



City and County of Swansea

Notice of Meeting

You are invited to attend a Meeting of the

Swansea Bay City Region Joint Committee

At: Remotely via Microsoft Teams
On: Thursday, 11 June 2020
Time: 10.30 am
Chair: Councillor Rob Stewart (Swansea Council)

Membership:

Councillors:

Emlyn Dole Carmarthenshire Council
Rob Jones Neath Port Talbot Council
David Simpson Pembrokeshire Council

Co-opted Non-Voting Representatives:

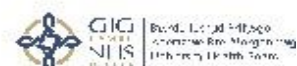
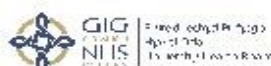
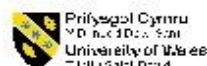
Maria Battle Hywel Dda University Health Board
Professor Medwin Hughes University of Wales Trinity Saint David
Edward Tomp Chair of Economic Strategy Board
Steve Wilks Swansea University
Emma Woollett Swansea Bay University Health Board

Watch online: <http://bitly.ws/8HqL>

Agenda

Page No.

- 1 Apologies for Absence.**
- 2 Disclosures of Personal and Prejudicial Interests.**
www.swansea.gov.uk/disclosuresofinterests
- 3 Minutes.** 1 - 4
To approve & sign the Minutes of the previous meeting(s) as a correct record.
- 4 Announcement(s) of the Chair.**



5 Public Questions

Questions must be submitted in writing, no later than noon on the working day prior to the meeting. Questions must relate to items on the agenda. Questions will be dealt with in a 10 minute period.

6	Audit Wales 2020 Audit Plan.	5 - 17
7	Funding Agreements.	18 - 94
8	Distribution of Investment Interest.	95 - 97
9	Swansea Bay City Deal Projects Update.	98 - 105
10	Homes as Power Stations Business Case.	106 - 245
11	Appointment of Senior Responsible Owner (SRO).	246 - 251
12	Programme Management Office Structure.	252 - 277
13	Programme Risk Register and Project Issues Log.	278 - 285
14	Integrated Assurance and Approval Plan (IAAP). (For Information)	286 - 289
15	Feedback from Economic Strategy Board (ESB). (Verbal)	

Next Meeting: Thursday, 9 July 2020 at 10.30 am



Huw Evans
Head of Democratic Services
Friday, 5 June 2020

Contact: Democratic Services - 01792 636923

Agenda Item 3



City and County of Swansea

Minutes of the Swansea Bay City Region Joint Committee

Lord Mayors Reception Room -
Guildhall, Swansea

Tuesday, 28 January 2020 at 2.00 pm

Present: Councillor Rob Stewart (Swansea Council) Presided

Councillors:

Emlyn Dole	Carmarthenshire County Council
Rob Jones	Neath Port Talbot Council
David Simpson	Pembrokeshire County Council

Co-opted Non-Voting Representatives:

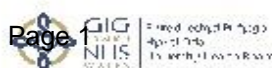
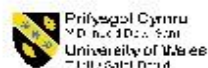
Maria Battle	Hywel Dda University Health Board
Medwin Hughes	University of Wales Trinity St Davids
Edward Tomp	Chair of Economic Strategy Board
Steve Wilks	Swansea University
Emma Woollett	Swansea Bay University Health Board

Officers:

Richard Arnold	Finance Manager (Swansea Bay City Region)
Jonathan Burnes	Swansea Bay City Region
Huw Evans	Head of Democratic Services (Swansea Council)
Jo Hendy	Head of Internal Audit (Pembrokeshire Council)
Greg Jones	Marketing & Communications Officer (Carmarthenshire Council)
Tracey Meredith	Joint Committee Monitoring Officer (Swansea Council)
Chris Moore	Joint Committee S151 Officer (Carmarthenshire Council)
Helen Morgan	Economic Development Manager (Carmarthenshire Council)
Steve Phillips	Chief Executive (Neath Port Talbot Council)
Phil Roberts	Chief Executive (Swansea Council)
Wendy Walters	Chief Executive (Carmarthenshire Council)
Ian Westley	Chief Executive (Pembrokeshire Council)

Apologies for Absence:

None.



41 Disclosures of Personal and Prejudicial Interests.

In accordance with the Code of Conduct adopted by the City & County of Swansea no interests were declared.

42 Minutes.

Resolved that the Minutes of Swansea Bay City Region Joint Committee meeting held on 26 November 2019 be signed and approved as a correct record.

43 Announcement(s) of the Chair.

1) Dr Jonathan Burnes – Swansea Bay City Region Programme Director

Councillor Rob Stewart (Chair) welcomed Dr Jonathan Burnes to the meeting. Dr Burnes had recently been appointed the Swansea Bay City Region Programme Director and would be commencing the role in March 2020.

44 Public Questions

There were no public questions.

45 Swansea Bay City Deal Projects - Update. (Verbal)

Carmarthenshire

The Wellness Village project progressing well. Discussions with an Academic Partner were approaching completion. The Project Business Case was planned to be presented to the Joint Committee in Spring 2020. The Project would also be subject to a Peer Review.

Neath Port Talbot

The Homes as Power Stations Business Case was planned to be presented to the Joint Committee in February 2020.

Pembrokeshire

Work on the Pembroke Dock Marine project was progressing well. The Governments had asked for additional information which had already been addressed; however, a formal response had been sent on 27 January 2020. The Authority were also in dialogue with the Secretary of State for Wales, Simon Hart MP.

Swansea

The Swansea Central Phase 1 project was progressing well with the contractors currently on site.

University of Wales Trinity Saint David

The Box Village project was progressing well as part of the new SA1 Swansea Waterfront development.

Swansea University

The Swansea University Campuses Development project was progressing well.

Resolved that:

- 1) The updates be noted.

46 Financial Monitoring Report 2019/20 - Swansea Bay City Deal Outturn Position.

The Joint Committee Section 151 Officer submitted a report outlining the year end forecast outturn position in respect of the Programme Management Office, Accountable Body and Joint Committee administration functions.

Resolved that the Joint Committee review the annual accounts of the Swansea Bay City Region Deal.

47 Swansea Bay City Deal Terms & Conditions. (Verbal)

The Joint Committee Section 151 Officer provided an update in relation to the Swansea Bay City Region Deal Terms and Conditions and Grant Award. He stated that the first tranche of £18,000,000 had been released and that a further tranche release was expected prior to 31 March 2020.

He stated that the Section 151 Officers were scheduled to meet week commencing 3 February 2020 in order to discuss the Funding Agreement which was currently with Geldards Solicitors.

Resolved that the update be noted.

48 Internal Audit Governance Arrangements.

The Head of Internal Audit (Pembrokeshire Council) Joint Committee Section 151 Officer submitted a report which outlined the Internal Audit Charter. The Internal Audit Charter defines the purpose, authority and responsibility for the provision of the Internal Audit Service and establishes the position of Internal Audit within the Partnership, including reporting lines of the Head of Internal Audit.

Resolved that the draft Internal Audit Charter and Internal Audit Terms of Reference 2019-2020 as attached to the report be adopted.

49 Implementation Plan (Version 22).

The Regional Office submitted a report which sought approval of the latest version of the Implementation Plan.

Resolved that the latest version of the Implementation Plan be adopted.

50 MIPIM 2020.

The Regional Office submitted a report which sought authorisation for the Swansea Bay City Region's attendance at MIPIM 2020 and its associated costs.

Resolved that the Swansea Bay City Region's attendance at MIPIM 2020 and its associated costs be authorised.

51 Supporting Innovation and Low Carbon Growth Project (Neath Port Talbot Council).

The Regional Office submitted a report which outlined the Supporting Innovation and Low Carbon Growth Project. The project had been developed to deliver a coordinated delivery of sustainable growth and job creation with a targeted focus on the Port Talbot Harbour side area.

Resolved that:

- 1) The feedback from the Economic Strategy Board on the Supporting Innovation and Low Carbon Growth projects be considered;
- 2) The formal submission of the Supporting Innovation and Low Carbon Growth full five-case business plan to the UK Government and Welsh Government be approved;
- 3) Officers be granted delegated powers to make any minor amendments necessary to obtain that approval.

52 Terms and Conditions and Grant Award Update. (Verbal)

This item was a duplication of Minute 47 "Swansea Bay City Deal Terms & Conditions" and was therefore removed from the agenda.

53 Swansea Bay City Region Programme Director - Update. (Verbal)

The Chair welcomed Dr Jonathan Burnes to the meeting. Dr Burnes had recently been appointed the Swansea Bay City Region Programme Director and would be commencing the role in March 2020.

54 Feedback from Economic Strategy Board (ESB). (Verbal)

The Chair of the Economic Strategy Board (ESB) provided an update on its recent work:

- Interviewing Candidates as Advisors to the ESB;
- Preparing a Procurement Principles document for consideration by the Joint Committee in March 2020.

Resolved that the feedback be noted.

The meeting ended at 2.32 pm

Chair

Agenda Item 6



Swansea Bay City Region Joint Committee – 11 June 2020

Audit Wales 2020 Audit Plan

Purpose:	The purpose of this report is to inform Joint Committee of the plan and scope in respect of the external audit of the Swansea Bay City Deal Statement of Accounts
Policy Framework:	Swansea Bay City Deal
Consultation:	Accountable Body and Programme Board
Recommendation(s):	It is recommended that Joint Committee: 1) Review and agree the proposed plan and scope of the external audit to be undertaken by the Wales Audit Office of the Swansea Bay City Deal Joint Committee's Statement of Accounts.
Report Author:	Chris Moore, Section 151 Officer, SBCD
Finance Officer:	Chris Moore, Section 151 Officer, SBCD
Legal Officer:	Tracey Meredith, Monitoring Officer, SBCD

1. Introduction

The Auditor General is the auditor for Carmarthenshire County Council and this plan summarises the work to be carried out to discharge his responsibilities under the Public Audit (Wales) Act 2004.

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

This report outlines the proposed audit plan and scope of the external audit to be undertaken by the Wales Audit Office of the Swansea Bay City Deal Joint Committee's Statement of Accounts.

2. Background

The attached report by the Wales Audit Office outlines the detailed plan and scope of the external audit assessment to be undertaken of the Joint Committee's Statement of accounts.

3. Financial Implications

The presented report is a Wales Audit Office Report and Audit cost implications are detailed within the report.

4. Legal Implications

There are no further legal implications associated with this report.

Background Papers:

None

Appendices:

Appendix A - Wales Audit Office - 2020 Audit Plan – Swansea Bay City Deal Region Joint Committee.

2020 Audit Plan – Swansea Bay City Deal Region Joint Committee

Audit year: 2019-20

Date issued: May 2020

Document reference: 1874A2020-21

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

No responsibility is taken by the Auditor General, the staff of Audit Wales or, where applicable, the auditor acting on behalf of the Auditor General, in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

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, Audit Wales and, where applicable, the auditor acting on behalf of the Auditor General are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at 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.

Contents

2020 Audit Plan	
Our duties	4
Impact of COVID-19	4
Audit of financial statements	5
Performance audit	8
Fee, audit team and timetable	8

Summary report

Our duties

- 1 We complete work each year to meet the following duties.

Audit of financial statements

- 2 This will be the first year that the Swansea Bay City Deal Region Joint Committee (The Joint Committee) will be producing full financial statements and we will be auditing these financial statements to make sure that public money is being properly accounted for.

Value for money

- 3 The Joint Committee has to put in place arrangements to get value for money for the resources it uses, and we have to be satisfied that it has done this.

Impact of COVID-19

- 4 The COVID-19 national emergency has had an unprecedented impact on the UK and will significantly impact on local authorities' preparation of the 2019-20 accounts and our audit work, both financial audit and performance audit.
- 5 Due to the UK Government's restrictions on movement and anticipated sickness absence levels, we understand that many local authorities will not be able to prepare accounts in line with the timetable set out in the Accounts and Audit (Wales) Regulations 2014. As well as the delivery of the Auditor General's statutory responsibilities, our priority is to ensure the health, safety and well-being of Audit Wales staff, their families and those of our partners elsewhere in the public service at this incredibly challenging time.
- 6 In response to the government advice and subsequent restrictions, we have ceased on all on site work at audited bodies and our own offices. Audit Wales staff are working from home and we will continue to make whatever progress we can whilst working and engaging with you remotely.
- 7 Consequently, this audit plan does not include any details in relation to completion of our audit work. We will discuss a timetable with the authority once the current national emergency situation is over and the authority is in a position to prepare its accounts.
- 8 We commit to ensuring that our audit work will not have a detrimental impact on you at a time when public bodies are stretched and focused on more important matters.

Audit of financial statements

- 9 It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their 'truth and fairness':
- we plan to give an opinion on the Joint Committee's financial statements by 15 September 2020.
 - assess whether the Joint Committee's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. We also review whether they were consistent with the financial statements prepared by the Joint Committee and with our knowledge of the Joint Committee.
- 10 In addition to our responsibilities for auditing the Council's financial statements, we also have responsibility for responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary).
- 11 There have been no limitations imposed on me in planning the scope of this audit.
- 12 Further information about our work is provided in our Statement of Responsibilities, which is available on our website (www.audit.wales).

Financial Statement Audit Risks

- 13 The following table sets out the significant risks I have identified for the audit of the Joint Committee.

