansea Bay City Deal (SBCD) Joint Committee Agreement (JCA)
<b>Report Author:</b>	Amanda Halfhide (SBCD Senior Portfolio Support Officer)
<b>Finance Officer:</b>	Chris Moore (SBCD S151 Officer)
<b>Legal Officer:</b>	Debbie Smith (Deputy Chief Legal Officer)
<b>FOR INFORMATION</b>	

### 1. Introduction

- 1.1 SBCD Quarterly Monitoring Report for the SBCD Portfolio and its constituent projects provides the Programme (Portfolio) Board with a summary of key activity for the last 3 months and current quarter planned activity.

### 2. Background

#### 2.1 Annex A: Dashboard Quarterly Monitoring

A summary of all the Quarterly Reporting documentation. It was agreed by Joint Committee that the following components would be included in the initial iteration in quarterly monitoring dashboards:

Item	Theme	Update	Annex
1.	Programme / Project RAG Status	PDM moved from Amber to Green. PAR review completed in Sept / Oct 23, which concluded PDM is mostly green	A / B
2.	Portfolio Delivery Timeline	Minimal change	-
5.	Benefits Realisation	Increase in jobs created from 542 to 550	C

6.	Financial Management	Detailed information is in the Quarterly Financial Monitoring Report	-
9.	Communications & Engagement & Business Engagement	Part of Quarterly Monitoring Report	A/B
10.	Procurement Pipeline	Minimal change. As below table	E
11.	Change Notifications	N/A	-

### **2.3 Annex B: The SBCD Quarterly Monitoring Report is made up of 2 levels with several components**

- Portfolio
  - Communications and Marketing
- Programmes / Project
  - Scorecard with status summary
  - Previous quarter achievements and current quarter planned activities
  - Outputs

### **2.4 Appendix C: Benefits Realisation**

The SBCD Benefits Register captures the annualisation of Portfolio benefits for Investment, and Jobs that will be delivered up to 2032/33

Increase in jobs created from 542 to 550 due to increase with Digital Infrastructure and HAPS

### **2.5 Annex D: Portfolio Gateway 0 Review Action Plan**

The SBCD Portfolio Action Plan available in Appendix F has been developed in response to the recommendations made in the Gateway 0 review undertaken in July 2023

The Action Plan is a 'live' document, updated on a monthly basis with the potential to expand the scope of the plan to incorporate other work areas of the PoMO. As such it will be the Portfolio Action Plan and a key operational document for overseeing the timely and effective delivery of the forward work programme of the SBCD PoMO.

### **2.6 Annex E: Procurement Pipeline**

The SBCD has an agreed set of procurement principles that outline the expected approach for its programmes and projects to follow. Achieving the maximum of community benefit and social value are primary considerations of these principles.

This procedure accepts that there is an obligation in the WPPS for the public sector to report community benefits annually for projects over £1m, utilising an acceptable method such as the WG community benefits toolkit. The SBCD procurement principles acknowledge this requirement.



The SBCD Procurement Pipeline details the route of procurement, start and completion date and contract value which covers the design and construction phase of the SBCD Programmes and Projects

The Portfolio in Q2 2023/24 is generally on track with minimal changes from Q1 2023/24. Changes reflect that the projects and programmes are in delivery and maturing their procurement plans with more accurate delivery target from contractors.

Project/programme procurement movement this quarter include:

Table 1

Digital	<p>Connected Places</p> <ul style="list-style-type: none"> <li>• Procurement moved by 1Q to Q3/4 2023.</li> </ul> <p>Rural Connectivity</p> <ul style="list-style-type: none"> <li>• Design Date moved from Q4 2023 to Q1 2024</li> <li>• Procurement date moved by 1Q from Q1 2024 to Q2 2024</li> <li>• New entry - on site now Q4 2024</li> </ul> <p>Next Gen Wireless</p> <ul style="list-style-type: none"> <li>• New entry procurement route via grant fund</li> <li>• procurement date moved from Q2 2023 to Q4 2023</li> <li>• Completion date amended from Q4 2026 to Q4 2025.</li> </ul>
Yr Egin 2	<p>Procurement now anticipated Q4 2023</p> <p>Onsite anticipated 2024</p> <p>Completion anticipated 2024</p>
SILCG	No change
Skills and Talent	No change
HAPS	Financial Incentive Fund Launched
PDM	<p>PDZ</p> <ul style="list-style-type: none"> <li>• Environmental Scoping amended to Q2 2023</li> <li>• Offshore scoping held pending updated funding.</li> </ul> <p>META</p> <ul style="list-style-type: none"> <li>• Environmental Surveys amended to Q3 2022 from 2023</li> </ul>
Swansea Waterfront	<p>Innovation Precinct (predicted)</p> <ul style="list-style-type: none"> <li>• Procurement moved to Q1 2024 from Q4 2023</li> <li>• Onsite moved to Q2 2024 from Q1 2024</li> <li>• Completion moved to Q2 2025 from Q1 2025</li> </ul>

### 3. Financial Implications

3.1 There are no financial implications associated with this report. Portfolio financial monitoring will be reported separately through the Accountable Body.

### 4. Legal Implications

4.1 There are no legal implications associated with this report.

### 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: Dashboard Quarterly Monitoring
- Appendix B: SBCD Quarterly Monitoring Report
- Appendix C: Benefits Realisation
- Appendix D: Portfolio Gateway 0 Action Plan
- Appendix E: Procurement Pipeline

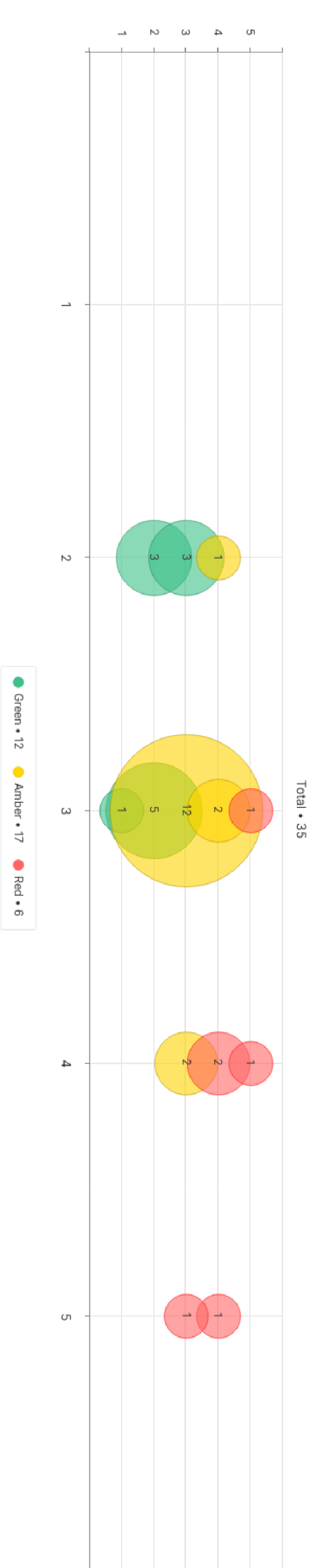
## SBCD Portfolio RAG Status

## Appendix A

Name ↑	RAG Delivery	RAG Scope	RAG Staffing/resource	RAG Finance	RAG Stakeholder Engagement	RAG Overall Rating
Campuses	Red	Green	Red	Amber	Green	Red
Digital Infrastructure	Amber	Amber	Amber	Amber	Green	Amber
HAPS	Amber	Green	Green	Amber	Amber	Amber
PDM	Amber	Green	Green	Green	Green	Green
Pentre Awel	Green	Green	Green	Green	Green	Green
SILCG	Amber	Green	Green	Green	Green	Green
Skills & Talent	Green	Green	Green	Green	Green	Green
Swansea Waterfront	Amber	Green	Green	Amber	Green	Amber
Yr Egin	Green	Amber	Green	Amber	Green	Amber

## SBCD Red Issues

Issue ID	Issue Rating	Description	Follow on Actions
SBCD025	Red	Delay in funding agreements being approved	<p><b>31/03/23</b> Campuses project continues to be delayed currently with the Lawyers in Swansea University and Swansea Council. Resolution in place and due to be completed imminently. PoMO to chase status of 3 Regional Programmes / Projects and their funding agreements.</p> <p><b>29/06/23</b> Campuses agreement still outstanding, currently looking at approx 18/24 months delay compared to timeline outlined in Business Case.</p> <p><b>18/10/23</b> Secondary funding agreement with Campuses awaiting confirmation between Swansea University and Swansea Bay University Health Board</p>



### Red Risks

Name Resid... Description

Mitigation Plan



**Increase in cost of construction** Red Risk that cost of construction may increase impacting on budgets set out in Programme / Project Businesses resulting in an overspend

**03/04/23** Continue utilising Construction Impact assessment highlighting the Portfolio funding gap which will be taken from the Construction Cost Assessment report. Continue to work with Programme and Projects on funding and build impacts linked to any value engineering activity undertaken in order to reduce increase cost pressures.

**15/06/23** Programmes / Projects have reported no change in forecast cost increases since Q3 2022/23. Future iterations of the Construction Impact Assessment will include a tab highlighting the previously forecasted funding gap allowing projects to update actual figures once procurement activity has been completed. Finance Manager to review potential inflation impacts of projects to be procured later than this financial year.

**09/10/23** Latest Construction Impact Assessment (CIA) summary demonstrates a £36m funding gap which is an increase from £31m in previous month. This is due to Campuses and PDM rising cost of construction. Mitigation in place for both projects as detailed in report. Continue to monitor and update CIA report

[Linked to Issue ID021.](#)

**Welsh Government 2021 update of TAN 15** Red development risk of flooding, coastal erosion & associated flood planning maps.

**Proposed updates to the TAN and maps** have recategorised the vulnerability of certain developments, increased the extent of the flood maps and the ability of land owners and local authorities to potentially achieve planning permission and ultimately develop land affected by the 2021 updates.

**03/04/23** NRW re-reviewing TAN 15 wording and flood maps in relation to feedback from Local Authorities and consultation undertaken post original release. Further details to follow.

**15/06/23** The focused consultation on further changes to Technical Advice Note 15 (TAN 15) concluded on 17 April. Analysis of the

In Year Underspend

Red

Having undertaken a reprofiling and baselining exercise across the Portfolio, there is a risk of an in year underspend of circa 10% of the portfolio value, however this has no effect on the overall investment of the Portfolio or the wider benefits and deliverables.

consultation responses is now underway and there is a substantial amount of detailed work to be undertaken in analysing the responses. Given the size and complexity of the task in analysing the responses and making further changes to the TAN it is unlikely that the new version of the TAN will come into force before the end of this year.

**09/10/23**  
Awaiting update.

**03/04/23**  
CCC Finance to undertake re-profile of slippage from current year and future profiled investment in Q1 23/24

**15/06/23**  
Financial reprofile undertaken Q1 2023/24 and will be reported through SBCD Governance Boards.

**09/10/23**  
The reprofile Q1 2023/24 reported a circa £50m slippage for 2023/24. Financial forecasting will continue to be monitored.

Slippage in delivery of programmes / projects against key milestones

Red

As all City Deal Business Cases have now been approved the risk that City Deal doesn't achieve the outcomes intended within the timescales agree due to slippage in delivery of programme against key milestones resulting in borrowing and recuperation not accurately reflecting spend. Has been re-assessed following the closing of Risk ID SBCD013.

**03/04/23**  
Through Celoxis and centralised Gantt charts we should be able to view the slippage. PoMO need to be persistent with the change management process

**28/06/23**

The Portfolio has been tasked with reprofiling following in year slippage and determining accurate spend profiles which will provide more accurate delivery and completion milestones. (Linked to Financial Slippage Risk). PoMO have undertaken a refresher training session for change processes and PL's will need to complete all outstanding change notifications and requests to ensure accurate change to timelines has been recorded.

**09/10/23**

PoMO to query with projects experiencing in year slippage as to the wider impacts to delivery and timescales. PM's to submit change notifications detailing known or potential slippage

Prog/Proj delivering all outputs and outcomes within the business case

Red

Risk that programmes and projects will not deliver elements of the business case resulting in depleted benefits being delivered. Currently funding agreements ensure that programmes and projects are committed to the delivery of business case objectives through the delivery of the outputs, however some of the business cases rely on the outcomes in order to realise the benefits within them. It is a risk if both outputs and outcomes are not delivered upon, however if an output or outcome is not attempted then the organisation will have failed to use best endeavours

**14/04/23**  
Joint scrutiny Committee and partner Local Authority scrutiny committees are showing more interest in reporting of Benefits Realisation. PoMO will continue to work with programme and projects to ensure benefits are forecasted and reported and that the change processes are utilised in order to report, record and approve any variance to anticipate benefits

**28/06/23**

A Template has been devised on Celoxis providing a consistent approach to benefit / community benefit reporting providing more visibility of what projects are updating against benefits targets allowing for greater scrutiny at a portfolio level.

**16/10/23**

Monitoring & Evaluation Task & Finish Group in place which will determine all portfolio, programme and project deliverables and a framework to evaluate against BC targets. PoMO will continue to attempt to incorporate benefits realisation into Celoxis with dashboard .

Pressure on construction industry to meet

Red

Construction Industry reporting issues across supply chains especially recruitment

**03/04/23**

Construction and Community Benefits group held its second

demand of City Deal and other public sector procurements and response to tender calls due to inflationary pressures and market volatility. Particularily regarding the amount of contracts likely to be issued over the next year.

meeting and received an update from Industry body CECA. Continue to monitor.

**28/06/23** Construction Impact Assessment and Funding Gap paper has been combined, which provides clearer oversight of increased costs once procurement activity completed.

**16/10/23**

*Information in the CI ECRG online report construction*

Active Change Requests

ID	Name	Description
001	Innovation Matrix Reprofile	Change Request Confirmation of Financial Reprofile Confirmation of revised Delivery Timeline
002	Swansea Waterfront	Change Notification Update Completion Date Swansea Arena Update Planned Completion Date 71/72
003	Digital Infrastructure Change Notification	Change Notification Confirmation of Business Case Updates
004	PDM Confirmation of PDI Completion Date	Change Notification Confirmation of PDI Completion Date
005	Campuses	Change Notification New estimate for sketty lane construction cost is £17.2 M as opposed previously forecast from the funding gap paper

Portfolio Gateway Review Action Plan

Task ↑	Task : Planned Finish	Comments
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1 - Reinforce communication of the strategic, regionalised approach, both internally and externally

31 Jul 24

Meet the City Deal Pembrokeshire event held 20th July and Carmarthenshire event confirmed for 27th November. Portfolio representation at Careers Wales events, Welsh Business Shows, Welsh Construction show and Intro Biz Expo in October

Established SBBCD Construction and Community Benefits sub group and Monitoring and Evaluation Task and Finish Group. Meetings held and schedule of future meetings set

2 - Further develop the benefits management approach to shift the focus to sustainable social and economic uplift, not just enablers.

31 Jul 24

SBBCD Monitoring and Evaluation Task and Finish Group established. Initial meeting held in August and Group now meeting at regular monthly intervals

Engagement initiated with other City and Growth Deals to identify best practice

3 - Review and refresh the Portfolio Governance structure

29 Dec 23

Discussions ongoing

4 - Emphasise the focus on Dependencies and Opportunities

30 Jul 24

ESB involvement in the development of project proposals and engagement being promoted across the portfolio as projects are developed and delivered. ESB Test and Challenge session held in October to discuss the Enhanced AMPF OBC

# Swansea Bay City Deal Portfolio Quarterly Monitoring Report (July - September 2023)

Appendix B

Programme / Project Scorecard							
Prog / Proj	Status Update	Delivery	Scope	Staffing Resource	Finance	Stakeholder Engagement	Overall (change)
Digital Infrastructure	<p>Programme remains on target to deliver objectives. PSBA FIB order has been submitted and is now in delivery, whilst Dark Fibre network design details have been finalised with each partner, pending issue of ITT w/c 30<sup>th</sup> October. Gigabit voucher schemes have re-opened for a short window until December with BDUK providing Go List which outlines eligible communities – local teams are reviewing to identify possible voucher schemes. 5G Investment Fund for use cases and trials paperwork completed, pending approval of fund Terms and Conditions by programme board; subsidy scheme has been published, awaiting completion of mandatory 30-day challenge period. All local staff resources now recruited, including central communications and engagement officer. Stakeholders in UK and Welsh Governments continue to be fully engaged, working closely with the Programme, ensuring alignment of national and regional connectivity projects, notably Project Gigabit. NROMR and Project Gigabit intervention areas are being reviewed pending receipt from BDUK.</p> <p>Gateway Review 0 to be completed in October 2023.</p> <p>Stakeholder engagement reduced to green – central and local teams in continuous dialogue with UK and Welsh Governments; and key national and regional private sector partners, including leading telecoms providers. Central team in regular contact with other growth deals to share best practice/lessons learned/challenges, and appointment of central communications and engagement officer will further support and increase stakeholder engagement activity.</p>						
Pembroke Dock Marine	<p>PAR review completed in Sept / Oct 23, which concluded PDM is mostly green with some Amber (focusing on Outcome and Impact related benefit realisation)</p>		↓	↓	↓	↓	↓
Pentre Awel	<p>Delivery - Remains Green. Works being delivered and managed in accordance with the NEC3 Construction Contract. Formal works commenced on 6<sup>th</sup> February 2023 and are progressing to programme - significant belowground works completed (which traditionally brings a higher level of risk) with key pre-commencement planning conditions discharged enabling the start of aboveground activities. Finance – remains Green as forecasted construction cost remains in tolerance with the contract sum agreed with Bouygues UK and prior approval at Full Council.. Lease agreements with proposed tenants for Zone 1 are progressing. Swansea University has signed an agreement to lease for its demise. Risks relating to build costs, inflation and materials are being managed by Bouygues and Gleeds.</p>						↔
Yr Egin	<p>Increasing economic uncertainty and Covid implications impacting on levels and nature of demand. Following Phase 1 Lessons Learned exercise, an updated Creative Sector demand analysis has identified a significant change in the type of target companies (by financial size) and nature of provision required (bespoke support services rather than leased floorspace). Internal team putting in place process to identify required revisions to meet industry requirements post-COVID. Project team moving forward with Change Notice for Egin Phase 2</p>						↔
Campuses	<p>Delays with the funding agreement have started to affect the timeline of the project. Upon signing of funding agreements a change notification will be submitted to reprofile timelines of outputs. Scope of the project remains unchanged as per the Business case however particular focus is on the affordability of the Phase 1 Singleton development and Morrison Management Centre. Mitigating actions formulated and pending project board approval. Delivery and finance red due to funding agreement not being signed. The principles of the primary funding agreement between Swansea Council and Swansea University have been agreed and an agreement has been issued for signature. The secondary funding agreement between Swansea University and SBUHB has been issued to SBUHB and is being progressed.</p>						↔
Homes As Power Stations	<p>HAPS financial incentives Fund went live for applications, initial applications currently being scored. Supply Chain Lead now in post, scoping of the Supply Chain funding criteria, aligned to the project objectives has commenced. Inter Authority Legal Agreement now finalised. NPTCBC has secured SPF Funding to create a Demo HAPS house to further engage with stakeholders.</p>						↔
Supporting Innovation & Low Carbon Growth	<p>Multiple projects in delivery namely SWITCH, AQMP, LEV, PDF, H2 stimulus projects. There are BTC 5 tenants with active pipeline of enquiries. Morgan Sindall appointed for the design and build of the SWITCH Harbourside facility with monthly design meetings ongoing starting in May 23. Enhanced AMPF project is going through an OBC process in consultation with stakeholders. SILCG Programme Board meets quarterly. Delivery Amber due to pandemic and knock on delays to some projects. Lessons learned from BTC construction is informing future projects such as SWITCH. PDF stage 2 process underway. LEV strategy under development. AQMP project recruiting new data analyst.</p>						↔



	Quarterly Monitoring Report						↕
Skills & Talent	14 Pilot projects already approved and moved/moving into delivery. Further project development in discussions.						↕
Swansea City & Waterfront Digital District	71-72 Kingsway construction continuing at pace. Innovation Matrix has begun onsite. Arena Hotel funding discussions progressing well. Discussions ongoing between Swansea Council & UWTSB about the delivery of the Innovation Precinct. Trinity projects - funding on amber						↕



<b>Title</b>	Portfolio Management Office (Communications & Marketing)	<b>Reporting Period</b>	Q2 2023/24
<b>Officer</b>	Heidi Harries (SBCD Communications & Marketing Officer)		

<b>Key achievements</b>			
<ul style="list-style-type: none"> <li>55 positive mentions in local, regional, national and specialist media. Previous quarter was 53 therefore up by 2 mentions. This included coverage on Wales Online, Western Mail the South Wales Evening Post, Wales Business Insider, Business News Wales, Wales 247, Inside Media, and specialist publications. Topics covered include: Figures show success of first year of Swansea Arena, Community invited to see inside Annexes at Pembroke Port, First steel structure in the ground in Pentre Awel, Morgan Sindall win SWITCH facility contract, More than 200 contracts awarded to Welsh firms, Kingsway development taking shape and Bouygues support apprenticeships through Cyfle.</li> <li>Twitter posts - From 1<sup>st</sup> July to 30<sup>th</sup> September: Number of followers is 1,568. Post impressions is 2,947 (reach figures were previously show but no longer available on the new platform use).</li> <li>Facebook posts - From 1<sup>st</sup> July to 30<sup>th</sup> September: Number of followers is 1043. Post impressions is 8,487 (reach figures were previously show but no longer available on the new platform use).</li> <li>Publish the SBCD Annual Report 2022 -2023 following approval by Joint Committee.</li> <li>Planned and held the Pembrokeshire Meet the City Deal event with around 100 people attending.</li> <li>Completed the City Deal leaflet and promotional merchandise.</li> <li>Represented the City Deal in the Swansea and Neath Port Talbot Careers Wales Event, The Welsh Business Show and The Welsh Construction Show.</li> <li>Annual Marketing budget planning and forecasting.</li> <li>.</li> </ul>			
<b>Key Activities planned</b>			
<ul style="list-style-type: none"> <li>Coordinate and attend the Carmarthenshire Meet the City Deal event (Monday 27<sup>th</sup> November).</li> <li>Plan the Neath Port Talbot and Swansea Meet the City Deal events.</li> <li>Attend Yr Egin 5 Year Anniversary Event, Introbiz, Pembrokeshire Careers Event, Green Economy Conference,</li> <li>Update the Marketing and Communications Plan.</li> <li>Press releases on upcoming activities.</li> <li>Write brief for the website update/procurement of new website.</li> <li>Complete the new City Deal branding and slogan.</li> <li>Continued updates on the website and social media.</li> </ul>			