Exhibit 1: financial statement audit risks

This table summarises the key financial statement audit risks identified at the planning stage of the audit.

Audit risk	Proposed audit response
Significant risks	
The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].	My audit team will: <ul style="list-style-type: none">• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;• review accounting estimates for biases; and

Audit risk	Proposed audit response
	<ul style="list-style-type: none"> • evaluate the rationale for any significant transactions outside the normal course of business.
<p>Impact of COVID-19 – general risks The COVID-19 national emergency is likely to have a significant impact on the joint committee and its accounts production process. Potential risks include:</p> <p>Subsequent events The Joint Committee may not be able to prepare its accounts in accordance with the timetable laid down by the Accounts and Audit (Wales) Regulations 2014. The shifting reporting deadlines increases the period (and therefore the related risks) for events occurring between the date of the financial statements and the date of the auditor’s report. The consequences of the virus post 31 March 2020 will generally be non-adjusting post balance-sheet events but some form of disclosure may be needed.</p>	<p>My audit team will undertake the following steps to ensure the risks arising from COVID-19 are adequately addressed:</p> <ul style="list-style-type: none"> • we will extend the period of review of subsequent events in order to identify any material subsequent events related to COVID-19, and whether these have been appropriately addressed or disclosed in the financial statements in accordance with the financial reporting framework; • we will consider if there are areas that may require management to provide further evidence due to the fast-changing nature of this issue; • we will ensure that appropriate changes been made to recognise any enhanced uncertainty in the calculation of accounting estimates (including impairment calculations); • we will also consider whether assumptions are appropriate in the circumstances; and • we will adopt a greater focus on the following areas: <ul style="list-style-type: none"> – the financial statement closing process (in particular journal entries and other adjustments made); and – the auditor’s evaluation of the overall presentation of the financial statements, including consideration of whether adequate disclosures have been made.

Audit risk	Proposed audit response
Other areas of audit attention	
<p>As the Joint Committee will be preparing accounts for the first time, there is an increased risk that the draft statements submitted for audit do not comply fully with relevant accounting standards.</p>	<p>My Audit team will carry out detailed audit testing on all material balances and transactions.</p>
<p>The Swansea Bay Region City Deal (the City Deal) joint committee agreement was signed by City and County of Swansea, Carmarthenshire, Neath Port Talbot and Pembrokeshire Councils in July 2018. This established the statutory joint committee to oversee delivery of 11 projects which are designed to increase connectivity and to improve physical and digital infrastructure in the region over the course of 15 years. The City Deal includes total funding of £1.3 billion, of which £241 million is provided by Government, £637 million provided by private funding and £396 million provided by public funding. Business cases have been approved for two projects and the Welsh Government has made their first annual contribution of £18 million to the Joint committee. As such, the Joint Committee will have to produce its first full set of financial statements in 2019-20. As a relatively newly established organisation, there is increased risk that internal financial governance arrangements may not be fully developed and/or operating as intended. The organisation needs to ensure that robust procedures exist in the following areas:</p> <ul style="list-style-type: none"> • internal financial controls such as comprehensive financial regulations and strong budgetary control; • standards of financial conduct; and 	<p>We will carry out detailed audit testing to ensure that transactions are accurately recorded, relate to the financial period and there is a specific legal provision to enter into the transaction.</p>

Audit risk	Proposed audit response
<ul style="list-style-type: none"> arrangements to ensure that the Joint Committee only enters into transactions where there is specific legal provision for them to do so. 	

Performance audit

- 14 In addition to our Audit of Financial Statements, we also carry out a programme of performance audit work to discharge the Auditor General’s duties set out on **page 4** in relation to value for money. For 2020-21 this work will focus on assessing if the Joint Committee is putting in place proper arrangements to secure value for money in the use of resources. We will do this through the ongoing monitoring of value for money and governance arrangements.

Fee, audit team and timetable

- 15 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with a timescale to be agreed following the end of the COVID-19 national emergency, to the quality expected and have been subject to a robust quality assurance review;
 - information provided to support the financial statements is in accordance with the agreed audit deliverables document;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit’s planned programme of work is complete and management has responded to issues that may have affected the financial statements.
- 16 If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee

17 Your estimated fee for 2020 is set out in **Exhibit 2**.

Exhibit 2: audit fee

This table sets out the proposed audit fee for 2020, by area of audit work.

Audit area	Proposed fee (£) ¹
Audit of accounts ²	11,949
Performance audit work ³	6,860
Total fee	18,809

18 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Chief Finance Officer.

19 Further information on my [fee scales and fee setting](#) can be found on our website.

Audit team

20 The main members of my team, together with their contact details, are summarised in **Exhibit 3**.

Exhibit 3: my audit team

This table lists the members of the local audit team and their contact details.

Name	Role	Contact number	E-mail address
Ann Marie Harkin	Engagement Director and Engagement Lead – Financial Audit	02920 320500	Ann-Marie.Harkin@audit.wales

¹ Notes: The fees shown in this document are exclusive of VAT, which is not charged to you

² Payable November 2019 to October 2020.

³ Payable April 2020 to March 2021

Name	Role	Contact number	E-mail address
Huw Rees	Engagement Lead – Performance Audit	02920 320599	Huw.Rees@audit.wales
Jason Garcia	Audit Manager (Financial Audit)	07792 015416	Jason.garcia@audit.wales
Lucy Herman	Audit Lead – Senior Auditor (Financial Audit)	02920 320500	Lucy.Herman@audit.wales
Tim Buckle	Audit Manager (Performance Audit)	02920 320653	Timothy.Buckle@audit.wales

Timetable

- 21 Financial accounts work will be undertaken over the period February to September 2020. Performance audit work will be undertaken over the period April 2020 to March 2021.
- 22 I can confirm that my team members are all independent of the Joint Committee and your officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.



Audit Wales
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500
Fax: 029 2032 0600
Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

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

Agenda Item 7



Swansea Bay City Region Joint Committee – 11 June 2020

Funding Agreements

Purpose:	The purpose of this report is to inform Joint Committee of the Funding Agreements to be utilised in the management of the release of City Deal Funding to Delivery partners.
Policy Framework:	Swansea Bay City Deal
Consultation:	Accountable Body Programme Board Legal and S151 officers of NPT, Pembrokeshire, Carmarthen and Swansea Councils
Recommendation(s):	It is recommended that Joint Committee: 1) Considers and approves the template funding agreements at Appendix A & B to be adopted to manage the release of funding from the Programme to the Councils and to delivery partners. Appendix A being a standard agreement between the Accountable Body and the Project Lead Authority Appendix B being a template agreement for amendment by the Project Lead Authority to suit the agreement with the delivery party. 2) Delegates authority to the SBCD Section 151 Officer and the SBCD Monitoring Officer to make any essential and necessary amendments to the template agreement within Appendix A
Report Author:	Chris Moore, Section 151 Officer, SBCD
Finance Officer:	Chris Moore, Section 151 Officer, SBCD
Legal Officer:	Tracey Meredith, Monitoring Officer, SBCD

1. Introduction

This report outlines the Funding Agreements between the Accountable Body and Lead Authorities, and the Lead Authorities and Funding Recipients. The Funding Agreements are the framework by which funding is managed and released from the Accountable Body on behalf of the programme.

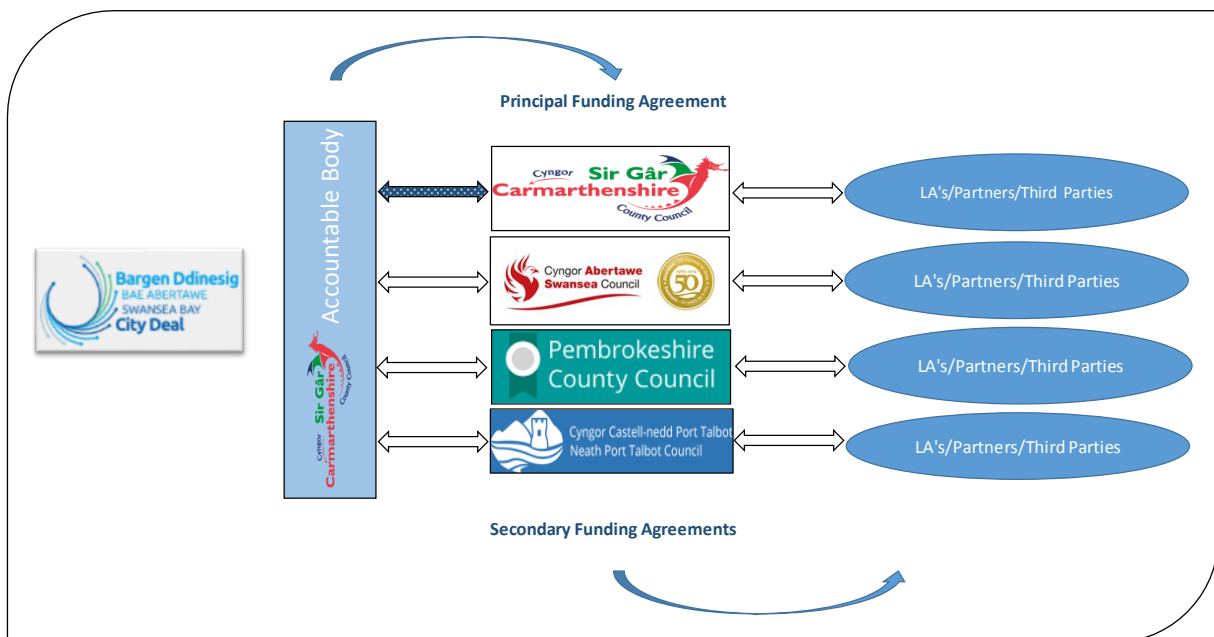
2. Funding Agreements

The management of City Deal grant will be governed through the implementation of funding agreements. These funding agreements will form the basis on which the release of funding will be discharged. Two distinct funding agreements (*Example 1.*) will require adoption - a principal funding agreement between the Accountable Body and Lead Authorities, and secondary funding agreements between the Lead Authorities and third parties.

The funding agreements are the legal agreements embedded within the programme to manage the release of funds to project delivery partners.

The purpose of these agreements is to establish terms and conditions on which Government grants will be distributed from the Accountable Body on behalf of the Swansea Bay City Deal. These agreements are necessary to provide a governance framework, ensuring programme funds are accounted for accurately, timely and transparently in line with the terms and conditions of the City Deal grant award.

Example 1



*A memorandum of understanding will exist between CCC as the Accountable body and CCC as the Lead Authority for programme delivery.

Principal Agreements

This agreement details funding arrangements between Carmarthenshire County Council as the Accountable Body and each of the Lead Authority partners of the Swansea Bay City Deal programme, as set out in the Joint Committee Agreement. It ensures that the obligations contained within the UK and Welsh Government funding award letters are transferred from the Accountable Body to the relevant Lead Authority as appropriate. It sets out the project outputs, the mechanism for calculating the amount of funding, the process for payment and the governance arrangements for monitoring the use of the funding.

Secondary Agreements

This agreement details funding arrangements between Lead Authorities and third-party organisations enlisted to support the delivery of the Swansea Bay City Deal Programme. The template is available for Lead Authorities to use if they wish and to tailor to the specific requirements of the project. As the Lead Authorities are accountable to the Accountable Body for the delivery of the project outputs and the proper use of the funding, then these secondary agreements are designed to transfer some of the liability to the delivery partners as appropriate, thereby protecting the Lead Authorities. As a result, Lead Authorities may choose to utilise this agreement when commissioning third party organisations to partner or support the delivery of programme projects.

The funding agreements support the Joint Committee Agreement by providing a governance structure ensuring there is clarity and understanding from both parties, enabling them to efficiently and effectively discharge their duties in delivering projects within the City Deal Programme. In addition to dealing with the purpose and process of project funding and the distribution basis of funding (with reference to the Joint Committee Agreement and Implementation Plan), the agreements also outline the statutory requirements including data protection, confidentiality and indemnity imposed upon the parties and a process for dealing with enforcement of obligations and disputes.

3. Financial Implications

Financial implications will exist if Councils and delivery partners do not comply with the conditions set out within the funding agreements. This could result in non-payment of funding or claw back being instigated.

4. Legal Implications

The terms and conditions contained within the UK and Welsh Government funding award letters are legally binding and the Councils must comply with the same. Use of the funding agreements will ensure that the Accountable Body and Lead Authorities are protected as far as possible from any breach of the terms and conditions by delivery partners.

It is not anticipated that the specific legal clauses will need to be changed but in the event that an essential and necessary change is required delegation to the SBCD S151 and SBCD Monitoring Officer is sought to make any changes on an exceptional basis to the template agreement within Appendix A.

Background Papers: None

Appendices:

Appendix A	Funding Agreement – Carmarthenshire County Council and Lead Authorities
Appendix B	Funding Agreement – Lead Authorities and LA's/Partners/Third Parties

DATED

20[.].]