<b>Title</b>	Portfolio Management Office (Business Engagement)	<b>Reporting Period</b>	Q2 2023/24
<b>Officer</b>	Peter Austin (SBCD Business Engagement Manager)		

<b>Key achievements over the last 3 months</b>			
<p><b>Support Programmes and Projects</b> - Ongoing business engagement support for programmes and projects this quarter includes:</p> <ul style="list-style-type: none"> <li>Supporting Pentre Awel at the community benefits steering group</li> <li>Supporting SILCG at the opening of the Bay Technology Centre</li> <li>Supporting Skills and Talent Initiative at the RLSP Summer conference</li> <li>Coordinated third PL's Construction Sub group meeting with Robert Mills – Respiratory Innovation Wales presenting</li> <li>Supporting Campuses at Swansea University Sports Showcase event</li> <li>Portfolio Gateway Review Interview</li> </ul> <p><b>Events</b> - Events supported include:</p> <ul style="list-style-type: none"> <li>Attendance at CEIC Summer conference 4<sup>th</sup> July</li> <li>Welsh Business Show 5<sup>th</sup> July</li> <li>Regular planning meetings and arrangements the Meet the SBCD Pembrokeshire, 20<sup>th</sup> July BIC Pembroke Dock</li> </ul> <p><b>Business Engagement</b> - Several meetings this quarter with businesses:</p>			

- Ongoing meetings with Waymaker / Pure Energy Wales Renewables Ltd. Private sector inward investment enquiry supporting Barry Hale CCC and WG.
- 4theRegion, planning Green Conference
- Cwmpass, planning future event.
- Gareth Brown CCR, follow up from CEIC event
- Noel Powell, SSE contact from UKREiiF introduced to Pentre Awel
- Lewis D’Ambra, Spaceforge, introduction to regional contacts
- Careers Wales re ongoing support
- Joy Browning SBRI

**Support stakeholder groups**

- Attendance at CEIC and Princes Trust Digital Skills Pathway steering group meetings
- Liaison with Business Wales, Antur Cymru and Cwmpas re supply chains and business opportunities
- Paul Relf – Swansea Council re SPF and other regional funding programmes

**Economic Strategy Board** - This quarter focussed on:

- Coordinated ESB meeting with SILCG for EAMPF business case test and challenge.

**Other Activity:**

- Participation in OECD workshop
- Planning further regional showcase events – with Carmarthenshire in November
- Updating Portfolio events plan
- Attended WRAP Cymru Procurement event
- Attended BCIS Construction Costs Webinar

**Ongoing Activity**

- Ongoing development of SBCD website
- Continued monitoring of construction costs and associated reporting.
- Revision of Comms, Marketing and Engagement Plan
- Business Engagement activities
- Monitoring Portfolio procurement pipeline
- Updating the PoMO Events planner
- Responding to enquiries received via the City Deal email inbox and other avenues.
- Managing SBCD LinkedIn account
- Support Comms & Marketing officer in promotion of SBCD

**Key Activities planned**

- Promote SBCD at events WBS/WBC Swansea
- Support Careers Wales at 2-day event in Swansea and one day event in Carmarthen
- Promote SBCD at Introbiz Swansea
- Continue to engage and support stakeholders, programmes and projects, businesses, and ESB Board
- Continue planning for regional showcase events
- Support Comms & Marketing officer in promotion of SBCD
- Begin planning event calendar for 2024

<b>Project Title</b>	Pembroke Dock Marine	<b>Programme / Project Lead</b>	Steve Edwards
<b>Local Authority Lead</b>	Pembrokeshire County Council		
<b>Project Delivery Lead</b>	Millford Haven Port Authority	<b>Reporting Period</b>	Q2 2023/24
<b>SRO</b>	Rachel Moxey		

<b>Budget</b>	
<b>Total Budget</b>	£60.47m
<b>City Deal</b>	£28m

<b>Public</b>	£16.35m
<b>Private</b>	£16.12m
<b>Description</b>	
<p>This programme will place Pembrokeshire at the heart of UK and global zero carbon, marine and offshore energy innovation, building on the expertise of a marine energy cluster in Pembroke Dock. Facilities will be provided for marine energy innovators to build, test and commercialise their technologies. Project features include:</p> <ul style="list-style-type: none"> <li>• Pembroke Dock Infrastructure (PDI) improvements</li> <li>• A Marine Energy Engineering Centre of Excellence (MEECE)</li> <li>• Marine Energy Test Area (META) developments</li> <li>• The Pembrokeshire Demonstration Zone (PDZ)</li> </ul>	

### Key achievements (Overall Objective ID shown in brackets)

#### PDI update

##### Slipway/workboat pontoons

- 100% demolition/removal of existing slipways central section complete
- 100% of concrete slabs to form new slipway base complete
- Services diversions complete.
- Works for additional extension to slipway complete.
- Demolition T head structure 100% complete
- T Head gangway/walkaways and associated items installed and operational.
- 5 x workboat pontoons berthed into final positions.
- Pre check of O&M/handover documentation format is underway with Consultants/Contractor

##### Laydown areas

- Pickling pond 100% infill complete.
- Service diversions, installation of new drainage and placing of hardcore are ongoing with approx. 75% of new concrete slabs poured to date.

#### PDZ update

- Rational for broadening the scope of the PDZ lease to include FLOW and Green Hydrogen Applications has been submitted to The Crown Estate.
- Stakeholder Summery Paper, Animation and Concept Engineering Study looking at the cost benefit of co-ordinating the grid connection activity between the four Test and Demonstration FLOW projects are now publicly available on CSP's website. <https://celticseapower.co.uk/pembrokeshire-demonstration-zone/>
- Final WEFO Claim has passed through Monitoring and Verification Check without any issues of penalties highlighted. Total Eligible ERDF Expenditure sits at £1.265m.
- Two further Future Opportunity Memorandum's of Understanding have been entered into with Private Sector Organisations with interest in developing within and investing in the PDZ (Both also subject to NDA).
- CSP Infrastructure Team presented PDM at Planning for Infrastructure Wales Conference and attended Global Offshore Wind in Aberdeen in October.

#### META update

- Ongoing deployments: Concrete trials at Quay 1, Settlement lines at Dale Roads and Exocubes at East Pickard Bay
- Wave data collection ongoing at Criterion Jetty in preparation for ERM dolphin trials
- Schools project launched <https://www.pembrokeshirecoastalforum.org.uk/future-energy-industry-pembrokeshire/>
- Staff attending IWaTers in Orkney

#### MEECE update

- Final WEFO claim has passed MVT with no major issues.
- Bid into Tidal Lagoon challenge has been submitted, at EoI stage.
- Delivery of a project funded through Crown Estate Scotland has been completed, final report at draft stage.
- Engagement with consultants working on Celtic Freeport bid on innovation programme
- Engagement with team working on Anglesey Freeport bid.
- Exhibited as Celtic Sea Cluster at rUK Floating Offshore Wind in Aberdeen
- Attended webinar on UKRI call “Accelerating the Green Economy Centres”

#### Key Activities planned

##### PDI

- Handover full slipway to Operations
- Complete M&E final connections to all pontoons and test
- Handover workboat pontoons to Operations
- Complete final levelling of timber pond
- Complete agreed snagging list
- Demobilise site

##### PDZ

- Reach in principle decision with the Crown Estate over the boarding of the PDZ lease area.
- Presenting on Skills (Day 1) and Chairing the Grid Session on Day 2 @ Future Energy Wales
- Attending ESO’s Holistic Network Design engagement session on the 28<sup>th</sup> November.

##### META

- MEW conference launched, 13 & 14 March 2024, Swansea
- Forthcoming events -
- IWaters workshop, Orkney
- Ocean Energy Europe, The Hague
- Further SBCD showcase events

##### MEECE

- Plans for at least one bid into the UKRI call “**Accelerating the Green Economy Centres**”
- Exploring the potential to create a tidal lagoon turbine test site in South Wales.
- Organising a workshop in Bristol with stakeholders for “**Accelerating the Green Economy Centres**”
- Exhibiting at Future Energy Wales in November in ICC
- Attending and exhibiting at Wales Tech Week, October, ICC
- Preparing several bids into SMART FIS funding

<b>Project Title</b>	<b>SBCD Campuses Project</b>	<b>Programme / Project Lead</b>	Clare Henson
<b>Local Authority Lead</b>	City and County of Swansea		
<b>Project Delivery Lead</b>	Swansea University	<b>Reporting Period</b>	Q2 2023/24
<b>SRO</b>	Keith Lloyd		

<b>Budget</b>	
<b>Total Budget</b>	£130.44m
<b>City Deal</b>	£15.00m
<b>Public</b>	£58.01m
<b>Private</b>	£57.43m
<b>Description</b>	
<p>The project harnesses unique capabilities and the thriving life science ecosystem in the Swansea Bay City Region to establish an international centre for innovation in life science, wellbeing and sport, supporting preventative interventions in healthcare and medicine and driving the growth of a globally significant Sports Tech industry. The project will deliver R&amp;D, trials and testing facilities, enabling co-location of research and industry alongside clinical infrastructure and investment opportunities. An emphasis on digital and data-driven innovation at the intersection of life sciences, health, wellbeing and sport is a key differentiator for this project within the South Wales health and life sciences sector.</p>	

<b>Key achievements</b>
<ul style="list-style-type: none"> <li>Continued workstream meetings held with WS1 Morriston Management Centre, WS2 Sketty Lane, WS3 Education, WS4 Enterprise and Innovation, WS7 Research, WS8 Health and well being WS9 Morrison Link Road, Singleton Phase 2</li> <li>Sketty lane engaging with stakeholder groups</li> <li>Continued discussions held Primary Funding agreement.</li> <li>Secondary funding agreement issued to SBUHB and is being progressed</li> <li>Continued development of key business relationships and development of research and innovation collaborations</li> <li>Success Sports Showcase event held on 18<sup>th</sup> September</li> <li>5 G Vodaphone Application submitted to SBCD digital infrastructure project.</li> <li>Health Needs assessment report lead by health practitioner finalised,</li> <li>Skills Sport Health and Well being application submitted to SBCD skills and talent project</li> <li>Tenant and Affiliate review on existing ILS infrastructure completed. Outputs to feed operation of ILS Sketty lane.</li> </ul>
<b>Key Activities planned</b>
<ul style="list-style-type: none"> <li>Primary funding agreement signed</li> <li>Secondary funding agreement to be reviewed, approved and signed in parallel with primary agreement</li> <li>WS2 - Stakeholder option presentation; Complete Value engineering on Sketty Lane and Progress with Stage 3 design, BREEAM review.</li> <li>Vodaphone visit to Swansea University.</li> <li>Health Needs Assessment workshop with academics date t.b.c</li> <li>5G Vodaphone workshop 8<sup>th</sup> November</li> <li>Stakeholder workshop 2<sup>nd</sup> November</li> </ul>

<b>Project Title</b>	Homes as Power Stations (HAPS)	<b>Programme / Project Lead</b>	Oonagh Gavigan
<b>Local Authority Lead</b>	Neath Port Talbot County Borough Council		
<b>Project Delivery Lead</b>	Neath Port Talbot County Borough Council	<b>Reporting Period</b>	Q2 2023/24
<b>SRO</b>	Nicola Pearce		