(1) CARMARTHENSHIRE COUNTY COUNCIL

(2) [] COUNCIL

**Agreement in relation to the distribution of funding from the Swansea Bay
City Deal**

CONTENTS

1.	Definitions and Interpretation	5
2.	Statutory Authority	12
3.	Accountable Body	12
4.	Project Authority Lead	13
5.	Funding Agreement	15
6.	Agreed Outputs	15
7.	Breach of this Agreement	16
8.	Notification Events and Their Consequences	17
9.	Payment of Project Funding to the Project Authority Lead	18
10.	Force Majeure	19
11.	Indemnity	20
12.	Assignment	20
13.	Variation	21
14.	Notices	21
15.	Confidentiality	21
16.	Freedom of Information	22
17.	Data Protection	22
18.	State Aid	24
19.	Duration	24
20.	Suspension of Payments	24
21.	Withdrawal of Project Funding	24
22.	Repayment of Project Funding	25
23.	Waiver	25
24.	Termination	25
25.	Dispute Resolution	25
26.	Interest	26
27.	Decisions of the Accountable Body and the Project Authority Lead	27
28.	Contracts (Rights of Third Parties) Act 1999	27
29.	Entire Agreement	27
30.	Severability	27
31.	Execution	27
32.	Governing Law	28
	Schedule 1 Projects	30
	Schedule 2 Notification Events	31
	Schedule 3 Terms and conditions of award of Swansea Bay City Deal funding	33
	Schedule 4 Financial Profile for the Project	34

[GUIDANCE NOTE: REMOVE THIS BEFORE COMPLETING THE AGREEMENT: THIS IS A TEMPLATE FOR AGREEMENTS BETWEEN CARMARTHENSHIRE COUNTY COUNCIL AS ACCOUNTABLE BODY FOR THE SWANSEA BAY CITY REGION AND THE LOCAL AUTHORITY WHO IS THE PROJECT AUTHORITY LEAD FOR THE PROJECTS SPECIFIED IN THE AGREEMENT. THE PURPOSE OF THIS AGREEMENT IS TO REGULATE THE FLOW OF SWANSEA BAY CITY DEAL FUNDING PROVIDED BY THE WELSH AND UK GOVERNMENTS FOR THE PROJECTS SPECIFIED IN THE AGREEMENT, FOLLOWING APPROVAL OF THE BUSINESS CASES FOR THOSE PROJECTS. THE AGREEMENT ENVISAGES THAT THE PROJECT AUTHORITY LEAD WILL ENTER INTO A FUNDING AGREEMENT WITH THE ULTIMATE RECIPIENT OF FUNDING. IT IS INTENDED THAT ANY AGREEMENT PREPARED ON THE BASIS OF THIS TEMPLATE WILL ENSURE THAT THE OBLIGATIONS CONTAINED WITHIN THE TERMS AND CONDITIONS IMPOSED BY THE WELSH AND UK GOVERNMENTS FLOW FROM THE ACCOUNTABLE BODY TO THE PROJECT AUTHORITY LEAD. THIS AGREEMENT WILL IDENTIFY THE OUTPUTS TO BE ACHIEVED.]

THIS AGREEMENT IS MADE ON 20[]

BETWEEN:

- (1) Carmarthenshire County Council of County Hall, Carmarthen, Carmarthenshire SA31 1JP (“the Accountable Body”); and
- (2) [Name of Council] of [Address of Project Authority Lead] (“the Project Authority Lead”)

WHEREAS

- A Carmarthenshire County Council is the Accountable Body for the distribution of funds from the Swansea Bay City Deal.
- B The projects listed at Schedule 1 to this Agreement have gone through the procedure set out in clause 12 of the Joint Committee Agreement and been approved for funding from the Swansea Bay City Deal.
- C The Accountable Body has received and accepted an award of Swansea Bay City Deal funding consisting of funding from the Welsh Government and the UK Government in a letter from the Welsh Government dated 24 October 2019 which imposed terms and conditions on the provision of Swansea Bay City Deal funding (“the Funding Award Letter”). The Funding Award Letter is set out at Schedule 3 to this Agreement. As and when any further funding award letters are issued by the UK or Welsh Government relevant to the Projects listed in Schedule 1 and following approval of the conditions by the Project Authority Lead they will be appended to Schedule 3 and be incorporated into this Agreement.
- D This Agreement sets out the terms on which funding will be paid by the Accountable Body to the Project Authority Lead for payment to a project.

IT IS AGREED AS FOLLOWS

1. Definitions and Interpretation

1.1 The following definitions and rules of interpretation apply in this Agreement:

“Accountable Body”	means the body appointed under the Joint Committee Agreement as Accountable Body for the Swansea Bay City Deal;
“Agreed Outputs”	the outputs the Project Authority Lead is required to achieve as set out in Schedule 5;
“this Agreement”	this agreement entered into by the Accountable Body and the Project Authority Lead for the payment of Project Funding to the Project Authority Lead and the Project Authority Lead’s role in utilising Project Funding and/or distributing Project Funding to the Projects;
“Annual Funding Receipt”	the amount of Government Funding allocated to the Swansea Bay City Region for the Swansea Bay City Deal for each year;
“Annual Project Funding Allocation”	the amount of Project Funding allocated to the Project for each year, calculated in accordance with clause 9.3;
“Approved Grant Value”	the total amount of Government Funding allocated to the Project as approved in the Heads of Terms issued by Welsh Government and dated March 2017 and as subsequently varied or amended by Welsh Government;
“Budget”	the budget for the Project set out in Schedule 4 to include the Project Funding and all other sources of funding revenue or income streams and a profile of the Project Expenditure;

“Business Case”	means the business case for the Project as approved by the Joint Committee and Welsh Government extracts of which are set out in Schedule 4;
“Commencement Date”	the date of this Agreement;
“Council”	a local authority which is party to the Joint Committee Agreement;
“DPA”	the Data Protection Act 2018;
“DP Regulator”	any governmental or regulatory body or authority with responsibility for monitoring or enforcing compliance with the Data Protection Laws;
“Data”	any data, document, code, information or Personal Data in connection with this Agreement;
“Data Protection Laws”	any applicable laws and regulations in any relevant jurisdiction relating to privacy or the use or processing of Personal Data relating to natural persons;
“Data Subject”	shall have the meanings set out in the GDPR and the DPA;
“Expenditure”	means all eligible expenditure incurred for agreed Project Purposes and within the expenditure limits approved by Welsh Government;
“Funding Agreement”	an agreement between the Project Authority Lead and a Recipient of Government Funding for a Project in a form approved by the Joint Committee and applied to the Projects specified in the agreement;
“Funding Award Letter”	a letter from the Welsh Government dated 24 October 2019 together with any subsequent letters from the UK or Welsh Government which award funding from the Welsh Government and the UK Government relevant to the Projects set out in Schedule 1 and which impose terms and conditions on the provision of Government Funding

	for the Swansea Bay City Deal and which have been approved by the Project Authority Lead;
“GDPR”	the General Data Protection Regulation;
“Government Authority”	means: (a) any government (de jure or de facto) of the United Kingdom or any political sub-division of the United Kingdom or any local jurisdiction of the United Kingdom; and (b) any governmental authority or statutory legal fiscal monetary or administrative body which operates or has jurisdiction directly or indirectly in the United Kingdom; or (c) any instrumentality commission court or agency of any of the above however constituted; or (d) any association organisation or institution of which any of the above is a member or to whose jurisdiction any of the above is subject or in whose activities any of the above is a participant;
“Government Funding”	funding to be made available to the Projects from the UK Government and Welsh Government pursuant to the Swansea Bay City Deal Joint Committee Agreement;
“Intellectual Property Rights”	patents, rights to inventions, copyright and related rights, trademarks, trade names and domain names, rights in get-up, rights in goodwill or to sue for passing off, rights in designs, rights in computer software, database rights, rights in confidential information (including Know-how and trade secrets), and any other intellectual property rights, in each case whether registered or unregistered and including all applications (or rights to apply) for and renewals or extensions of, such rights and all similar or equivalent rights or forms of protection which may now or in the future subsist in any part of the world;
“Joint Committee”	the joint committee established by Carmarthenshire County Council,

Neath Port Talbot County Borough Council, Pembrokeshire County Council and the Council of the City and County of Swansea for the Swansea Bay City Region under the provisions of section 101 of the Local Government Act 1972;

“Joint Committee Agreement”

an agreement entered into by Carmarthenshire County Council, Neath Port Talbot County Borough Council, Pembrokeshire County Council and the Council of the City and County of Swansea for the establishment of a joint committee for the Swansea Bay City Region dated [] and as varied by a Deed of Variation dated [];

“Know-How”

information data know-how or experience whether patentable or not and including but not limited to any technical and commercial information relating to research design development manufacture use or sale;

“Legal Charge”

a legal charge and/or restriction given by the Project Authority Lead if requested by the Accountable Body in a form to be agreed between the Parties and in accordance with clause 4.6

“Maximum Project Funding Percentage”

the maximum percentage of expenditure on the Project to be funded by way of Project Funding in accordance with the Financial Profile set out in Schedule 4;

“Notice of Breach”

a notice served by one Party on another Party in accordance with clause 7 requiring the other Party to take action in respect of a breach of this Agreement;

“Notification Events”

any of the events set out in Schedule 2 to this Agreement;

“Party”

means each of the Accountable Body and the Project Authority Lead as the context requires and “Parties” means both of them;

“Practical Completion”	when the Parties agree that the works necessary to deliver the Project have been completed or a defined stage in project delivery has been achieved;
“Project”	a project for which Project Funding has been awarded details of which are set out at Schedule 1 to this Agreement;
“Project Authority Lead”	[Name of Project Authority Lead] a local authority with responsibility for the Government Funding element of funding for the Projects;
“Project Funding”	the sum from the Government Funding to be paid by the Accountable Body to the Project Authority Lead for the Project;
“Project Funding Payment”	a payment of the Project Funding or any of it to the Project Authority Lead by the Accountable Body;
“Project Purposes”	the purposes set out in the Funding Award Letter;
“Recipient”	a legal entity with which the Project Authority Lead may enter into a Funding Agreement;
“Request for Change to the Agreed Outputs”	a notice served by one Party on another Party in accordance with clause 6.3 to request a change to the Agreed Outputs;
“State Aid Rules”	the rules set out in Articles 107 to 109 of the Treaty on the Functioning of the European Union (or in those Articles that may succeed Articles 107 to 109) secondary legislation including frameworks guidelines and block exemptions produced by the European Commission regarding the application of Articles 107 to 109 and any rules that come into force in the United Kingdom to replace the rules set out in Articles 107 to 109 of the Treaty on the Functioning of the European Union;
“Swansea Bay City Deal”	a programme supported by the UK Government and the Welsh Government to use technological

innovation and commercialisation to deliver sustainable growth and reduce economic dependency for the Swansea Bay City Region;

“Swansea Bay City Region”

the administrative area covered by Carmarthenshire County Council, Neath Port Talbot County Borough Council, Pembrokeshire County Council and the Council of the City and County of Swansea for local authority services;

“Targets”

the targets and outcomes imposed on the Accountable Body by the Welsh Government in the Funding Award Letter;

“Total Programme Grant Award”

the total amount of Government Funding allocated to the Swansea Bay City Region for the Swansea Bay City Deal as approved in the Heads of Terms issued by Welsh Government and dated March 2017 and as subsequently varied or amended by Welsh Government;

“Welsh Government Officials”

Debra Carter Deputy Director Local Government Strategic Finance and Nick McNeill Head of City Deals or such other officials as the Welsh Government may notify the Accountable Body;

“Working Day”

means a day which is not a Saturday Sunday or public holiday in England and Wales.

- 1.2 The headings are inserted for convenience only and shall not affect the construction of this Agreement.
- 1.3 Words importing one gender include all other genders and words importing the singular include the plural and vice versa.
- 1.4 A reference in this Agreement to any clause, paragraph or schedule is, except where it is expressly stated to the contrary, a reference to a clause or paragraph of or schedule to this Agreement.
- 1.5 Any reference to this Agreement or to any other document unless otherwise specified shall include any variation, amendment or supplements to such document expressly permitted by this Agreement or otherwise agreed in writing between the relevant parties.
- 1.6 Words preceding “include”, “includes” “including” and “included” shall be construed without limitation by the words which follow those words unless

inconsistent with the context and the rule of interpretation known as “eiusdem generis” shall not apply.

- 1.7 The Schedules form part of this Agreement and shall have the same force and effect as if expressly set out in the body of this Agreement and references to this Agreement includes the Schedules. In the event of any conflict between provisions of this Agreement the clauses in the body of the Agreement shall have precedence over the Schedules.
- 1.8 A reference to a recital or clause or schedule or part of a schedule is unless the context otherwise requires a reference to a recital to or a clause of or a schedule or a part of a schedule to this agreement, and references to this agreement include its schedules, Annexes and recitals and references in a schedule to paragraphs are to paragraphs of that schedule.
- 1.9 References to “the Parties” shall be to the parties to this Agreement.
- 1.10 A “certified copy” of any document shall be construed as a reference to a photostatic copy of such document which has annexed to it or printed on its front page a certificate signed by an officer of the Project Authority Lead or the Accountable Body (as the case may be) confirming that such photostatic copy is a true and up-to-date copy of the original.
- 1.11 Any provision which provides that an action or thing may not be taken or done by one Party without the “consent” or “approval” of the other Party will be deemed to provide also that:
 - (a) the Party seeking to take the action or do the thing in question will request the consent or approval of the other Party in writing and provide promptly and in sufficient time for the other Party to consider it, all information reasonably necessary for the other Party to make an informed decision as to whether or not consent or approval should be granted;
 - (b) the Party receiving the request for consent or approval will consider it in good faith; and
 - (c) the consent or approval must be given in writing and the relevant action or thing may not be done unless and until the consent or approval has been granted;
 - (d) a reference to “the Accountable Body” or “the Project Authority Lead” or “the Recipient” or any other person includes its (and any subsequent) successor(s) in title and permitted transferee(s) or permitted assignee(s).
- 1.12 Any reference to a “person” shall be construed as a reference to an individual, firm, company, corporation, government state or agency of a state or any association or partnership (whether or not having a separate legal entity) of two or more of the foregoing.
- 1.13 A reference to any document includes that document as amended, varied, novated or supplemented from time to time.