<b>Budget</b>	
<b>Total Budget</b>	£505.5m
<b>City Deal</b>	£15m
<b>Public</b>	£114.6m
<b>Private</b>	£375.9m
<b>Description</b>	
<p>HAPS is a regional pioneering project to facilitate the adoption of houses with energy efficient design and renewable technologies in both new build and existing housing stock in the public, RSL and private sector across the City Region. The project will support the implementation of renewable technology by facilitating collaboration across the region and creating a platform to share lessons learned. The Technical Monitoring and Evaluating contract will provide data and the ability to realise many of the project benefits. HAPS will support a regional supply chain of proven technology to enable the wider benefits associated with the project.</p> <p>The project will:</p> <ul style="list-style-type: none"> <li>• Facilitate the take up of renewable technologies and energy efficient design in new build and existing housing stock</li> <li>• Support a regional supply chain of proven technologies.</li> <li>• Establish an open access knowledge sharing hub to share the project findings with all sectors across the region and wider</li> <li>• Tackle fuel poverty</li> <li>• Further decarbonise the regional economy</li> <li>• Improve residents’ health and well-being</li> </ul>	

<b>Key achievements</b>
<p><b>Project Development</b></p> <ul style="list-style-type: none"> <li>• OPUS BS have completed the initial supply chain mapping exercise. Simon Griffiths from OPUS presented findings and recommendations to Project Board.</li> <li>• Additional round of Supply Chain Lead interviews were held, successful post holder due to commence 17<sup>th</sup> July 2023.</li> <li>• FIF application forms, guidance, and scoring criteria complete with stakeholder, WSOA and legal department input.</li> <li>• Scoring panel/Technical Advisory Panel member list for the Financial Incentives Fund was approved by Project Board</li> <li>• Comms and Marketing Plan commissioned and created by Urban Foundry which was presented to Project Board.</li> <li>• Ongoing engagement with stakeholders to raise awareness of Financial Incentives Fund.</li> <li>• FIF ‘landing page’ created on SBCD website to provide supplementary information for potential applicants.</li> <li>• Technical Monitoring and Evaluation planning meetings held with Cardiff University Welsh School of Architecture to ensure collaboration with existing work and current opportunities.</li> <li>• Subsidy Scheme finalised ready for uploading onto the WG Transparency Database.</li> <li>• Secured £75k of funding from MCS to enable foundational work to be undertaken with schools and colleges, this is aligned to the skills strand of the project.</li> <li>• Secured £250k Shared Prosperity Funding to create a HAPS Demo House in NPTCBC</li> <li>• Launched first call for applications to the HAPS Financial Incentives Fund.</li> <li>• Event with SO Modular in Neath has taken place, highlighting Modern Methods of Construction, using Welsh Wood – a supply chain within the region.</li> </ul>
<b>Key Activities planned</b>

**Project Development**

- Working with NPT Legal Team, finalise the second tier Financial Agreement to enable funding awards to be made across the region.
- Finalise scoring of first round of applications to the Financial Incentives Fund.
- Continue with evidence gathering to support the scoping process for the HAPS Supply Chain Fund.
- Continue to work closely with UK & Welsh Government to ensure the Optimised Retrofit Programme and ECO 4 Flex opportunities are maximised alongside HAPS funding.
- Continue to plan stakeholder engagement and communication to ensure best practice is shared. Next event is planned for end of November 23.
- Continue liaison with Skills and Talent program to ensure opportunities to address skills shortages are addressed.
- Continue to seek further funding opportunities to support the HAPS Benefits.
- Continue attending relevant networking events to highlight HAPS and strengthen the information available

**Outputs**

**Project Outcomes**

- Facilitate the adoption of renewable technologies in 10,300 properties (7,000 retrofits and 3,300 new builds)
- Develop a regional supply chain of HAPS related renewable technologies
- Technical Monitoring and Evaluation - determine the efficacy and impacts of renewable technologies on new build and existing housing stock
- Establish knowledge sharing hub for all sectors

**Project Outputs**

- Reduction in energy use as a result of the additional technologies funded by HAPS for new build and retrofit homes,
- New build = £564 per home Retrofit = £758 per home by 2033
- Reduction in greenhouse gas (GHG) emissions as a result of reduction in energy use, New build = £71 per home Retrofit = £99 per home by 2033

	<b>Supporting Innovation and Low Carbon Growth</b>		
<b>Local Authority Lead</b>	Neath Port Talbot County Borough Council	<b>Programme / Project Lead</b>	Brett Suddell
<b>Project Delivery Lead</b>	Neath Port Talbot County Borough Council	<b>Reporting Period</b>	Q2 2023/24
<b>SRO</b>	Nicola Pearce		

<b>Budget</b>	
<b>Total Budget</b>	£58.7 m
<b>City Deal</b>	£47.7 m
<b>Public</b>	£5.5 m
<b>Private</b>	£5.5 m
<b>Description</b>	



The Supporting Innovation and Low Carbon Growth (SILCG) programme has been developed to deliver sustainable growth and job creation in the Swansea Bay City Region, with a targeted focus on the Port Talbot Waterfront Enterprise Zone area. It aims to create the right environment for a decarbonised and innovative economy.

The programme will support the green industrial revolution and will be delivered in partnership with industry, academia and government.

The Programme of interlinked projects comprises:

- Bay Technology Centre
- South Wales Industrial Transition from Carbon Hub (SWITCH) with Swansea University
- Hydrogen Stimulus Project with University of South Wales
- Air Quality Monitoring Project
- Low Emission Vehicle Charging Infrastructure
- Advanced Manufacturing Production Facility, including an enhancement to the BC for a training centre of excellence
- Property Development Fund

## Key achievements

### Project Development

- In relation to the outcome from JC and PB regarding the £5.3m of unallocated funding, an OBC has been prepared to build on the enhanced AMPF project incorporating a National Net Zero Skills Centre of Excellence (NNZSCoE), as of 17<sup>th</sup> October the NNZSCoE OBC has been endorsed by SILCG Programme Board, SBCD Economic Strategy Board and will now be reviewed by SBCD PB and JC at their next meetings in October and November respectively. Meetings with UK and Welsh Governments will be arranged to also seek their approval for moving forward.
- Outcome of the £5M EPSRC Grant application under the Place Based Innovation Accelerator Account funding call was successful. This involves Cardiff University and University of South Wales plus NPT and Welsh Government around "SWITCH to Net Zero Buildings". <https://www.ukri.org/news/41-million-to-enhance-uk-research-and-innovation-clusters/>
- Attended SBCD Monitoring and Evaluation Sub Group
- SILCG presented at the APSE Energy conference on 5<sup>th</sup> September
- Attended the SBCD regional event in Pembrokeshire
- Met with ESB to discuss SILCG Programme
- Engaged the services of Urban Foundry to help with the SILCG Brand and branding activities along with establishing an online presence

### Bay Technology Centre

- Welsh Finance Minister Rebecca Evans visited the centre as part of a fact finding meeting around economic development activities in the NPT area. Met with a number of tenants and was very impressed with the diversity of innovation taking place.
- Ongoing discussions regarding key strategic partner from outside Wales taking office and lab space on ground floor which we will announce when contracts have been signed.
- Held meeting with SBCD ESB in BTC around SILCG programme

### SWITCH

- Ongoing design meetings and activities with Morgan Sindall to complete concept design RIBA stage 2
- Industrial engagement with key stakeholders to provide updates and forward involvement.
- Heads of Term's (HoT) document progressed by NPT
- £5m UKRI EPSRC PBIAA Net Zero Building award supporting research income target
- Ensuring spend for build remains within budget whilst also ensuring meets research requirement is especially challenging with changes in regulations such as flooding prevention, changes in construction costs and requirements from insurance companies.

### Advanced Manufacturing Production Facility

- Follow up meeting held with Welsh Government around land acquisition
- Outline business case (OBC) prepared around NNZSCoE, feedback obtained from PoMO
- Meetings on stakeholder engagement event to be run by SQW early in 2024 held
- Possibility to host IDRIC meeting in conjunction with AMPF Stakeholder meeting

### Property Development Fund

- The project team have continued to support applicants through the Stage 2 process and provided guidance and assistance.
- Stage 2 application have started to be received and are currently with the project team for review; the tender pack and supporting information has been issued to the external Quantity Surveyor for assessment.
- QS have undertaken reviews of the first two applications.
- Members of the project team along with the external QS have been to visit the sites and met with the applicants to gain a better understanding of the projects.
- One company has withdrawn their application as scheme not ready and so we have invited two additional applications that were placed on the reserve list to submit a stage 2 application.
- Currently considering a PDF round 2 launch towards end of 2023.

### Hydrogen Stimulus Project

- USW have made significant tangible project progress on installation of equipment. Installation and commissioning of the new 100kW Hydrogen Electrolyser at the Baglan Hydrogen Centre is being conducted with contractors. The scope of work to date includes:
  - Utility connections (power, water and compressed air)
  - Electrolyser (100kW Enapter AEM electrolyser technology)
  - Compression (30bar – 300bar air driven hydrogen compression)
  - Buffer storage (30 bar and 300 bar)
  - Compression filling panel
- The Alkali Exchange Membrane (AEM) electrolyser is the largest of its type in the UK and will be the basis of follow on Hydrogen Research stimulated by the development. As a result of the successful commissioning of the facility, hydrogen produced at site in Baglan is being used to support a Hydrogen bus trial by South Wales Transport and Hydrogen Vehicle trials in the Swansea Bay City Region.
- Delays as a result of queries in relation to subsidy control have been clarified and a full signed agreement is imminent.
- A consortium led by Bath University, including Cardiff, Swansea and USW have been awarded a £4m PBIAA by EPSRC focusing specifically on hydrogen and carriers for cross sectoral application. USW Hydrogen Centre will be used as the key regional research centre for this activity.
- A €3.4m European Horizon project H2SHIFT, led by SNAM of Italy, with has been awarded to develop further hydrogen testing facilities, including development of electrolytic hydrogen testing facilities at USW Baglan.

### Air Quality Monitoring Project

- As a result of staff changes at both Environmental Health and Vortex there has been a delay in the official reporting the initial field study element.
- A new Air Quality Officer has now joined the team who will require technical training in Air Quality Management and Monitoring.
- The deployed Vortex sensor network has experienced some significant difficulties, approximately 1/3rd of the network has not been responding resulting in an absence of data capture. Following investigations it has been concluded that the sensors and network require an upgrade. Following discussion with Ricardo, they have advised that they have enough data to report on the field study but obviously highlighting the operational issues experienced with loss of data capture. This report is expected imminently.
- AURN cabin upgrade is now complete at Tai Bach / Margam Fire Station, and officers are in the process of arranging separate electrical supply to continue with the co-location of low-cost sensors as part of this project.
- Environmental Health's mobile Air Quality Monitoring trailer has been located at the Vortex Manufacturing base at Metal Box. This will enable Vortex to continue their co location studies as part of their manufacturing process.
- Vortex have requested that the original MOU to be revisited, even though it currently runs to December 2024.

### Low Emission Vehicle Charging Infrastructure

- NPT Zero Emission Vehicle Infrastructure Strategy Document to be presented to CDG 11th October and CMB 18th October and cabinet on 17th November
- Initial meeting with key ULEV contacts of the 4 LA's in SBCD region held 9th August.
- Hosted 'Road to Zero' GreenFleet Cymru roundtable event on behalf of GreenFleet UK at BBIC on 13th July
- SILCG represented at the NPT EV Task Group Meeting
- 26th July – Meet with local Baglan Business regarding ambition to develop an EV charging hub

- 16th Aug – Site Meeting with National Grid Electrical Distribution team regards Grid Connection for 23-24 WG ULEV TF Project
- 14th Sept - 3rd WG/TfW EV Charge Point Operators Group meeting
- 28th Sept – Attended WG/TfW On Street Charging Seminar

**Key Activities planned next Quarter**

**Project Development**

- Urban Foundry workshop to take place with project leads – develop SILCG logo and individual project logos along with guidelines for use etc.
- Confirm SILCG PAR review dates

**Bay Technology Centre**

- Sign up strategic partner
- Look to promote and sign up additional tenants

**SWITCH**

- Further design meetings to be held
- HoT to be progressed and sent to SU for sign off
- Collateral warranty document to be agreed by SU

**Advanced Manufacturing Production Facility**

- Final version of NNZSCoE OBC to be sent to SBCD PB & JC for sign off
- Meet with UK and Welsh Government around NNZSCoE
- Progress Land acquisition with WG

**Property Development Fund**

- The project team will continue to support applicants and at least two applications are expected during the next month.
- Assessments by the QS will continue and it is anticipated that the team will receive their report during this period.
- A project team meeting has been arranged for November for the team to review the current budget committed and then decide on undertaking another open call to invite applicants for a further round of funding.

**Hydrogen Stimulus Project**

- October 2023 will see the completion and signing by both parties of the Funding Agreement.
- Further development of the technical aspects of the Hydrogen Stimulus project will take place, including finalising designs for the upgraded hydrogen vehicle refuelling facility at the Baglan Hydrogen Centre.
- Ongoing supply of hydrogen from the USW/Protium Electrolyser at the Baglan Hydrogen Centre will
- Hydrogen Projects stimulated by this activity will continue to be explored in NPT and within the Swansea Bay City Region.
- Preparation for the commencement of the SWITCH PBIAA, GW-SHIFT PBIAA and H2SHIFT projects will continue – aiming for formal start on 1st January 2024.

**Air Quality Monitoring Project**

- Receive the end of field trial report from Ricardo and work out the next steps.
- Discuss condition of network with Ricardo and obtain upgrade costs proposals.

**Low Emission Vehicle Charging Infrastructure**

- 16th Oct – 4th WG/TfW EV Charge Point Operators Group meeting
- 23rd Nov – Host CENEX Cymru roadshow event on behalf of WG replicating similar events held in England. Venue TATA Steel Academy
- Develop procurement routes for commercial collaboration on ULEV TF Project
- Prioritise PFAs leading from NPT ZEVIS
- Develop ‘Fast Track’ programme from PFAs

**Outputs**

Project component	Expected Outputs
Technology Centre	Construction of an energy positive hybrid commercial building (2500 m2) completed

SWITCH	Specialised open access facility created to enhance applied research for steel & metals industry (4000 m2)
	Provision of specialised equipment to enhance research for steel & metals industry
Hydrogen Stimulus Project	Increase capacity for hydrogen production at the Hydrogen Centre at Baglan Energy Park
Air Quality Monitoring Project	Procurement & installation of 70 sensors in and around the Port Talbot Air Quality Management Area (AQMA)
LEV Charging Infrastructure	Regional strategy for LEV charging
Advanced Manufacturing Production Facility	Specialist hybrid facility providing a range of industrial / production units with pilot line and office space (4000 m2)
	Provision of open access specialist equipment advised by industry with academia input
Property Development Fund	Property Development Fund targeted on the Port Talbot Waterfront Enterprise Zone (expected premises created 6000 m2)

<b>Project Title</b>	<b>Pentre Awel</b>	<b>Programme / Project Lead</b>	Sharon Burford
<b>Local Authority Lead</b>	Carmarthenshire County Council		
<b>Project Delivery Lead</b>	Carmarthenshire County Council	<b>Reporting Period</b>	Q2 2023/24
<b>SRO</b>	Chris Moore		

Budget	
<b>Total Budget</b>	£199.19m
<b>City Deal</b>	£40m
<b>Public</b>	£51
<b>Private</b>	£108.19
Description	
<p>Proposed for an 83-acre site at Delta Lakes in Llanelli, Pentre Awel will be the first development of its kind in Wales. The project will include the co-location of academic, public, business and health facilities to boost employment, education, leisure provision, health research and delivery, and skills and training.</p> <p>City Deal will provide the requisite investment for business incubation and acceleration facilities, laboratory space, testbed capabilities, a well-being skills centre, clinical research centre and a clinical delivery centre to deliver multi-disciplinary care closer to home. The design for Zone 1 will create an ‘ecosystem’ by facilitating joint working across traditional boundaries, integrating education and training programmes within a clinical setting and fostering interface between health and leisure for the benefit of population health.</p> <p>Pentre Awel will include state-of-the-art leisure centre funded by Carmarthenshire County Council.</p> <p>A network of integrated care and rehabilitation facilities will also be provided on site to enable the testing and piloting of life science technologies aimed at enhancing independent and assisted living.</p> <p>Assisted living accommodation will also feature, along with a nursing home, expansion space for businesses, elements of both open market and social and affordable housing, and a hotel.</p>	

Key achievements in Q4 2022/23
<p><b>Project development</b></p> <p>Zone 1 construction works continue to progress well and to the agreed programme with works transitioning from belowground to aboveground in the period::</p> <ul style="list-style-type: none"> <li>Significant belowground works have been undertaken (e.g. piling, drainage, pool hall excavation)</li> </ul>

- Following the successful discharge of all pre-commencement planning conditions, aboveground works started in earnest in August 2023 as the first structural steel frame was erected. The steel frame for Building B has since been completed and work is now underway on the second of five interconnected buildings. The steel frame is on track for completion by the end of the calendar year.
- A media visit was held onsite 3rd August 2023 to mark the steel frame installation and showcase local procurement: Shufflebottom (Cross Hands) supplying the steel frame and Dyfed Steels (Dafen) providing the reinforced bar – a £3.8m economic boost for Carmarthenshire businesses
- Surfacing of main car park nearing completion

**Community Benefits:**

- BYUK is sponsoring 10 mechanical and electrical apprentices via Cyfle’s Shared Apprenticeship Scheme. The 10 apprentices received an onsite induction in August and have since been placed on other projects in Carmarthenshire
- Pupils from 5 Llanelli schools have visited Pentre Awel and engaged with BYUK multidisciplinary team to progress their task of designing a space within Zone 1. This forms part of a CCC/BYUK 21st Century Skills project, funded by Skills & Talent
- Issue 4 of Community Newsletter published in August 2023. Residents Surgery held onsite 5<sup>th</sup> September 2023

**Zone 1 facilities update:**

- Swansea University has signed an Agreement to Lease for its demise within Zone 1
- Discussions held with academic providers on ‘teach and treat’ proposals across several health-related disciplines
- CCC will operate the catering facility

Two strategic Pentre Awel projects have been awarded SPF funding - (1) £182k Accelerate Pentre Awel, led by Swansea University, and (2) £330k Innovation Pentre Awel, delivered in partnership by CCC and Cardiff University. The SPF projects aim to stimulate business, research and innovation activities. A leisure SPF bid aligned with Pentre Awel has also gained approval and will pilot community-based interventions to address health inequalities within Llanelli.

August also saw the launch of Pentre Awel’s new project webpages with a significant overhaul of project information and visuals. The new webpages have received 3700 views in the intervening period

**Key Activities planned Q1 2023/24**

- Zone 1 construction: final design meetings with tenants to sign-off drawings/c-sheets prior to the start of dry-lining activity on site
- Finalise lease agreements with key tenants.
- IRCF bid in preparation to cover funding for fit-out of clinical research, TriTech, hydrotherapy and audiology.
- Identify shortlist of options for outdoor activities / projects at Pentre Awel centred around four themes: leisure and recreation, education and development, environment and health and community engagement.
- Planning/scoping of assisted living facilities within Zone 2 (nursing home, residential rehabilitation and extra care).

**Outputs**

- 526 weeks of TR&T delivered on the project to date.
- 403 pupil interactions achieved during the construction stage and 61 hours of schools engagement.
- 60 pupils from local primary and secondary schools have been recruited to Bouygues’ Student Ambassador Programme.

<b>Project Title</b>	<b>Digital Infrastructure Programme</b>	<b>Programme / Project Lead</b>	Rebecca Llewellyn / Dija Oliver
<b>Local Authority Lead</b>	Carmarthenshire County Council		
<b>Project Delivery Lead</b>	Carmarthenshire County Council	<b>Reporting Period</b>	Q2 2023/24
<b>SRO</b>	Jason Jones		

Budget	
Total Budget	£55m
City Deal	£25m
Public	£13.5m
Private	£16.5m

Description
<p>To significantly improve digital connectivity throughout the City Region for the benefit of businesses and residents, also helping to attract inward investment. The project is made of up of three Project workstreams:</p> <ul style="list-style-type: none"> <li>• Connected Places</li> <li>• Rural connectivity</li> <li>• Next generation wireless (5G and IOT networks)</li> </ul>

**Key achievements**

<ul style="list-style-type: none"> <li>• PSBA FFIB Statement of Works and all MoUs signed by partners. Project in delivery to drive FTTP to 69 public sector assets with additionality to 401 premises across the region.</li> <li>• Final partner workshops and network design for Dark Fibre network. ITT to be issued imminently.</li> <li>• Communications and Engagement Officer appointed – start date 16<sup>th</sup> October 2023.</li> <li>• Carmarthenshire’s Support and Engagement officer appointed – start date 27<sup>th</sup> November 2023.</li> <li>• Finalised approach and established mechanisms for delivery of regional 5G investment fund for use cases/trials including establishment of a subsidy scheme which is now live on the UK Subsidy Portal and subject to a 30-day challenge period.</li> <li>• Finalised signatory of collaboration agreements between LA partners.</li> <li>• Established plans and timescales for significant Shared Rural Network (SRN) investment across the region working with UK and Welsh Government.</li> </ul>
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**Key Activities planned**

<ul style="list-style-type: none"> <li>• Publish ITT for Dark Fibre network.</li> <li>• Conduct programme Gateway Review 0 and present subsequent recommendations with full report to board in November 2023.</li> <li>• Prepare detailed programme plan for remainder of programme including critical decision points, resource requirements and dependencies.</li> <li>• Complete procurement for benefits realisation and collate data.</li> <li>• Identify potential voucher schemes in Pembrokeshire and Carmarthenshire.</li> <li>• Initial analysis of NROMR data and Project Gigabit intervention areas to identify preferred way forward to meet remaining needs across the region. Pending receipt from BDUK.</li> <li>• Supporting Local Authorities with ongoing Digital Infrastructure interventions and investment.</li> <li>• Programme risk mitigation ongoing.</li> <li>• Market engagement with operators and suppliers ongoing.</li> <li>• Additional lobbying for, facilitating, and supporting of private sector investment</li> </ul>
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**Outputs**