- 1.14 A reference to law includes without limitation any (1) statute, decree, constitution, regulation, order, judgment or directive of any Government Authority (2) treaty, pact or other agreement to which any Government Authority is a signatory or party and/or (3) judicial or administrative interpretation or application thereof and, in each such case, is a reference to the same as amended, substituted or re-enacted from time to time.

2. Statutory Authority

- 2.1 The award of funding to the Projects under the Swansea Bay City Deal and the payment of Project Funding by the Accountable Body to the Project Authority Lead is made under the authority of the Cabinet Secretary for Finance and Local Government one of the Welsh Ministers acting pursuant to section 31 of the Local Government Act 2003.

3. Accountable Body

- 3.1 The Accountable Body shall claim Government Funding for the Swansea Bay City Deal by any date specified by the Welsh Government or the UK Government.
- 3.2 The Accountable Body shall use the claim proforma provided by the Welsh Government to claim Government Funding for the Swansea Bay City Deal and shall confirm to the Welsh Government that the Accountable Body has in place appropriate financial risk and control systems.
- 3.3 The Accountable Body shall pay Project Funding from the Government Funding for the Swansea Bay City Deal to the Project Authority Lead to distribute to Projects.
- 3.4 The Accountable Body shall comply with the duties imposed on the Accountable Body by the Joint Committee Agreement so far as those duties are relevant to this Agreement. For the avoidance of doubt this shall include:
- (a) Acting diligently and in good faith in all its dealings with the other Councils.
 - (b) Acting with reasonable skill and care and in accordance with best practice.
 - (c) Acting in accordance with the principles and strategic aims of the Joint Committee Agreement and any applicable policies agreed by the Joint Committee for the Swansea Bay City Region.
 - (d) Co-operating with any reasonable requests of the Councils that host the scrutiny monitoring officer democratic services and audit functions.
- 3.5 The Accountable Body shall comply in a timely manner with the conditions imposed on the Accountable Body in the Funding Award Letter/s as set out in Schedule 3 to this Agreement.
- 3.6 The Accountable Body shall use reasonable endeavours to comply with any conditions imposed by the UK Government or the Welsh Government for Government Funding from the Swansea Bay City Deal in a timely manner.

3.7 The Accountable Body shall comply with the State Aid Rules.

4. Project Authority Lead

4.1 [] Council shall be the Project Authority Lead in respect of the Projects and shall be responsible for utilising or distributing the Project Funding from the Swansea Bay City Deal.

4.2 The Project Authority Lead shall use reasonable endeavours to ensure that its actions do not place the Accountable Body in breach of the conditions in the Funding Award Letter.

4.3 The Project Authority Lead shall use or distribute the Project Funding in accordance with the Business Case and for the Project Purposes .

4.4 The Project Authority Lead shall not make nor allow any Recipient to make any change to the Business Case or the Budget for the Project without the prior written agreement of the Accountable Body who may refer the matter to the Joint Committee if it deems it appropriate.

4.5 The Project Authority Lead shall be responsible for delivering or procuring the delivery of the Targets, outcomes and/or the Agreed Outputs in Schedule 5 in accordance with the Budget as set out in Schedule 4. Any shortfall in the Budget is the responsibility of the Project Authority Lead. The Project Authority Lead agrees that it shall not apply for duplicate funding in respect of any part of the Project that the Project Funding is funding in full.

4.6 If required by the terms of the Funding Award Letter or by the Accountable Body the Project Authority Lead shall provide a Legal Charge or restriction over any property involved in the delivery of the Project securing over the property such sum as may have been released out of the Project Funding by the Accountable Body to the Project Authority Lead.

4.7 The Project Authority Lead shall:

(a) Ensure that the Project Funding is not used for party political purposes, the promotion of particular secular, religious or political views, gambling, pornography, offering sexual services, purchasing capital equipment unless agreed by the Accountable Body, legal fees incurred in relation to entering into this Agreement, any kind of illegal activities or any other kind of activity which in the opinion of the Accountable Body could bring the Accountable Body or the Welsh Government into disrepute.

(b) Safeguard as far as possible the Government Funding against fraud and, in particular, fraud on the part of its personnel and notify the Accountable Body immediately if the Project Authority Lead has reason to suspect that any fraud within the Project Authority Lead or any Project has occurred or is occurring or is likely to occur whether or not it relates to the Government Funding.

(c) Participate in such fraud prevention initiatives as the Accountable Body may require.

- (d) Comply with all applicable domestic, EU or international laws or regulations or official directives.
- (e) Maintain adequate insurances to cover against the risks which may arise in connection with any property or any activity undertaken in delivery of the Projects.
- (f) Maintain appropriate financial risk and control systems before utilising any part of the Government Funding or before providing funding to a Recipient or procuring any goods or services from third parties.
- (g) Co-operate fully with any employee of the Accountable Body or any consultant appointed by the Accountable Body to monitor use of the Project Funding and the Project Authority Lead's compliance with the conditions imposed by this Agreement.
- (h) Inform the Accountable Body immediately if any declarations made to the Accountable Body are incorrect in any respect.
- (i) Notify the Accountable Body if a Notification Event has occurred or is likely to occur.
- (j) Provide the Accountable Body with such documents information and reports which the Accountable Body may reasonably require from time to time in order for the Accountable Body to monitor the Project Authority Lead's compliance with the conditions imposed by this Agreement.
- (k) Maintain and update the business cases for the Projects to reflect key developments.
- (l) Notify the Accountable Body in writing if there is an anticipated or actual change to the financial case or Budget for any Project.
- (m) Meet with any representatives of the Accountable Body as the Accountable Body may from time to time reasonably require.
- (n) Ensure that such person as the Accountable Body may require attends all meetings with the Accountable Body.
- (o) Maintain complete and accurate accounting records in accordance with proper accounting practices identifying all income and expenditure relating to the Projects.
- (p) Without charge permit any officer or officers of the Accountable Body the Welsh Government the UK Government, the Wales Audit Office or the Council undertaking the audit function for the Swansea Bay City Deal at any reasonable time and on reasonable notice to visit the Project Authority Lead's premises and to inspect any of the Project Authority Lead's activities and/or to examine and take copies of the Project Authority Lead's books of account and such other documents or records however stored as in such officer's reasonable view may relate to the Project Authority Lead's use of the Project Funding.

- (q) Retain this Agreement and all original documents relating to the Project Funding for a period of fifteen (15) years until the Accountable Body informs the Project Authority Lead that it is safe to destroy them.
- (r) Subject to clause 11.2 indemnify the Accountable Body against any liabilities claims proceedings demands losses costs and expenses suffered or incurred by the Accountable Body directly or indirectly arising as a result of or in connection with any failure by the Project Authority Lead to perform fully or in part any obligation the Project Authority Lead may have to a third party unless such failure on the part of the Project Authority Lead has been caused by a breach by the Accountable Body of the terms of this Agreement.
- (s) Comply with any obligations imposed by the Welsh Government to acknowledge the Welsh Government's support for any of the Projects in a form approved by the Welsh Government and in compliance with the Welsh Government's branding guidelines.
- (t) Agree that from the date of this Agreement until five years from the date of the final payment of Project Funding to any of the Projects the Accountable Body may allow the Welsh Government to include details about the Project Authority Lead the Government Funding and the Projects in Welsh Government promotional materials and agree to cooperate with the Accountable Body's reasonable requests to achieve the production of such materials
- (u) Apply a policy of equal opportunities as employers as users of volunteers and as providers of services.
- (v) Where the Projects include or relate to the provision of services in Wales ensure that they are provided in Welsh and English unless it would be unreasonable or disproportionate to do so. Where services are provided in both Welsh and English they must be provided in such a way as to not treat the Welsh language less favourably than English in accordance with the Welsh Language (Wales) Measure 2011.
- (w) Contribute to the achievement of the Welsh Government's well-being objectives contained in the Welsh Government's Programme for Government through the use of the Project Funding.

4.8 The Project Authority Lead shall comply with the State Aid Rules.

5. Funding Agreement

5.1 The Project Authority Lead may enter into a Funding Agreement with the Recipient for each of the Projects. A template form of Funding Agreement approved by the Joint Committee is available for the Project Authority Lead to use should it wish to do so.

6. Agreed Outputs

6.1 The Project Authority Lead shall be responsible for achieving the Targets outcomes and Agreed Outputs as set out in Schedule 5.

- 6.2 The Agreed Outputs for each Project shall reflect the aims of the Swansea Bay City Deal. The Accountable Body reserves the right to add to or amend the Targets outcomes and Agreed Outputs set out in Schedule 5 without following the process in clause 6.3 in the event that the UK or Welsh Government revise the same.
- 6.3 Any Party to this Agreement may propose a change to the Agreed Outputs by serving a Request for Change to the Agreed Outputs on the other Party. Such Request for Change to the Agreed Outputs on the other Party shall be in writing and shall identify the change proposed. The Accountable Body shall submit any Request for Change to the Agreed Outputs to the Joint Committee and request the Joint Committee to seek approval from the Welsh Government and the UK Government. A Request for Change to the Agreed Outputs shall not come into effect until it is approved by the Welsh Government and the UK Government.
- 6.4 The Project Authority Lead may impose obligations on a Recipient or any other person relating to the achievement of the Agreed Outputs but the Project Authority Lead shall remain responsible for achievement of the Agreed Outputs.
- 6.5 The Project Authority Lead shall report on progress with achieving the Agreed Outputs when submitting a claim for Project Funding in accordance with clause 9 and in accordance with any monitoring requirements imposed by the Accountable Body.
- 6.6 Failure by the Project Authority Lead to achieve the Agreed Outputs shall be treated as a breach by the Project Authority Lead of its obligations under this Agreement and clause 7 shall apply.
- 6.7 The Accountable Body and the Project Authority Lead shall agree when the Project has achieved Practical Completion and the requirement to submit applications for payment in accordance with clause 9 cease. The Project Authority Lead will continue to be subject any monitoring requirements imposed by the Accountable Body until such time as the Agreed Outputs are achieved.

7. Breach of this Agreement

- 7.1 Subject to clause 7.3 in the event of failure by the Project Authority Lead to achieve the Agreed Outputs or a breach by either Party of any other obligations under this Agreement the Parties shall attempt to resolve the failure by following the following procedure:
- (a) The non-defaulting Party shall serve a Notice of Breach on the defaulting Party. Such Notice of Breach shall identify the breach and shall require the defaulting Party to take specified rectification action within twenty (20) Working Days of receipt of the Notice of Breach.
 - (b) If the defaulting Party fails to take the action specified within the Notice of Breach within twenty (20) Working Days the non-defaulting Party shall refer the matter to the Joint Committee to decide whether the breach by the defaulting Party shall be treated as a Notification Event.
 - (c) If the Joint Committee decides that the breach by the defaulting Party shall be treated as a Notification Event clause 8 shall apply.

- 7.2 If either Party reasonably considers that any action or omission by the other Party has caused a potential risk of a Notification Event occurring the Party who reasonably considers that the other Party has caused such potential risk shall have the right to regard the action or omission of the other Party as a breach of obligations under this Agreement and shall have the right to follow the procedure in clause 7.1 as the non-defaulting Party.
- 7.3 The Accountable Body reserves the right at its absolute discretion to treat breach by the Project Authority Lead as a Notification Event without first following the procedure in clause 7.1 and shall be obliged to do so if the Welsh Government exercises its right under the Funding Award Letter to treat the failure as a Notification Event.

8. Notification Events and Their Consequences

- 8.1 The Parties acknowledge the statement made by Welsh Government in a letter dated 14 November 2019 addressed to the Accountable Body that no corrective action would be taken by Welsh Government in relation to a Notification Event without first engaging with the Councils with a view to agreeing a suitable course of action. This clause 8 is designed to ensure that efforts are made to resolve issues and avoid escalation wherever possible.
- 8.2 Each Party must notify the other immediately if a Notification Event has occurred or is likely to occur.
- 8.3 The Party providing notification must confirm whether it considers (i) the Notification Event is not capable of remedy or (ii) the Notification Event or potential Notification Event is capable of being remedied and seeks to discuss the Notification Event with the other Party with a view to agreeing a course of action to be taken to address the Notification Event.
- 8.4 The Accountable Body shall be entitled to take any of the actions set out at clause 8.5 if:
- (a) Despite the Accountable Body's reasonable efforts the Accountable Body has been unable to discuss the Notification Event with the Project Authority Lead. Or
 - (b) The Accountable Body notifies the Project Authority Lead that the Notification Event is not capable of remedy. Or
 - (c) A course of action to address the Notification Event is not agreed between the Accountable Body and the Project Authority Lead. Or
 - (d) A course of action to address the Notification Event is agreed between the Accountable Body and the Project Authority Lead but the Project Authority Lead fails to follow that course of action or any conditions attached to it are not met (including without limitation the timescale for such course of action. Or
 - (e) The course of action fails to remedy the Notification Event to the satisfaction of the Accountable Body.
- 8.5 If any of the circumstances set out in clause 8.4 occur the Accountable Body may by notice to the Project Authority Lead:

- (a) Withdraw the allocation of Government Funding to the Projects.
- (b) Require the Project Authority Lead to repay all or part of the Project Funding to the Accountable Body.
- (c) Suspend or cease all further payments of Project Funding.
- (d) Make all further payments of Project Funding subject to such conditions as the Accountable Body may specify.
- (e) Deduct all amounts owed to the Accountable Body under the terms of this Agreement from any other funding that the Accountable Body has awarded or may award to the Project Authority Lead. And/Or
- (f) Exercise any other rights against the Project Authority Lead which the Accountable Body may have in respect of the Project Funding.

9. Payment of Project Funding to the Project Authority Lead

9.1 The Accountable Body shall pay Project Funding to the Project Authority Lead in accordance with the provisions of the Joint Committee Agreement subject to it being an equitable distribution of the Annual Funding Receipt and in accordance with any terms and conditions issued by the Welsh Government and the UK Government. The payment profile for the Project shall be calculated in accordance with clause 9.3 and as set out in Schedule 4. The process for the payment of Project Funding by the Accountable Body to the Project Authority Lead shall be as set out in this clause 9.

9.2 From the Commencement Date until the Parties have agreed in accordance with clause 6.7 that the Project has achieved Practical Completion the Project Authority Lead shall submit a claim for Project Funding to the Accountable Body at a frequency to be determined by the Accountable Body and as set out in Schedule 4 up to a maximum of the Annual Project Funding Allocation as set out in clause 9.3. 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 with achieving the Agreed Outputs. After the Parties have agreed in accordance with clause 6.7 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.

9.3 Subject to clause 9.6 the Accountable Body shall aim to pay the Annual Project Funding Allocation to the Project Authority Lead in accordance with the value of the funding receipted by the region, proportionate to the Approved Grant Value of the Project. This can be calculated as per the below equation:

$$PFA = \frac{A \times G}{T}$$

PFA = Annual Project Funding Allocation

A = Annual Funding Receipt (to the Swansea Bay City Region)

T = Total Programme Grant Award (Total Government Funding of £241m)

G = Approved Grant Value (of the Project).

The above calculation is designed to support the Government Funding profile adopted by Welsh Government at the Commencement of this Agreement. There can be no amendment to the equation set out in this clause without the prior approval of the Joint Committee and in compliance with any terms and conditions issued by the Welsh or UK Governments.

- 9.4 In the event that there is an actual or anticipated change to the financial case Budget or the Business Case the Project Authority Lead shall immediately notify the Accountable Body who shall refer the matter to the Joint Committee for consideration if any adjustments to Project Funding or to the Maximum Project Funding Percentage are proposed.
- 9.5 The Accountable Body shall aim to pay Project Funding to the Project Authority Lead no later than 28 days after the Accountable Body receives the Government Funding from the Welsh Government.
- 9.6 The Accountable Body shall not be required to pay Project Funding to the Project Authority Lead if any of the following circumstances apply:
- (a) The Project Authority Lead has not submitted a claim and progress report to the Accountable Body.
 - (b) The Project Authority Lead has not submitted evidence that the claim relates to Expenditure that has been defrayed on the Projects.
 - (c) The Accountable Body does not receive Government Funding.
 - (d) The Projects have not completed the processes set out in clause 12 of the Joint Committee Agreement.
 - (e) The payment of Project Funding would cause the Accountable Body to breach any conditions imposed by the UK Government or the Welsh Government for the provision of funding for the Swansea Bay City Deal.
 - (f) The payment of Project Funding for Expenditure defrayed on any Project would cause the total amount of Project Funding paid to the Project Authority Lead in respect of that Project to exceed the total amount allocated to that Project when its business case was originally approved or as subsequently reapproved by the Welsh and UK governments.

10. Force Majeure

- 10.1 In this clause, "**force majeure**" means an event beyond the control of the Project Authority Lead or the Accountable Body, which makes it impossible or illegal for a Party to perform its obligations under this agreement, including but not limited to:

- (a) Act of God;
- (b) War, hostilities (whether declared or not), invasion, acts of foreign enemies, mobilisation, requisition or embargo;
- (c) Rebellion, revolution, insurrection or military or usurped power, or civil war;
- (d) Contamination by radio-activity from any nuclear fuel, or from any nuclear fuel or waste;
- (e) Riot, commotion or disorder;
- (f) Epidemic or pandemic.

10.2 Neither the Accountable Body nor the Project Authority Lead shall be considered in default or in breach of this Agreement to the extent that performance of their respective obligations under this Agreement is prevented by a force majeure event which arises after the execution of this Agreement.

10.3 Upon the occurrence of an event considered by a Party to constitute force majeure and which may affect performance of that Party's obligations, such Party shall promptly notify the other Party of that fact and the steps being taken by it to minimise or remove the circumstances giving rise to force majeure. Any Party affected by force majeure shall endeavour to continue to perform its obligations as far as is reasonably practicable.

11. Indemnity

11.1 The Project Authority Lead shall on demand indemnify and keep indemnified the Accountable Body against all losses costs expenses actions charges claims damages proceedings and other liabilities sustained or incurred as a result of any breach by the Project Authority Lead of the terms of this Agreement.

11.2 The liability of the Project Authority Lead pursuant to clause 4.7(r) and clause 11.1 and for the avoidance of doubt any breach of clause 4.5 shall not exceed the total amount of Project Funding Payments received by the Project Authority Lead.

11.3 The Accountable Body shall on demand indemnify and keep indemnified the Project Authority Lead against all losses costs expenses actions charges claims damages proceedings and other liabilities sustained or incurred as a result of any breach by the Accountable Body of the terms of this Agreement save where the Accountable Body is acting upon the instructions of the Joint Committee. The Project Authority Lead shall use all reasonable endeavours to mitigate and evidence any loss incurred.

12. Assignment

12.1 This Agreement shall benefit and be binding on the Parties their respective successors and permitted assigns.

12.2 The Project Authority Lead may not without the prior written consent of the Accountable Body assign transfer sub-contract or in any other way make over to any third party the benefit and/or the burden of this Agreement or except as contemplated as part of the Project transfer or pay to any other person any part of the Project Funding.

12.3 If the Accountable Body is replaced as Accountable Body in accordance with clause 6 of the Joint Committee Agreement the Accountable Body shall assign the benefit and burden of this Agreement to the replacement Accountable Body

13. Variation

13.1 Any variation to this Agreement must be in writing and executed by the Parties in the same manner as this Agreement.

14. Notices

14.1 All notices under, or in connection with, this Agreement shall (unless otherwise stated) be given in writing by letter or e-mail and must prominently display the heading "Notice in relation to Swansea Bay City Region City Deal funding". Any such notice is deemed given as follows:

- (a) If given by letter such notice shall be deemed to be delivered on the second Working Day after being posted by first class prepaid post;
- (b) If delivered by hand upon delivery to the address or the next Working Day if after 4pm or on a weekend or public holiday;
- (c) If sent by e-mail attachment upon transmission or the next Working Day if after 4pm or on a weekend or public holiday;

provided that any notice given or delivered or deemed to have been given or delivered on a day which is not a Working Day or after 4 pm on a Working Day shall be deemed instead to have been given or delivered on the next following Working Day.

14.2 The address and e-mail address of the Accountable Body and the Project Authority Lead are as follows (or such other address or e-mail address notified to the relevant Party from time to time):

Accountable Body

[]

Project Authority Lead

[]

15. Confidentiality

15.1 Subject to clause 16 (Freedom of Information), each Party shall during the term of this Agreement and thereafter keep secret and confidential all Intellectual Property Rights or Know-How or other business, technical or commercial information disclosed to it as a result of the Agreement and shall not disclose the same to any person save to the extent necessary to perform its obligations

in accordance with the terms of this Agreement or save as expressly authorised in writing by the other Party.

15.2 The obligation of confidentiality contained in this clause shall not apply or shall cease to apply to any Intellectual Property Rights, Know-How or other business, technical or commercial information which:

- (a) At the time of its disclosure by the disclosing Party is already in the public domain or which subsequently enters the public domain other than by breach of the terms of this Agreement by the receiving Party;
- (b) Is already known to the receiving Party as evidenced by written records at the time of its disclosure by the disclosing Party and was not otherwise acquired by the receiving Party from the disclosing Party under any obligations of confidence; or
- (c) Is at any time after the date of this Agreement acquired by the receiving Party from a third party having the right to disclose the same to the receiving Party without breach of the obligations owed by that party to the disclosing Party.

16. Freedom of Information

16.1 The Parties acknowledge that the Accountable Body and the Project Authority Lead are subject to the requirements of the Freedom of Information Act 2000 and the Environmental Information Regulations 2004 and each Party shall assist and co-operate with the other Party to enable the other Party to comply with these information disclosure requirements and shall provide all necessary assistance as reasonably requested by the other Party to enable the other Party to respond to a request for information within the time for compliance set out in section 10 of the Freedom of Information Act 2000 or regulation 5 of the Environmental Information Regulations 2004.

17. Data Protection

17.1 Each Party shall comply with the provisions and obligations imposed on it by the Data Protection Laws at all times when processing Personal Data in connection with this Agreement.

17.2 Each Party shall maintain records of all processing operations under its responsibility that contain at least the minimum information required by the Data Protection Laws, and shall make such information available to any DP Regulator on request.

17.3 To the extent any Party processes any Personal Data on behalf of the other Party or another Council that Party shall:

- (a) Process such Personal Data only in accordance with the other Party's or the relevant Council's written instructions from time to time and only for the duration of this Agreement.
- (b) Not process such Personal Data for any purpose other than those set out in this Agreement or otherwise expressly authorised by the other Party or the relevant Council.

- (c) Take reasonable steps to ensure the reliability of all its personnel who have access to such Personal Data, limit such access to its personnel who require access, and remove, when no longer required, such access to the Personal Data, and ensure that any such personnel are committed to binding obligations of confidentiality when processing such Personal Data.
- (d) Implement and maintain technical and organisational measures and procedures to ensure an appropriate level of security for such Personal Data, including protecting such Personal Data against the risks of accidental, unlawful or unauthorised destruction, loss, alteration, disclosure, dissemination or access.
- (e) Not transfer such Personal Data to a country where the General Data Protection Regulation does not apply without the prior written consent of the other Party or the relevant Council.
- (f) Inform the other Party or the relevant Council within twenty four (24) hours if any such Personal Data is (while within the processing Party's possession or control) subject to a personal data breach (as defined in Article 4 of GDPR) or within such other time period as required under other Data Protection Laws, or is lost or destroyed or becomes damaged, corrupted or unusable.
- (g) Only appoint a third party to process such Personal Data with the prior written consent of the other Party or the relevant Council.
- (h) Not use or disclose any Personal Data to any Data Subject or to a third party other than at the written request of the other Party or the relevant Council or as expressly provided for in this Agreement.
- (i) Return or irretrievably delete all Personal Data on termination or expiry of this Agreement and not make any further use of such Personal Data.
- (j) Provide to the other Party or the relevant Council and any DP Regulator all information and assistance necessary or desirable to demonstrate or ensure compliance with the obligations in this clause and the Data Protection Laws.
- (k) Permit the other Party or the relevant Council or its representatives to access any relevant premises, personnel or records of the processing Party on reasonable notice to audit and otherwise verify compliance with this clause.
- (l) Take such steps as are reasonably required to assist the other Party's or the Relevant Council's compliance with its obligations under Articles 30 to 36 (inclusive) of GDPR and other applicable Data Protection Laws.
- (m) Notify the other Party or the relevant Council within two (2) Working Days if it receives a request from a Data Subject to exercise its rights under the Data Protection Laws in relation to that person's Personal Data; and

- (n) Provide the other Party or the relevant Council with its full co-operation and assistance in relation to any request made by a Data Subject to exercise its rights under the Data Protection Laws in relation to that person's Personal Data.
- 17.4 If any Party receives any complaint, notice or communication which relates directly or indirectly to the processing of Personal Data by the other Party or to the other Party's compliance with the Data Protection Laws, it shall as soon as reasonably practicable notify the other Party and it shall provide the other Party with reasonable co-operation and assistance in relation to any such complaint, notice or communication.
- 17.5 If any Party requires the other Party to make any disclosures or provide any information in respect of this Agreement in order to enable the Party who needs such disclosures to meet its obligations under the Data Protection Laws the other Party shall do so.
- 17.6 The provisions of this clause shall apply during the continuance of this Agreement and indefinitely after its expiry or termination.

18. State Aid

- 18.1 If any part of the Project Funding made available under this Agreement is found to be unlawful State aid the Accountable Body shall be entitled to recover directly from the Project Authority Lead any part of that State aid which has been given to the Project Authority Lead together with interest.

19. Duration

- 19.1 This Agreement shall continue in force until all the Agreed Outputs have been achieved and all obligations of the Parties under this Agreement have been satisfied in full.
- 19.2 Clauses 11 16 17 18 and 22 shall continue in force after the expiry or termination of this Agreement.