<ul style="list-style-type: none"> <li>- More public sector assets with gigabit capable FTTP connections.</li> <li>- Increased, future proofed DUCT / asset infrastructure.</li> <li>- Regional Innovation Network established.</li> <li>- 5G Testbed(s) deployed.</li> <li>- More mobile infrastructure.</li> <li>- Community based interventions delivered.</li> </ul>
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<b>Project Title</b>	Swansea City & Waterfront Digital District	<b>Programme / Project Lead</b>	Huw Mowbray
<b>Local Authority Lead</b>	Swansea Council		
<b>Project Delivery Lead</b>	Swansea Council	<b>Reporting Period</b>	Q2 2023/24
<b>SRO</b>	Martin Nicholls		

Budget	
<b>Total Budget</b>	£175.35m
<b>City Deal</b>	£50m
<b>Public</b>	£85.38m
<b>Private</b>	£39.97m
Description	
<p>To boost Swansea city centre’s economic well-being at the heart of the City Region’s economy, while retaining local tech, digital and entrepreneurial talent. This project includes:</p> <ul style="list-style-type: none"> <li>• A digitally enabled indoor arena in the city centre for concerts, exhibitions, conferences and other events</li> <li>• A ‘digital village’ development in the city centre to accommodate the city’s growing tech and digital business sector</li> <li>• Innovation Matrix development at the University of Wales Trinity Saint David’s new Swansea waterfront campus to enable start-up company support and growth</li> </ul>	

Key achievements
<p><b>Digital Arena</b></p> <ul style="list-style-type: none"> <li>• SC project team continuing with final snagging works.</li> <li>• Hotel: Heads of Terms with preferred developer being finalised. Discussions with WG on funding package progressing.</li> </ul> <p><b>71/72 Kingsway Construction:</b></p> <ul style="list-style-type: none"> <li>• Ongoing discussions regarding the claims made by BYUK relating to the groundworks, basements walls and waterproofing.</li> <li>• Construction continuing onsite – now at fourth floor. The Contractor has updated the programme which now shows a completion date of end January 2024.</li> <li>• Digital and data specialist knowledge is being utilised to facilitate the Digital infrastructure.</li> </ul> <p><b>71/72 Kingsway Commercials:</b></p> <ul style="list-style-type: none"> <li>• Flex tenant HoT’s advanced/final location in building agreed.</li> <li>• Letting, Marketing and Branding agents have been appointed and current interest from potential occupiers is being followed up.</li> <li>• Appointment secured for a specialist who is advising on management of the building and procurement of a property management agent. Ongoing discussions regarding landlords fit out within tenant and landlord area’s including IT infrastructure and power supplies.</li> <li>• Discussions ongoing with City Deal Digital project.</li> </ul> <p><b>Innovation Matrix:</b></p> <ul style="list-style-type: none"> <li>• Project is onsite and progressing according to programme plan</li> <li>• Tenant HoTs at 75% of available net lettable space</li> <li>• Tenant engagement is ongoing to finalise fitout plans</li> <li>• Social Value targets are on track.</li> </ul> <p><b>Innovation Precinct:</b></p> <ul style="list-style-type: none"> <li>• Options appraisal workshop has been completed to support the CRN and will be appended in the re-submission</li> <li>• Ongoing negotiations with the Local Authority development partner regarding potential property delivery model</li> </ul>
Key Activities planned
<b>Arena</b>

- Progress Hotel delivery options.

**71/72 Kingsway**

- Agree name and branding.
- Formal Marketing to commence.
- Ongoing discussions with potential tenants.
- Finalise Heads Of Terms with Flex Tenant once service charge estimate has been provided.
- Progress Building Management Strategy and procurement documents once all the initial queries have been resolved and landlord decisions have been made.
- Draft property management agreement and leases to be drawn up by external lawyer.

**Innovation Matrix & Precinct:**

- Continuation of construction programme
- Preparation for Gateway assessment for Innovation Matrix
- Continuation of negotiations with local authority for development of Innovation Precinct
- Completion of change request notification for Innovation Precinct

**Outputs**

- Physical delivery of arena (circa 80,000 square feet with a 3,500-capacity), along with digital square is on track.
  - Physical delivery of 71/72 The Kingsway, which will comprise circa 115,000 square feet of office space.
  - Discussions on-going with UWTSB about their element of the project (Innovation Precinct).
- Caveat: Covid 19 could have an impact on jobs and GVA.*

<b>Project Title</b>	<b>Yr Egin - Creative Digital Cluster</b>	<b>Programme / Project Lead</b>	Geraint Flowers
<b>Local Authority Lead</b>	Carmarthenshire County Council		
<b>Project Delivery Lead</b>	University of Wales Trinity Saint David	<b>Reporting Period</b>	Q2 2023/24
<b>SRO</b>	Professor Elwen Evans		

**Budget**

<b>Total Budget</b>	£25.17m
<b>City Deal</b>	£5m
<b>Public</b>	£18.67m
<b>Private</b>	£1.5m

**Description**

To support and further develop the region’s creative industry sector and Welsh language culture, led by University of Wales Trinity Saint David campus in Carmarthen. Phase 1 was completed in September 2018 and features:

- National creative sector anchor tenants
- World class office space for local and regional creative sector SMEs, with opportunities for expansion
- Facilities for the community and business networking

Facilitating engagement between businesses and students as well as accommodating dynamic growth of the creative and digital industries within Carmarthenshire and SW Wales.

**Key achievements**

**Project Development**



- University has engaged expert consultants to develop a proposal centred around the provision of a Digital Production Facility in existing University space.
- University has begun drafting Change Notification that will encapsulate the proposed change to the Egin Phase 2 project
- Key concept and equipment requirements developed

**Key Activities planned**

- University to complete initial Change Notification to evidence the requirements for Egin Phase 2 and document the rationale behind the change in delivery methodology
- Ongoing financial development to understand new project cost requirements etc.
- Further engagement with creative and digital sector to ensure that the proposed Egin Phase 2 project will satisfy requirements going forward
- Survey of proposed location for Egin Phase 2 along with design and development work commencing

<b>Project Title</b>	<b>Skills and Talent</b>	<b>Programme / Project Lead</b>	Samantha Cutlan
<b>Local Authority Lead</b>	Carmarthenshire County Council		
<b>Project Delivery Lead</b>	South West Wales Regional & Skills Partnership		
<b>SRO</b>	Andrew Cornish	<b>Reporting Period</b>	Q2 2023/24

<b>Budget</b>	
<b>Total Budget</b>	£30m
<b>City Deal</b>	£10m
<b>Public</b>	£16m
<b>Private</b>	£4m

**Description**

To develop a sustainable pipeline of regional talent to benefit from the high-value jobs City Deal projects will generate in growth sectors for the region. This includes the potential to develop skills through courses and training and apprenticeship opportunities aligned to City Deal projects and regional priorities, as well as a partnership approach involving schools, universities, businesses and training providers across the region to identify need and resolve skills development gaps.

**Key achievements**

- Business Case Development**
- 14 Pilot project applications have now been approved by RLSP board and are in delivery.
  - Gateway Review completed resulting in a 2<sup>nd</sup> Green Rating.
  - Barometer Reviewed and Updated, with Sector Skills gap analysis reports created for discussion with Sector Cluster Groups Oct/Nov 23
  - Development of Website.

**Key Activities planned**

- Receive and review further pilot project applications.
- Increased marketing and events
- Review Barometer with a further focus on capacity.
- Website update being completed with a view of increased marketing activity and website updates to raise awareness of Programme and stimulate further pilot applications.
- Ongoing discussions with interested parties regarding further pilot project development to meet with the skills gaps identified through the skills barometer.

**Outputs**

- Create 14,000 individuals with increased level of skills within 10 years
- Create at least 3000 new apprenticeship opportunities, to include level 3 to Degree apprenticeships.
- Create Centre of Excellence for specific sectors.
- 2,200 additional skills
- 20 new course frameworks updated/created
- 2 Centres of excellence
- Create a clear career pathway through school, FE, HE and apprenticeship and into the world of work.

ANNEX 1

RAG Status	
R	<p><i>Major problems identified which mean the programme / project is unlikely to deliver the agreed scope to the required standard on time or on budget, or to deliver the expected benefits.</i></p> <p><i>Remedial plans are not proving effective.</i></p> <p><b>Escalate to programme / project sponsor for support to resolve.</b></p>
A	<p><i>Some problems identified which may put the programme / project's scope, time, cost, and/or benefits at risk. Remedial plans are in place and are being monitored to ensure that risk is mitigated.</i></p> <p><b>Highlight to programme / project sponsor for visibility and awareness.</b></p>
G	<p><i>Programme / Project is proceeding according to plan. Risks/issues are being managed within the programme / project.</i></p> <p><b>No need to escalate to next level.</b></p>

## Swansea Bay City Deal Programme and Project Procurement Pipeline

### Design and Construction phase      Appendix C

Updated October 2023

Programme	Lead body	Project(s)	Procuring body	Contract Value	Procurement route	Design date (Cal Yr)	Procurement date (Cal Yr)	on site date (Cal Yr)	Completion date (Cal Yr)
Swansea City & Waterfront Digital District Page 466	Swansea Council	<b>Indoor arena and digital square</b>	Swansea Council	£105m	Buckingham Group Contracting Ltd appointed	2018	Q4 2019	Q4 2019	Q4 2019
		<b>Arena (ATG)</b> Food and Drink Building services	ATG / Swansea Council	various	Sell2Wales, tbc		Q2 2022		Q4 2021
		<b>71-72 Kingsway office accommodation</b>	Swansea Council	Circa £49.6m	Bouygues UK appointed via SWWRC Framework	2020	Q3 2021	Q4 2021	Q1 2024
		<b>Innovation Matrix</b>	UWTSD	Circa £9m	Procured - Kier PAGABO Framework	2022	Q4 2021	Q1 2023	Q2 2024
		<b>Innovation Precinct</b>	UWTSD	Circa £17.42m	SWWRC Framework (TBC)	2023	Q1 2024	Q4 2024	Q4 2025

Programme	Lead body	Project	Procuring body	Contract Value	Procurement route	Design date (Cal Yr)	Procurement date (Cal Yr)	on site date (Cal Yr)	Completion date (Cal Yr)
Yr Egin	UWTSD	<b>Creative Business Hub Phase 1</b>	UWTSD	Circa £10.48m	KIER – via SEWSCAP2 Completed	Dec 2015	March 2016	March 2017	Completed July 2018
		<b>Creative Business Hub Phase 2</b>	UWTSD	tbc	tbc	Q3 2022 – Q1 2023	Q4 2023 (anticipated)	2024 (anticipated)	2024 (anticipated)

**Swansea Bay City Deal Programme and Project Procurement Pipeline**  
**Design and Construction phase      Appendix C**

Updated October 2023

Programme	Lead body	Project	Procuring body	Contract Value	Procurement route	Design date (Cal Yr)	Procurement date (Cal Yr)	on site date (Cal Yr)	Completion date (Cal Yr)
Digital infrastructure	Carmarthenshire CC	Connected places	Carmarthenshire County Council	£20m	Various	Q3/Q4 2022	Q3/Q4 2023	Q2 2024	Q4 2025
		Rural connectivity	TBC	£25.5m	tbc	Q1 2024	Q2 2024	Q4 2024	tbc
		Next generation wireless (5G and IOT networks)	TBC	£9.5m	Grant fund	Q1 2023	Q4 2023	Various	Q4 2025