20. Suspension of Payments

- 20.1 The Accountable Body may suspend payments of Project Funding if the Welsh Government or the UK Government suspend payment of Government Funding to the Accountable Body.

21. Withdrawal of Project Funding

- 21.1 The Accountable Body may withdraw its agreement to pay the Project Funding to the Project Authority Lead if the Welsh Government or the UK Government withdraw the award of Government Funding.
- 21.2 The Accountable Body may make all further payments of Project Funding to the Project Authority Lead subject to such conditions as the Accountable Body may specify.

22. Repayment of Project Funding

- 22.1 The Accountable Body may require the Project Authority Lead to repay all or part of the Project Funding to the Accountable Body if the Accountable Body is required to repay all or part of the Government Funding to the Welsh Government or the UK Government.
- 22.2 If a Notification Event occurs the Accountable Body may require the Project Authority Lead to repay Project Funding to the Accountable Body in accordance with clause 8.
- 22.3 The Accountable Body may deduct amounts owed to it as repayment from any other funding that the Accountable Body may have awarded or may award to the Project Authority Lead.
- 22.4 All repayments of Swansea Bay City Deal funding must be made to the Accountable Body within 28 days of the date of the Accountable Body's demand.
- 22.5 The Project Authority Lead shall unless the Accountable Body agrees otherwise, repay to the Accountable Body any Project Funding Payments made to it as a result of an administrative error whether such error is made by the Accountable Body, the Project Authority Lead or any other person.

23. Waiver

- 23.1 No failure or delay by either Party to exercise any right or remedy under this Agreement shall be construed as a waiver of that or any other right or remedy.

24. Termination

- 24.1 The Parties agree that this Agreement may be terminated upon terms agreed by the Parties.

25. Dispute Resolution

- 25.1 The Parties to this Agreement undertake and agree to pursue a positive approach towards dispute resolution which seeks to identify a solution at the lowest operational level that is appropriate to the subject of the dispute and which avoids legal proceedings and maintains a strong working relationship between the Parties.
- 25.2 Any dispute arising in relation to any aspect of this Agreement shall be resolved in accordance with this clause 25
- 25.3 All disputes, claims or differences between the Parties arising out of or in connection with this Agreement or its subject matter or formation, including any question regarding its existence, validity or termination, (a "Dispute") shall, at the written request of any Party be referred by each Party to its Head of Paid Service.
- 25.4 If the Heads of Paid Service of the Parties do not agree a resolution of the Dispute within ten Working Days of the date of service of any such request the matter shall be referred to the Joint Committee.

- 25.5 If the Joint Committee is unable to resolve the dispute either Party may require the other Party by notice in writing to attempt to settle the Dispute by mediation in accordance with the Centre for Dispute Resolution (CEDR) Model Mediation Procedure. Within five Working Days of the date of service of such notice the Parties shall each propose a mediator and shall seek to agree as to the selection of a mediator.
- 25.6 If the Parties are unable to agree on a mediator within ten Working Days of date of service of the notice referred to in clause or the mediator agreed upon is unable or unwilling to act and the Parties cannot agree upon a substitute, any Party may apply to CEDR to appoint a mediator as soon as practicable.
- 25.7 The Parties shall within five Working Days of the appointment of the mediator (the "Mediator") meet with him in order to agree a programme for the exchange of any relevant information and the structure to be adopted for the negotiations. If considered appropriate, the Parties may at any stage seek assistance from CEDR to provide guidance on a suitable procedure.
- 25.8 All negotiations connected with the Dispute shall be conducted in strict confidence and without prejudice to the rights of the Parties in any future proceedings
- 25.9 If the Parties reach agreement on the resolution of the Dispute, such agreement shall be reduced to writing and, once it is signed by the Parties or their duly authorised representatives, shall be and remain binding upon the Parties.
- 25.10 The costs and expenses of the mediation shall be borne equally by the Parties. Each Party shall bear its own costs and expenses of its participation in the mediation.
- 25.11 If mediation fails to secure a resolution within ten Working Days of the Mediator being appointed, the Parties shall attempt to settle the Dispute by arbitration under the Rules of the London Court of International Arbitration (which Rules are deemed to be incorporated by reference into this clause) and otherwise in accordance with clause 25.12.
- 25.12 In the event that an arbitration is commenced pursuant to clause 25.11 the Parties agree that:
- (a) The tribunal shall consist of one arbitrator who is to be a chartered accountant who is a member of the Consultative Committee of Accountancy Bodies (CCAB) if the dispute relates to a financial matter or a solicitor of at least ten years standing as a qualified solicitor if the dispute relates to any other matter as the Parties may agree in writing;
 - (b) The place of the arbitration shall be Swansea;
 - (c) The decision of the arbitrator shall be final and binding on the Parties (save in the case of manifest error).

26. Interest

- 26.1 If the Project Authority Lead fails to pay any sum due to the Accountable Body on the due date, such sum will bear interest both before and after judgment at the rate of 2% per annum above the Bank of England Bank Rate from time to

time or such other rate as may be required by State Aid rules until paid in full. The Accountable Body may, but need not, set off sums payable to it to the Project Authority Lead against any unpaid sums.

- 26.2 If the Accountable Body fails to pay any sum due to the Project Authority Lead on the due date, such sum will bear interest both before and after judgment at the rate of 2% per annum above the Bank of England Bank Rate from time to time or such other rate as may be required by State Aid rules until paid in full. The Project Authority Lead may, but need not, set off sums payable to it to the Accountable Body against any unpaid sums.

27. Decisions of the Accountable Body and the Project Authority Lead

- 27.1 Except where any agreement decision or determination to be made by the Accountable Body or the Project Authority Lead under or in connection with this Agreement is expressly qualified such agreement decision or determination by either of the Parties shall be made by the Party in its absolute discretion.

28. Contracts (Rights of Third Parties) Act 1999

- 28.1 This Agreement does not and is not intended to confer any contractual benefit on any person pursuant to the terms of the Contracts (Rights of Third Parties) Act 1999.

29. Entire Agreement

- 29.1 This Agreement constitutes the entire agreement between the Parties and supersedes and extinguishes all previous agreements promises assurances warranties representations and understandings between them whether written or oral relating to its subject matter. Nothing in this Agreement shall exclude liability for fraudulent misrepresentation or any other liability in consequence of any fraudulent act.

- 29.2 In the event of any conflict between provisions of this Agreement and provisions of the Joint Committee Agreement the provisions of this Agreement shall have precedence over the provisions of the Joint Committee Agreement.

30. Severability

- 30.1 If at any time any provision of this Agreement is or becomes illegal invalid or unenforceable in any respect that shall not affect or impair the legality validity or enforceability of any other provision of this Agreement.

31. Execution

- 31.1 This Agreement may be executed and delivered in any number of counterparts but will only be effective when both Parties have executed at least one counterpart. Each counterpart of this document shall constitute an original of this document but the counterparts together constitute one and the same document and together shall have the same effect as if each Party had signed the same document.

32. Governing Law

- 32.1 This Agreement shall be governed by and construed in accordance with the law of England and Wales.
- 32.2 The Accountable Body and the Project Authority Lead irrevocably agree that any legal action or proceedings arising out of or relating to this Agreement may be brought and enforced in the courts of England and Wales and irrevocably submit to such jurisdiction.

IN WITNESS whereof the Parties have executed this Agreement on the date set out at the start of this Agreement.

EXECUTED for and on behalf of
[ACCOUNTABLE BODY] by affixing the common seal of [ACCOUNTABLE BODY]
in the presence of

SIGNATURE

NAME

POSITION

EXECUTED for and on behalf of
[PROJECT AUTHORITY LEAD] by affixing the common seal of [PROJECT
AUTHORITY LEAD]
In the presence of

SIGNATURE

NAME

POSITION

Schedule 1 Projects

- 1 The Project Authority Lead is responsible for the utilisation or distribution of funding from the Swansea Bay City Deal to the following projects:

- 1.1

Schedule 2 Notification Events

- 1 Repayment of any part of the Government Funding is required under European Law.
- 2 Repayment of any part of the Government Funding is required by HM Treasury or the Welsh Government.
- 3 The Accountable Body fails to comply with any conditions imposed on the Accountable Body by the UK Government or the Welsh Government in the Funding Award Letter.
- 4 The Project Authority Lead fails to comply with any obligations imposed on the Project Authority Lead by the Accountable Body in this Agreement.
- 5 The Government Funding in full or in part is not being used for the Purposes.
- 6 The Accountable Body fails to achieve the Targets.
- 7 The Project Authority Lead fails to achieve the Agreed Outputs.
- 8 There is unsatisfactory progress towards completing the Purposes.
- 9 The Accountable Body or the Project Authority Lead fails to provide information requested by the Welsh Government the European Commission or the European Court of Auditors or any of its auditors agents or representatives about the Purposes.
- 10 The Project Authority Lead fails to provide information requested by the Accountable Body or any of its auditors agents or representatives.
- 11 The Welsh Government has reason to believe that the Accountable Body or any of its employees or suppliers or any other person engaged by the Accountable Body in relation to the Purposes is or has been involved in fraudulent activity whilst the Purposes are or were being carried out.
- 12 The Accountable Body has reason to believe that the Project Authority Lead or any of its employees or suppliers or any other person engaged by the Project Authority Lead in relation to the Projects is or has been involved in fraudulent activity whilst the Projects are or were being carried out.
- 13 The Welsh Government has made an overpayment of Government Funding to the Accountable Body.
- 14 The Accountable Body has made an overpayment of Project Funding to the Project Authority Lead.
- 15 Any declaration made by the Accountable Body to the Welsh Government is incorrect.
- 16 Any declaration made by the Project Authority Lead to the Accountable Body is incorrect.
- 17 There has been a modification to the auditor's opinion on the financial statements of the Accountable Body or the Project Authority Lead.

- 18 Any event occurs or circumstances arise which in the opinion of the Welsh Government gives reasonable grounds for believing that the Accountable Body may not or may be unable to perform or comply with any of its obligations under conditions imposed by the UK Government or the Welsh Government in the Funding Award Letter.
- 19 Any event occurs or circumstances arise which in the opinion of the Accountable Body gives reasonable grounds for believing that the Project authority Lead may not or may be unable to perform or comply with any of its obligations under this Agreement.

Schedule 3 Terms and conditions of award of Swansea Bay City Deal funding

- 1 The Accountable Body shall comply with all terms and conditions contained in the Funding Award Letter set out below.

[Funding Award Letter to be attached together with any future Funding Award Letters following approval by the PAL]

Schedule 4 Financial Profile for the Project

Budget

[Extracts of Business Case to be inserted here to include:-

- Details of the government funding to include Maximum Funding Percentage as appropriate;
- Any other sources of funding, third party contributions, loans, income generation etc;
- Profile of the anticipated Expenditure.]

Payment Profile

[Include here the detail of the funding profile for the Project calculated in accordance with the formula in clause 9.3.]

This formula is subject to change in the event that the Government Funding profile changes and has to be approved by the Joint Committee.

Applications for Payment

[Insert here the frequency of claims for payment to be made by the PAL up to the point when Practical Completion is agreed between the Parties. After the date of PC annual monitoring forms are to be submitted by the PAL to trigger the release of further funding due to the PAL.]

Schedule 5 Targets outcomes and Agreed Outputs

DATED

20[.].]