Programme	Lead body	Project	Procuring body	Contract Value	Procurement route	Design date (Cal Yr)	Procurement date (Cal Yr)	on site date (Cal Yr)	Completion date (Cal Yr)
Skills and Talent Initiative	Carmarthenshire CC	Courses, training and apprenticeship opportunities	TBC		tbc	Q2 2022	Q3 2022	Q4 - 2022	Q1 - 2023

Programme	Lead body	Project	Procuring body	Contract Value	Procurement route	Design date (Cal Yr)	Procurement date (Cal Yr)	on site date (Cal Yr)	Completion date (Cal Yr)
SBCD Campuses	Swansea University	<b>Phase 1a Morryston refurbishment</b>	SU/SBUHB	Circa £1.25m	SWWRFC/Sell to Wales	Q3 2023	Q1 2024	Q4 2024	Q4 2024
		<b>Phase 1b Campuses Building</b>	Swansea University	Circa £17.22m	Design and Build SWWRFC/SEWSCAP	Stage 2 Q4 2022	Stage 3 Q3 2023	Stage 4 Q2 2024	Q2 2026

## Swansea Bay City Deal Programme and Project Procurement Pipeline

### Design and Construction phase      Appendix C

Updated October 2023

Programme	Lead body	Project	Procuring body	Contract Value	Procurement route	Design date (Cal Yr)	Procurement date (Cal Yr)	on site date (Cal Yr)	Completion date (Cal Yr)
Page 468 Centre Awel	Carmarthenshire CC	City Deal funded: Facilities for education, skills and training, business development, clinical delivery and research	Carmarthenshire CC	Circa £84m	Bouygues UK appointed via SWWRC Framework	2018 - 2022	Q2/3 2021	Q4 2022 (enabling work) Q1 2023 (construction).	Zone 1 Q3 2024
		Carmarthenshire County Council funded: Leisure and aquatics centre and communal infrastructure			Client side services contract – Gleeds Appointed through WPA framework				

Programme	Lead body	Project	Procuring body	Contract Value	Procurement route	Design date (Cal Yr)	Procurement date (Cal Yr)	on site date (Cal Yr)	Completion date (Cal Yr)
Homes as Power Stations	Neath Port Talbot CBC	Monitoring and evaluation services	NPTCBC	£1m	Sell 2 Wales	2021 Q4	2022 Q1		

**Swansea Bay City Deal Programme and Project Procurement Pipeline**  
**Design and Construction phase      Appendix C**

Updated October 2023

		HAPS financial incentives fund	NPTCBC	£5.75m	Fund – to be advertised to all	2021 Q4	2023 Q1 – fund launch		
		<b>HAPS regional supply chain fund</b>	NPTCBC	£7m	Fund – to be advertised to all	2021 Q4	2023 Q2 – initial call fund launch		

## Swansea Bay City Deal Programme and Project Procurement Pipeline

### Design and Construction phase      Appendix C

Updated October 2023

Programme	Lead body	Project	Procuring body	Contract Value	Procurement route	Design date (Cal Yr)	Procurement date (Cal Yr)	on site date (Cal Yr)	Completion date (Cal Yr)
Page 470 Supporting Innovation and Low Carbon Growth	Neath Port Talbot CBC	<b>Bay Technology Centre</b>	NPTCBC	Circa £7.9m	SWWRC Framework Morgan Sindall (main contractor)	Q3 2019	Q2 2020	Q3 2020	Q4 2022
		<b>SWITCH Specialist facility (construction)</b>	NPTCBC	Circa £15m	SWWRC Framework	Q2 2022	Q3 2022	Q1 2024	Q2 2025
		<b>SWITCH Specialist equipment</b>	NPTCBC	Circa £5m	tbc	Q2 2022	Q1 2025	Q2 2025	Q3 2025
		<b>Low emission vehicle charging infrastructure</b>	NPTCBC	Circa £0.5m	tbc		Q3 2022		Q1 2023
		<b>Air quality monitoring sensors</b>	NPTCBC	Circa £0.5m	Procured	Q4 2019	-	-	-
		<b>Hydrogen stimulus project</b>	NPTCBC	Circa £1m	tbc	Q3 2022	Q3 2022		
		<b>Advanced manufacturing Production facility (construction)</b>	NPTCBC	Circa £12m	SWWRC Framework	Q1 2023	Q3 2023	Q1 2025	Q2 2026
		<b>Advanced manufacturing Production facility Specialist equipment</b>	NPTCBC	Circa £5m	Tbc	Q4 2022	Q1 2026	Q2 2026	Q2 2026
		<b>Advanced manufacturing Production Facility</b>	NPTCBC	Tbc	Sell2wales	Q4 2025	Q2 2026		



## Swansea Bay City Deal Programme and Project Procurement Pipeline

### Design and Construction phase      Appendix C

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		End operator						
		<b>Property Development Fund</b>	NPTCBC	Circa £10m	Fund – to be advertised to all  Third parties to procure construction			

Programme	Lead body	Project	Procuring body	Contract Value	Procurement route	Design date (Cal Yr)	Procurement date (Cal Yr)	on site date (Cal Yr)	Completion date (Cal Yr)
Page 471  Pembroke Dock Marine	Milford Haven Port Authority	<b>Pembroke Dock Infrastructure</b>							
		a) Hanger Annex Renovations	MHPA	£5.2m	MHPA Procedures (Design) only Sell2 Wales - Construction	Q2 2019/20	Q1 2021	Q3 2021	Q1 2023
		b) Amenity and pocket park	MHPA	£300k	Sell2Wales	Q2 2023	Q4 2023	Q2 2024	Q4 2024
		c) Slipway, berthing & Infilling the Pickling Pond	MHPA	£14m	Sell2Wales	Q4 2019 to Q4 2021	Q4 2020 to Q2 2021	Q2 2022	Q4 2023
		d) Land Remediation and laydown at south of site	MHPA	£6m	Sell2Wales	Q3 2020	Q2 2021	Q2 2022	Q1 2024
		e) Infilling of the Graving dock	MHPA	£3m	Sell2Wales	Q1 2021	Q3 2022	TBA	TBA
		f) Terrestrial development, demolitions, levelling,	MHPA	£6.4m	Sell2Wales	Q2 2022	Q4 2022	Q2 2023	Q4 2024

## Swansea Bay City Deal Programme and Project Procurement Pipeline

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Page 472	transportation corridor and Utility provisions.								
	<b>Marine Energy Engineering Centre of Excellence</b>								
	<b>Materials for prototypes</b>	OREC	£100k	Sell to Wales / Find a Contract (value dependant)		Q3&4 2021 Q1-4 2022 Q1-4 2023	Q3/Q4 2021 Q1-4 2022	Q1 2022 2022 – Q1 2023	
	<b>Vessel hire for deployments in META</b>		£26k	Sell2Wales		Q3 2021	On Going	On Going	
	<b>Meta berthing fees</b>		£196k	SSJ		Q4 2021	On Going	On Going	
	<b>X Band Radar</b>		£84k	Sell to Wales / Find a Contract (value dependant)		Q3 2022	Q1 2023	Complete	
	<b>Marine Buoys</b>		£75k	SSJ		Q1 2023	Q2 2023	Complete	
	<b>Hydrophones</b>		£77k	Sell to Wales / Find a Contract (value dependant)		Q4 2022	Q2 2023	Complete	
	<b>Acoustic Software</b>		£22k	SSJ		Q12023	Q1 2023	Complete	
	<b>Marine Energy Test Area Developments</b>								
	<b>Environmental surveys</b>		£30k	Sell to Wales / Find a Contract (value dependant)		Q3 2022		<b>Q3 2022</b> was 23	
	<b>Insurance</b>		£30k	Sell to Wales / Find a Contract (value dependant)		Q1 2022		Q1 2022	
	<b>Legal support</b>		£10k	Sell to Wales / Find a Contract (value dependant)		Q1 2024			
	<b>The Pembrokeshire Demonstration Zone</b>								

## Swansea Bay City Deal Programme and Project Procurement Pipeline

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		Environmental scoping – Defining the scope of the Environmental Surveys that will inform the EIA.	Celtic Sea Power	£150,000	Services Contract Open Below threshold – Sell2Wales		Q1 2023		Q2 2023
		Technical feasibility and concept design, initial engineering design of the MOS, on and offshore cabling arrangements to feed into the EIA process.	Celtic Sea Power	£150,000	Services Contract Open Below threshold – Sell2Wales		14/02/22		Q2 2023
Page 473		Monitoring & Evaluation	Celtic Sea Power	£30,000	Services Contract Open Below threshold – – Sell2Wales  Scope in Development		Q1 2023		Q2 2023
		Land Agent Support	Celtic Sea Power	£120,000	Services Contract Open Below threshold – – Sell2Wales		Q3 2022		Q2 2023
		Animation	Celtic Sea Power	£44,200.00	Services Contract Open Below threshold – – Sell2Wales		Q3 2022		Q2 2023
		Research & Development – Review of PDZ	Celtic Sea Power	£60,000	Services Contract Open Below threshold – – Sell2Wales		Q1 2023		Q2 2023
		Offshore surveys – environmental surveys to inform the offshore EIA.	Celtic Sea Power	£2.1m	Service Contract OJEU Open above threshold with PIN – My Tenders & Sell2Wales		Q1 2023.		Hold pending updated funding
		Pre-Front Engineering Study (design package	Celtic Sea Power	Upto £600,000	Service Contract OJEU Open above threshold		Q4 2022		Q2 2023

**Swansea Bay City Deal Programme and Project Procurement Pipeline**  
**Design and Construction phase      Appendix C**

Updated October 2023

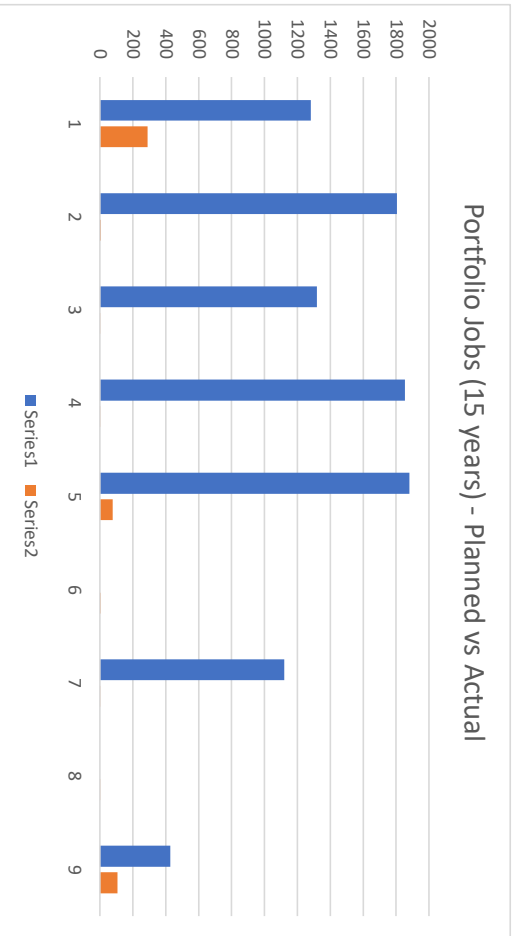
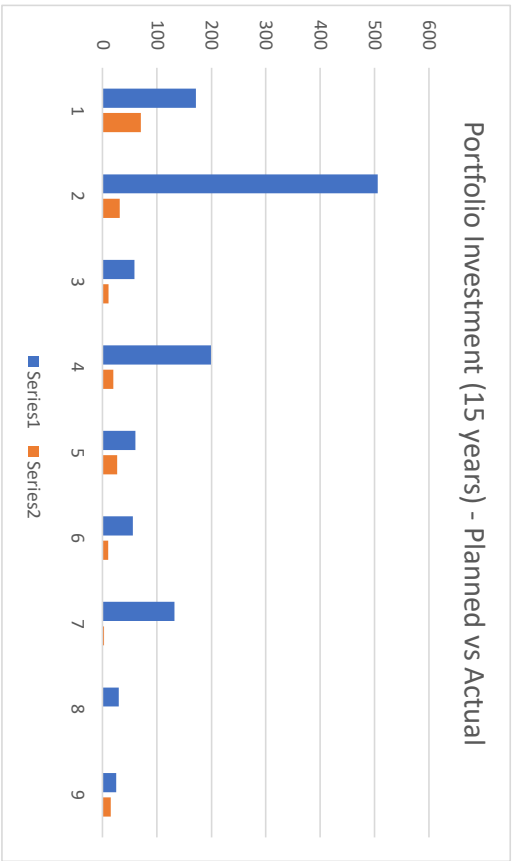
		to prove the feasibility in technical and economic terms)			with PIN – MyTenders & Sell2Wales				
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## Portfolio Gateway Review 2023-24 Recommendation Action Plan - Appendix D