- (1) PROJECT AUTHORITY LEAD**
- (2) PROJECT FUNDING RECIPIENT**

**Agreement in relation to the application of funding from the Swansea Bay
City Deal for the [Title of project] Project**

CONTENTS

1.	Definitions and Interpretation	5
2.	Statutory Authority	12
3.	Project Authority Lead	12
4.	The Recipient	13
5.	Funding Agreement	15
6.	Agreed Outputs	15
7.	Breach of this Agreement	16
8.	Notification Events and Their Consequences	16
9.	Representations	17
10.	Risk and Agreed Outputs	19
11.	Purpose of Project Funding	20
12.	Payment of Project Funding	20
13.	Monitoring and Evaluation	21
14.	Audit	21
15.	Notification Events	22
16.	Force Majeure	22
17.	Duration	23
18.	Suspension of Payments	23
19.	Withdrawal of Project Funding	23
20.	Repayment of Project Funding	24
21.	Publicity	24
22.	Indemnity	24
23.	No Liability of the Project Authority Lead	25
24.	Assignment	25
25.	Variation	25
26.	Notices	25
27.	Confidentiality	26
28.	Freedom of Information	26
29.	Data Protection	26
30.	State Aid	28
31.	Sustainability	28
32.	Termination	28
33.	Waiver	29
34.	Dispute Resolution	29
35.	Interest	30
36.	Relationship of parties	30

37.	Decisions of the Project Authority Lead	30
38.	Contracts (Rights of Third Parties) Act 1999	30
39.	Entire Agreement	31
40.	Severability	31
41.	Execution	31
42.	Governing Law	31
	Schedule 1 Project Details	33
	Schedule 2 Financial Profile	34
	Schedule 3 Notification Events	35
	Schedule 4 Form of application for Project Funding Payment	37
	Schedule 5 Recipient's Obligations	38
	Schedule 6 Agreed Outputs	39

[GUIDANCE NOTE: REMOVE THIS BEFORE COMPLETING THE AGREEMENT: THIS IS A TEMPLATE FOR USE BY A PROJECT AUTHORITY LEAD WHERE A BUSINESS CASE HAS BEEN APPROVED AND THERE IS A NEED TO DISTRIBUTE SWANSEA BAY CITY DEAL FUNDING TO ANOTHER PARTY (PRIVATE OR PUBLIC SECTOR). THIS TEMPLATE CAN ALSO BE USED WITH APPROPRIATE MODIFICATIONS BY A DELIVERY LEAD FOR A PROJECT TO DISTRIBUTE GRANT FUNDING TO ANOTHER PARTY TO DELIVER SPECIFIED OUTPUTS FOR A PROJECT. THE PURPOSE OF THIS AGREEMENT IS TO PASS ON THE OBLIGATIONS CONTAINED WITHIN THE FUNDING CONDITIONS FROM THE PROJECT AUTHORITY LEAD TO THE RECIPIENT. THE RECIPIENT IS REQUIRED TO DELIVER THE PROJECT OUTPUTS IN ACCORDANCE WITH THE BUDGET (TO INCLUDE THE FUNDING, ANY CO-FUNDING, BORROWING AND ANY OTHER CAPITAL OR REVENUE CONTRIBUTIONS TOGETHER WITH DETAIL OF THE EXPENDITURE PROFILE). THE PROJECT FUNDING RECIPIENT WILL THEREFORE BEAR THE RISK OF THE CO-FUNDER FAILING TO PROVIDE THE EXPECTED FUNDING. IF THE PROJECT FUNDING RECIPIENT IS NOT WILLING TO BEAR THIS RISK, THIS TEMPLATE SHOULD NOT BE USED. IN THAT CIRCUMSTANCE AN AGREEMENT BETWEEN THE PROJECT AUTHORITY LEAD AND/OR THE FUNDING RECIPIENT AND THE CO-FUNDER WILL BE NEEDED.]

THIS AGREEMENT IS MADE ON 20[]

BETWEEN:

- (1) [Name of Project Authority Lead] of [Address of Project Authority Lead] (“the Project Authority Lead”); and
- (2) [Name of recipient of project funding] of [Address of recipient of project funding] (“the Recipient”)

WHEREAS

- A The Project Authority Lead has responsibility for distributing funds from the Swansea Bay City Deal in the [Insert name of area for which the Project Authority Lead is responsible] in accordance with an agreement between Carmarthenshire County Council as Accountable Body for the Swansea Bay City Deal and the Project Authority Lead.
- B A business case for the Project has been approved in accordance with clause 12 of the Joint Committee Agreement.
- C The Recipient has applied to the Project Authority Lead for the Project Funding to be paid to it for the purpose of assisting with the cost of the Project.
- D The Project Authority Lead has approved the Recipient’s application for the Project Funding and has agreed subject to the terms and conditions of this agreement to pay the Project Funding to the Recipient.
- E This Agreement sets out the terms and conditions on which the Project Authority Lead pays Project Funding to the Recipient.

IT IS AGREED AS FOLLOWS

1. Definitions and Interpretation

1.1 The following definitions and rules of interpretation apply in this Agreement:

“Accountable Body”	means the body appointed under the Joint Committee Agreement as Accountable Body for the Swansea Bay City Deal;
“Agreed Outputs”	the outputs the Recipient is required to achieve as set out in Schedule 6 to include any targets or outcomes attached to any offers of Government Funding where the Parties agree that responsibility for compliance rests with the Recipient;
“this Agreement”	this agreement entered into by the Project Authority Lead and the Recipient for the payment of Project Funding to the Recipient;
“Agreement between the Accountable Body and Project Authority Lead”	an agreement entered into by the Accountable Body and the Project Authority Lead setting out the obligations of the Accountable Body and the Project Authority Lead relating to the distribution of Government Funding for the Projects;
“Borrowing”	means any indebtedness in respect of (a) any obligation under any hire purchase credit or conditional sale agreement or under any loan debt or other financial agreement or (b) any guarantee indemnity or similar assurance against financial loss of any person in respect of any obligation described in (a) and as included within the Budget;
“Budget”	the budget for the Project set out at Schedule 2 as may be revised from time to time by agreement with the Project Authority Lead to include Project Funding, Co-Funding, Borrowing, Other Receipts and Expenditure profile;
“Business Case”	means the business case for the Project as approved by the Joint Committee and Welsh Government

	extracts of which are set out in Schedule 2 means the funding identified as Co-funding at Schedule 2;
“Co-funding”	
“Commencement Date”	the date of this Agreement;
“Completion”	has the meaning given to that term at Schedule 1;
“Council”	a local authority which is party to the Joint Committee Agreement;
“DPA”	the Data Protection Act 2018;
“DP Regulator”	any governmental or regulatory body or authority with responsibility for monitoring or enforcing compliance with the Data Protection Laws;
“Data”	any data, document, code, information Personal Data in connection with this Agreement;
“Data Protection Laws”	any applicable laws and regulations in any relevant jurisdiction relating to privacy or the use or processing of Personal Data relating to natural persons;
“Data Subject”	shall have the meanings set out in the GDPR and the DPA;
“Expenditure”	means all eligible expenditure incurred for agreed Project Purposes and within the expenditure limits approved by Welsh Government;
“Funding Agreement”	an agreement between the Recipient and another recipient of Government Funding for the Project;
“GDPR”	the General Data Protection Regulation;
“Government Authority”	Means: (a) any government (de jure or de facto) of the United Kingdom or any political sub-division of the United Kingdom or any local jurisdiction of the United Kingdom; and (b) any governmental authority

or statutory legal fiscal monetary or administrative body which operates or has jurisdiction directly or indirectly in the United Kingdom; or (c) any instrumentality commission court or agency of any of the above however constituted; or (d) any association organisation or institution of which any of the above is a member or to whose jurisdiction any of the above is subject or in whose activities any of the above is a participant;

“Government Funding”

funding to be made available to the Project from the UK Government and Welsh Government pursuant to the Swansea Bay City Deal Joint Committee Agreement;

“Intellectual Property Rights”

patents, rights to inventions, copyright and related rights, trade-marks, trade names and domain names, rights in get-up, rights in goodwill or to sue for passing off, rights in designs, rights in computer software, database rights, rights in confidential information (including Know-how and trade secrets), and any other intellectual property rights, in each case whether registered or unregistered and including all applications (or rights to apply) for and renewals or extensions of, such rights and all similar or equivalent rights or forms of protection which may now or in the future subsist in any part of the world;

“Joint Committee”

the joint committee established by Carmarthenshire County Council, Neath Port Talbot County Borough Council, Pembrokeshire County Council and the Council of the City and County of Swansea for the Swansea Bay City Region under the provisions of section 101 of the Local Government Act 1972;

“Joint Committee Agreement”

an agreement entered into by Carmarthenshire County Council, Neath Port Talbot County Borough Council, Pembrokeshire County Council and the Council of the City

and County of Swansea for the establishment of a joint committee for the Swansea Bay City Region dated [] and as varied by a Deed of Variation dated [];

“Key Personnel”	means the persons identified as such in Schedule 1 together with such other persons notified by the Recipient to the Project Authority Lead;
“Know-How”	Information data know-how or experience whether patentable or not and including but not limited to any technical and commercial information relating to research design development manufacture use or sale;
“Legal Charge”	a legal charge and/or restriction given by the Recipient to the Project Authority Lead over a property in accordance with clause 4.8 and in the form specified in Schedule 5
“Maximum Amount of Project Funding”	means the aggregate of the sums to be paid to the Recipient by way of Project Funding Payments under the terms of this Agreement;
“Maximum Project Funding Percentage”	means the maximum percentage of expenditure on the Project to be funded by way of the Project Funding in accordance with the financial profile set out in Schedule 2
“Notice of Breach”	a notice served by one Party on another Party in accordance with clause 7 requiring the other Party to take action in respect of a breach of this Agreement;
“Notification Event”	any of the events or occurrences described in Schedule 3;
“Other Receipts”	means all income grants donations trading revenue Borrowings or other funding derived or expected to be derived by the Recipient from the Project or otherwise received or expected to be received by the Recipient in connection with the

			project other than the Project Funding the Co-Funding and any permitted Borrowings and as included in the Budget;
“Party”			means each of the Project Authority Lead and the Recipient as the context requires and “Parties” means both of them;
“Portfolio Management Office”			the portfolio management office established by the Councils to manage the Swansea Bay City Deal;
“Project”			the project for which Project Funding has been awarded details of which are set out at Schedule 1 to this Agreement;
“Project Authority Lead”			[Name of Project Authority Lead] a local authority with responsibility for the Government Funding element of funding for the Project;
“Project Authority Advisers”	Authority	Lead’s	such persons firms or entities as the Project Authority Lead shall from time to time appoint to advise it in relation to the Project or to represent the Project Authority Lead for the purpose of this Agreement and as are notified to the Recipient by the Project Authority Lead from time to time;
“Project Details”			the plans drawings specifications calculations Agreed Outputs and other data relating to the Project specified in Schedule 1 or as agreed from time to time by the Parties in writing;
“Project Documents”			this agreement and all of the documents listed in Schedule 1 and any other document which the Recipient has or is required to enter into in connection with the Project;
“Project Funding”			the sum to be paid by the Project Authority Lead to the Recipient in accordance with this Agreement;
“Project Funding Payment”			means a payment of the Project Funding or any of it to the Recipient

	by the Project Authority Lead in accordance with clause 12
“Project Purpose”	the purpose of the project described at Schedule 1 including the Agreed Outputs for the Project;
“Projected Completion Date”	means the anticipated date for Completion specified in Schedule 1 or as agreed from time to time by the Parties in writing;
“Recipient”	[Name of recipient of Project Funding] the legal entity to receive the Project Funding under the terms of this Agreement;
“Request for Change to the Agreed Outputs”	a notice served by one Party on another Party in accordance with clause 6.3 to request a change to the Agreed Outputs;
“State Aid Rules	the rules set out in Articles 107 to 109 of the Treaty on the Functioning of the European Union (or in those Articles that may succeed Articles 107 to 109) secondary legislation including frameworks guidelines and block exemptions produced by the European Commission regarding the application of Articles 107 to 109 and any rules that come into force in the United Kingdom to replace the rules set out in Articles 107 to 109 of the Treaty on the Functioning of the European Union;
“Successful Completion”	the time when the Agreed Outputs have been achieved and the Project meets the Project Purpose in full and has been completed;
“Swansea Bay City Deal”	a programme supported by the UK Government and the Welsh Government to use technological innovation and commercialisation to deliver sustainable growth and reduce economic dependency for the Swansea Bay City Region;
“Swansea Bay City Region”	the administrative area covered by Carmarthenshire County Council, Neath Port Talbot County Borough Council, Pembrokeshire County Council and City and County of

Swansea Council for local authority services;

“Welsh Government Officials”

Debra Carter Deputy Director Local Government Strategic Finance and Nick McNeill Head of City Deals or such other officials as the Welsh Government may notify the Accountable Body;

“Working Day”

means a day which is not a Saturday Sunday or public holiday in England and Wales.

- 1.2 The headings are inserted for convenience only and shall not affect the construction of this Agreement.
- 1.3 Words importing one gender include all other genders and words importing the singular include the plural and vice versa.
- 1.4 A reference in this Agreement to any clause, paragraph or schedule is, except where it is expressly stated to the contrary, a reference to a clause or paragraph of or schedule to this Agreement.
- 1.5 Any reference to this Agreement or to any other document unless otherwise specified shall include any variation, amendment or supplements to such document expressly permitted by this Agreement or otherwise agreed in writing between the relevant parties.
- 1.6 Words preceding “include”, “includes”, “including” and “included” shall be construed without limitation by the words which follow those words unless inconsistent with the context and the rule of interpretation known as “eiusdem generis” shall not apply.
- 1.7 The Schedules form part of this Agreement and shall have the same force and effect as if expressly set out in the body of this Agreement and references to this Agreement includes the Schedules. In the event of any conflict between provisions of this Agreement the clauses in the body of the Agreement shall have precedence over the Schedules.
- 1.8 A reference to a recital or clause or schedule or part of a schedule is, unless the context otherwise requires, a reference to a recital to or a clause of or a schedule or a part of a schedule to this agreement, and references to this agreement include its schedules, and recitals and references in a schedule to paragraphs are to paragraphs of that schedule.
- 1.9 References to “the parties” shall be to the parties to this Agreement.
- 1.10 A “certified copy” of any document shall be construed as a reference to a photostatic copy of such document which has annexed to it or printed on its front page a certificate signed by an officer of the Project Authority Lead or the Recipient (as the case may be) confirming that such photostatic copy is a true and up-to-date copy of the original.