ID	Recommendation	Priority	Actions	Target Date	Lead	Sign Off	Status	Dependencies	Update
Gate001	Reinforce communication of the strategic, regionalised approach, both internally and externally, in order to embed further the understanding of the sum of the parts rather than simply individual project benefits.	Recommended	Update the Portfolio Communications and Marketing Plan with emphasis to enhance comms in relation to a regional perspective Calendar engagement events including regional showcase events Establish collaborative sub groups for SBCD cross cutting issues and approaches	Jul-24	POMO	PB/JC	In Progress	Engagement of Projects and Programmes in events and sub-groups	Meet the City Deal Pembrokeshire event held 20th July and Carmarthenshire event confirmed for 27th November. Portfolio representation at Careers Wales events, Welsh Business shows, Welsh Construction show and Intro Biz Expo in October Established SBCD Construction and Community Benefits sub group and Monitoring and Evaluation Task and Finish Group. Meetings held and schedule of future meetings set
Gate002	Further develop the benefits management approach to shift the focus to sustainable social and economic uplift, not just enablers.	Recommended	Establishment of an Evaluation Task and Finish group Portfolio M&E plan / benefits realisation plan to be updated with detail on the measurement and evaluation of outcomes and impacts Projects and programme to update benefits realisation plans and registers Develop best practice in collaboration with other City and Growth Deals	Jul-24	POMO	PB/JC	In Progress	Project and programmes to engage with the Task and Finish group and the development of benefit realisation plans	SBCD Monitoring and Evaluation Task and Finish Group established. Initial meeting held in August and Group now meeting at regular monthly intervals Meetings held with project teams to clarify requirements for benefits realisation and reporting Engagement initiated with other City and Growth Deals to identify best practice
Gate003	Review and refresh the Portfolio Governance structure, considering potential options to integrate within the new Corporate Joint Committee structure, update the terms of reference and membership of the governance bodies should options progress.	Essential	Discussions amongst CEXs / Leaders and key LA Officers relating to the alignment between CJC and SBCD governance structures	Dec-23	SRO / NPT CEX	JC	In Progress	Outcome of discussions among regional authority Leaders and CEXs	Discussions ongoing
Gate004	Emphasise the focus on Dependencies and Opportunities, particularly in respect of private sector investment and clarify surrounding the respective responsibilities for harnessing and driving emerging prospects.	Recommended	Clarity of roles particularly in relation to private sector engagement that leads to collaborations and securing of SBCD stakeholders to work with ESB members to identify private sector investment opportunities. POMO to undertake scoping exercise to assess opportunities for engagement of ESB in SBCD projects Review the portfolio opportunity management approach (esp private sector) across the portfolio	Jul-24	POMO / PMS	PB	In Progress	Engagement of Projects and Programmes with ESB and potential collaborations	ESB involvement in the development of project proposals and engagement being promoted across the portfolio as projects are developed and delivered. ESB Test and Challenge session held in October to discuss the Enhanced AMPF OBC POMO and projects and programmes supporting proposals for the funding and establishment of synergistic initiatives within the region

Project/Programme	Total Investment Target (€m)	Total Investment to date (€m)	Total Jobs Target	Total Jobs Created	Business Case Status	Project Stage	Stage Commencement	Stage Completion
Swansea Waterfront Digital District	171.54	95.10	1281	306	Approved - FBC	Partial Delivery (2/4)	Oct-19	Q4-2027
Homes as Power Stations	505.50	42.92	1804	10	Approved - OBC	Pre-procurement	Jul-21	Q1-2022
SILCG	59.60	10.88	1320	17	Approved - OBC	Partial Delivery (2/7)	Nov-20	Q4-2025
Pentre Awel	200.50	30.46	1853	4	Approved - OBC	Pre-construction	Oct-21	Q1-2022
PDM	63.90	44.57	1881	77	Approved - OBC	Partial Delivery (1/4)	Sep-21	Q1-2024
Digital Infrastructure	69.10	22.20	0	13	Approved - OBC	Pre-procurement	Mar-21	Q2-2022
Campuses	131.98	2.22	1120	4	OBC regionally approved	Pre-approval	Jul-21	Q1-2022
Skills and Talent	30.50	1.39	0	2	Submitted - OBC	Pre-approval	Jul-21	Q4-2021
Yr Egin	25.17	15.07	427	117	Approved - FBC	Partial Operation (1/2)	Sep-18	Q4-2023
	<b>1257.79</b>	<b>264.80</b>	<b>9686</b>	<b>550</b>				
		<b>21.05%</b>		<b>5.68%</b>				

N.B There are also in excess of 100 Part Time Jobs which have been created by the Arena since opening, after 12 months of operations these will be reviewed to determine an appropriate FTE allocation



# Agenda Item 14



Swansea Bay City Region Joint Committee - 16 November 2023

## Update on Gross Value Added (GVA) for Portfolio Monitoring and Evaluation

<b>Purpose:</b>	To inform Joint Committee of the receipt of confirmation from Governments that the SBCD portfolio is not required to directly track and associate Gross Value Added (GVA) as part of its regular monitoring and reporting.
<b>Policy Framework:</b>	Swansea Bay City Deal (SBCD) Joint Committee Agreement (JCA)
<b>Recommendation(s):</b>	It is recommended that Joint Committee:  1) Notes the confirmation from Governments that the Portfolio is not required to monitor and attribute GVA to programme and project interventions.  2) Notes that SBCD PoMO will work with programmes and projects to develop alternative and appropriate SMART economic metrics for monitoring and evaluation.
<b>Report Author:</b>	Ian Williams (SBCD Portfolio Development Manager)
<b>Finance Officer:</b>	Chris Moore (SBCD S151 Officer)
<b>Legal Officer:</b>	Debbie Smith (SBCD Monitoring Officer)

### 1. Introduction

- 1.1. This report provides confirmation from the UK Government and Welsh Government that there is no requirement for the SBCD Portfolio to directly track and associate Gross Value Added (GVA) as part of its regular monitoring and reporting.

### 2. Background

- 2.1. In May 2022, SBCD Programme (Portfolio) Board approved a paper, prepared by PoMO, which identified the impediments to the measurement and attribution of GVA at a programme and project level. The paper contained recommendations to remove GVA as a monitoring measure of the portfolio and to utilise alternative SMART economic metrics.

- 2.2. A letter of confirmation (Appendix A) has now been received from both Governments confirming the following:
1. The impediments to using GVA measurement for quarterly and annual monitoring are acknowledged and there is no Government requirement to directly track and associate GVA with the SBCD portfolio.
  2. The use of alternative and appropriate SMART, economic metrics are advised.
  3. The PoMO are advised to track regional GVA through published ONS data.
  4. The calculation of GVA contribution remains valid within the economic appraisal at business case level to demonstrate the rationale for intervention and the estimated impact on programmes and projects

### **3. SBCD Update**

- 3.1. The PoMO is currently working with programme and project leads through the Monitoring and Evaluation Task and Finish Group to enhance the benefits reporting and realisation across the portfolio and to develop an Evaluation Framework to measure the outcomes and impacts of the interventions.
- 3.2. The selection and definition of appropriate SMART economic metrics will be a key output of the Group.
- 3.3. The Evaluation Framework will also emphasise the requirement to measure the economic impact of the portfolio using appropriate data and methodologies.
- 3.4. In addition to this the PoMO will track regional GVA using the published ONS data as advised by Governments.
- 3.5. The SBCD Monitoring & Evaluation (M&E) plan and Portfolio Business Case will be also be updated accordingly.

### **4. Financial Implications**

- 4.1 There are no financial implications associated with this report.

### **5. Legal Implications**

- 5.1 There are no legal implications associated with this report.

### **6. Alignment to the Well-being of Future Generations (Wales) Act 2015**

- 6.1 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: Letter from UK Government and Welsh Government, 3<sup>rd</sup> October 2023





Llywodraeth Cymru  
Welsh Government



UK Government  
Llywodraeth y DU

3<sup>rd</sup> October 2023

Dear Jon,

Further to recent conversations please accept this letter as confirmation that there is no Government requirement (UKG or WG) to directly track and associate GVA with the growth deal portfolio. We acknowledge the impediments for using GVA measurement for quarterly and annual monitoring and the use of alternative, and SMART, economic metrics are advised.

GVA is a macroeconomic measure, and whilst an estimation of GVA contribution can be made at a micro (programme and project) level, through the application of accepted economic appraisal methodology, it is not possible to fully determine GVA impact at portfolio level. It is therefore recommended that PMOs track GVA using ONS data (without the need to derive their own estimates).

The calculation of GVA contribution does however remain valid within the economic appraisal at business case level to demonstrate the rationale for intervention and the estimated impact on programmes and projects.

The Mid Wales Growth Deal Strategic Portfolio Business Case was subject to an Accounting Officer Review, supported by a report issued to the Welsh Government's Permanent Secretary as Principal Accounting Officer. The report contained several high level recommendations, one of which was applicable to all Deals across Wales and related to the use of GVA as a measure. The recommendation encourages PoMOs to consider adding new metrics (*GVA per job or GVA per hour*) to measure GVA uplift as part of their performance measurement frameworks to reflect targeted productivity improvements. The review recommended that adding new GVA metrics would be an improved means of assessing productivity and support a consistent set of measures across the 4 City & Growth Deals.

**Sioned Evans**  
Director Economy Business and  
Regions  
Welsh Government

**Geth Williams**  
Deputy Director  
Union and Regional Growth  
UK Government

Llywodraeth Cymru | Welsh Government  
Parc Cathays | Cathays Park  
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Cardiff | Caerdydd  
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[www.gov.uk/wales](http://www.gov.uk/wales)

[www.gov.uk/cymru](http://www.gov.uk/cymru)

[www.llyw.cymru](http://www.llyw.cymru) | [www.gov.wales](http://www.gov.wales)