- 1.11 Any provision which provides that an action or thing may not be taken or done by one Party without the “consent” or “approval” of the other Party will be deemed to provide also that:
- (a) The Party seeking to take the action or do the thing in question will request the consent or approval of the other Party in writing and provide promptly and in sufficient time for the other Party to consider it, all information reasonably necessary for the other Party to make an informed decision as to whether or not consent or approval should be granted;
 - (b) The Party receiving the request for consent or approval will consider it in good faith; and
 - (c) The consent or approval must be given in writing and the relevant action or thing may not be done unless and until the consent or approval has been granted;
 - (d) A reference to “the Project Authority Lead” or the “Recipient” or any other person includes its (and any subsequent) successor(s) in title and permitted transferee(s) or permitted assignee(s).
- 1.12 Any reference to a “person” shall be construed as a reference to an individual, firm, company, corporation, government state or agency of a state or any association or partnership (whether or not having a separate legal entity) of two or more of the foregoing.
- 1.13 A reference to any document includes that document as amended, varied, novated or supplemented from time to time.
- 1.14 A reference to law includes without limitation any (1) statute, decree, constitution, regulation, order, judgment or directive of any Government Authority (2) treaty, pact or other agreement to which any Government Authority is a signatory or party and/or (3) judicial or administrative interpretation or application thereof and, in each such case, is a reference to the same as amended, substituted or re-enacted from time to time.

2. Statutory Authority

- 2.1 The award of funding to the Project under the Swansea Bay City Deal and the payment of Project Funding by the Project Authority Lead to the Recipient is made under the authority of the Cabinet Secretary for Finance and Local Government one of the Welsh Ministers acting pursuant to section 31 of the Local Government Act 2003.

3. Project Authority Lead

- 3.1 Subject to the requirements of clause 12 the Project Authority Lead shall pay Project Funding to the Recipient.
- 3.2 The Project Authority Lead shall comply with the conditions imposed on the Project Authority Lead by the agreement between the Accountable Body and the Project Authority Lead relating to funding from the Swansea Bay City Deal (“Agreement between the Accountable Body and Project Authority Lead”).

3.3 The Project Authority Lead shall comply with the State Aid Rules.

4. The Recipient

4.1 The Recipient shall use the Project Funding for the Project Purposes set out in Schedule 1 to this Agreement.

4.2 The Recipient shall achieve the Agreed Outputs set out in Schedule 6 to this Agreement.

4.3 The Recipient shall use the Project Funding in accordance with the Business Case which was produced and approved as part of the process of approving the Project for funding in accordance with clause 12 of the Joint Committee Agreement and as subsequently amended and reapproved by the Welsh Government if relevant.

4.4 The Recipient shall not make any change to the Project the Business Case or the Budget of the Project without the prior written agreement of the Project Authority Lead who may refer the matter to the Joint Committee as appropriate.

4.5 The Recipient shall be responsible for delivering the Agreed Outputs in accordance with the agreed pre-determined Budget. The Recipient is responsible for ensuring that any Co-Funding, Borrowing or Other Receipts are made available for use in delivering the Project as set out in Schedule 2. Any shortfall in the Budget is the responsibility of the Recipient. Any actual or anticipated change to the Business Case and/or the Budget including any monies being made available to the Recipient in excess of the Budget must be notified to the Project Authority Lead in accordance with clauses 12.4 and 20.

4.6 The Recipient shall comply with the State Aid Rules.

4.7 Where the Recipient intends to apply to a third party for other funding for the Project it shall notify the Project Authority Lead in advance of its intention to do so. Where such funding is obtained the Recipient shall provide the Project Authority Lead with details of the amount and purpose of that funding. The Recipient agrees that it shall not apply for duplicate funding in respect of any part of the Project that the Project Funding is funding in full.

4.8 The Recipient shall provide the Project Authority Lead with a Legal Charge and/or restriction over any property involved in the delivery of the Project securing over the property such sum as may have been released out of the Project Funding by the Project Authority Lead to the Recipient.

4.9 The Recipient shall use reasonable endeavours to ensure that its actions do not place the Project Authority Lead in breach of the Agreement between the Accountable Body and Project Authority Lead.

4.10 The Recipient shall:

- (a) Ensure that the Project Funding is not used for party political purposes, the promotion of particular secular, religious or political views, gambling, pornography, offering sexual services, purchasing capital equipment unless agreed by the Project Authority Lead, legal fees incurred in relation to entering into this Agreement, any kind of illegal activities or any other kind of activity which in the opinion of the Project

Authority Lead could bring the Project Authority Lead, the Accountable Body or the Welsh Government into disrepute.

- (b) Safeguard as far as possible the Government Funding against fraud and, in particular, fraud on the part of its Personnel and notify the Project Authority Lead immediately if the Recipient has reason to suspect that any fraud within the Recipient or the Project has occurred or is occurring or is likely to occur whether or not it relates to the Government Funding.
- (c) Participate in such fraud prevention initiatives as the Project Authority Lead requires.
- (d) Comply with all applicable domestic, EU or international laws or regulations or official directives.
- (e) Maintain adequate insurances to cover against the risks which may arise in connection with any property or any activity undertaken in delivery of the Project.
- (f) Maintain appropriate financial risk and control systems before utilising any part of the Government Funding or procuring any goods or services from third parties.
- (g) Co-operate fully with any employee of the Project Authority Lead or any consultant appointed by the Project Authority Lead to monitor use of the Project Funding and the Recipient's compliance with the conditions imposed by this Agreement.
- (h) Inform the Project Authority Lead immediately if any declarations made to the Project Authority Lead are incorrect in any respect.
- (i) Notify the Project Authority Lead if a Notification Event has occurred or is likely to occur.
- (j) Provide the Project Authority Lead with such documents information and reports which the Project Authority Lead may reasonably require from time to time in order for the Project Authority Lead to monitor the Project Authority Lead's compliance with the conditions imposed by this Agreement.
- (k) Maintain and update the business case for the Project to reflect key developments.
- (l) Notify the Project Authority Lead in writing of any anticipated or actual change to the financial case for the Project.
- (m) Meet with any representatives of the Project Authority Lead as the Project Authority Lead may from time to time reasonably require.
- (n) Ensure that such person as the Project Authority Lead may require attends all meetings with the Project Authority Lead.
- (o) Maintain complete and accurate accounting records identifying all income and expenditure relating to the Project.

- (p) Indemnify the Project Authority Lead against any liabilities claims proceedings demands losses costs and expenses suffered or incurred by the Project Authority Lead directly or indirectly arising as a result or in connection with any failure by the Recipient to perform fully or in part any obligation the Recipient may have to a third party.
 - (q) Comply with any obligations imposed by the Project Authority Lead to acknowledge the Welsh Government's support for the Project in a form approved by the Project Authority Lead and in compliance with the Welsh Government's branding guidelines.
 - (r) Agree that from the date of this Agreement until five years from the date of the final payment of Project Funding to the Project the Project Authority Lead may allow the Welsh Government to include details about the Recipient the Government Funding and the Project in Welsh Government promotional materials and agree to cooperate with the Project Authority Lead's reasonable requests to achieve the production of such materials
 - (s) Comply with the Equality Act 2010 and apply a policy of equal opportunities as employers as users of volunteers and as providers of services.
 - (t) Where the Project includes or relates to the provision of services in Wales ensure that they are provided in Welsh and English unless it would be unreasonable or disproportionate to do so. Where services are provided in both Welsh and English they must be provided in such a way as to not treat the Welsh language less favourably than English in accordance with the Welsh Language (Wales) Measure 2011.
 - (u) Contribute to the achievement of the Welsh Government's well-being objectives contained in the Welsh Government's Programme for Government through the use of the Project Funding.
- 4.11 The Recipient shall comply with any other obligations imposed on the Recipient in accordance with Schedule 5.

5. Funding Agreement

- 5.1 The Recipient may enter into a Funding Agreement to facilitate the distribution of Government Funding to another recipient in order to deliver the Project.

6. Agreed Outputs

- 6.1 The Recipient shall be responsible for achieving the Agreed Outputs.
- 6.2 The Agreed Outputs shall reflect the aims of the Swansea Bay City Deal and shall be as set out at Schedule 6. The Project Authority Lead reserves the right to add to or amend the Agreed Outputs without following the process set out in clause 6.3 in the event that the UK or Welsh Government revise the targets, outcomes and/or outputs for the Project.
- 6.3 Any Party to this Agreement may propose a change to the Agreed Outputs by serving a Request for Change to the Agreed Outputs on the other Party. Such Request for Change to the Agreed Outputs on the other Party shall be in writing

and shall identify the change proposed. The Project Authority Lead shall submit any Request for Change to the Agreed Outputs to the Accountable Body and request the Accountable Body to request the Joint Committee to seek approval from the Welsh Government and the UK Government. A Request for Change to the Agreed Outputs shall not come into effect until it is approved by the Welsh Government and the UK Government.

- 6.4 The Recipient may impose obligations on another person relating to the achievement of the Agreed Outputs but the Recipient shall remain responsible for achievement of the Agreed Outputs.
- 6.5 The Recipient shall report on progress with achieving the Agreed Outputs in accordance with clause 10
- 6.6 Failure by the Recipient to achieve the Agreed Outputs shall be treated as a breach by the Recipient of its obligations under this Agreement and clause 7 shall apply.

7. Breach of this Agreement

- 7.1 Subject to clause 7.3 in the event of failure by the Recipient to achieve the Agreed Outputs or a breach by either Party of any other obligations under this Agreement the Parties shall attempt to resolve the failure by following the following procedure:
 - (a) The non-defaulting Party shall serve a Notice of Breach on the defaulting Party. Such Notice of Breach shall identify the breach and shall require the defaulting Party to take specified rectification action within twenty (20) Working Days of receipt of the Notice of Breach.
 - (b) If the defaulting Party fails to take the action specified within the Notice of Breach within twenty (20) Working Days the non-defaulting Party shall refer the matter to the Joint Committee to decide whether the breach by the defaulting Party shall be treated as a Notification Event.
 - (c) If the Joint Committee decides that the breach by the defaulting Party shall be treated as a Notification Event clause 8 shall apply.
- 7.2 If either Party reasonably considers that any action or omission by the other Party has caused a potential risk of a Notification Event occurring the Party who reasonably considers that the other Party has caused such potential risk shall have the right to regard the action or omission of the other Party as a breach of obligations under this Agreement and shall have the right to follow the procedure in clause 7.1 as the non-defaulting Party.
- 7.3 The Project Authority Lead reserves the right at its absolute discretion to treat breach by the Recipient as a Notification Event without first following the procedure in clause 7.1 and shall be obliged to do so if the Welsh Government exercises its right under any funding award letter to treat the failure as a Notification Event.

8. Notification Events and Their Consequences

- 8.1 Each Party must notify the other immediately if a Notification Event has occurred or is likely to occur.

- 8.2 The Party providing notification must confirm whether it considers (i) the Notification Event is not capable of remedy or (ii) the Notification Event or potential Notification Event is capable of being remedied and seek to discuss the Notification Event with the other Party with a view to agreeing a course of action to be taken to address the Notification Event.
- 8.3 The Project Authority Lead shall be entitled to take any of the actions set out at clause 8.4 if:
- (a) Despite the Project Authority Lead's reasonable efforts the Project Authority Lead has been unable to discuss the Notification Event with the Recipient. Or
 - (b) The Project Authority Lead notifies the Recipient that the Notification Event is not capable of remedy. Or
 - (c) A course of action to address the Notification Event is not agreed between the Project Authority Lead and the Recipient. Or
 - (d) A course of action to address the Notification Event is agreed between the Project Authority Lead and the Recipient but the Recipient fails to follow that course of action or any conditions attached to it are not met (including without limitation the timescale for such course of action. Or
 - (e) The course of action fails to remedy the Notification Event to the satisfaction of the Recipient.
- 8.4 If any of the circumstances set out in clause 8.3 occur the Project Authority Lead may by notice to the Recipient:
- (a) Withdraw the allocation of Government Funding to the Project.
 - (b) Require the Recipient to repay all or part of the Project Funding to the Project Authority Lead.
 - (c) Suspend or cease all further payments of Project Funding.
 - (d) Make all further payments of Project Funding subject to such conditions as the Project Authority Lead may specify.
 - (e) Deduct all amounts owed to the Project Authority Lead under the terms of this Agreement from any other funding that the Project Authority Lead has awarded or may award to the Recipient. And/Or
 - (f) Exercise any other rights against the Recipient which the Project Authority Lead may have in respect of the Project Funding.

9. Representations

- 9.1 The Recipient hereby represents and warrants to the Project Authority Lead that each of the representations and warranties set out below are true and accurate: [Note: (a) to (g) should be included in all Funding Agreements between the Project Authority Lead and a Recipient. (h) to (j) should be included in Funding Agreements with private sector Recipients. (k) to (n) should be included in Funding Agreements with public sector Recipients.

- (a) This agreement, the other Project Documents and any document required to be entered into by the Recipient hereunder or thereunder constitute, or when entered into will constitute, its legal, valid and binding obligations;
- (b) To the best of the Recipient's knowledge, information and belief, no matter exists which the Recipient reasonably considers is likely to give rise to a civil, criminal, arbitration, administrative or other proceeding in any jurisdiction involving it which is likely to have a material adverse effect on its performance of its obligations arising under this Agreement and there is no outstanding judgment, order, decree, arbitral award or decision of a court, tribunal, arbitrator or governmental agency in any jurisdiction against it which is likely to have a material adverse effect on its ability to perform its obligations under this agreement;
- (c) Neither the execution, delivery nor performance by the Recipient of this agreement, the Project Documents nor any other document required to be entered into by the Recipient hereunder or thereunder nor the consummation of any of the transactions contemplated hereby and thereby, require the consent or approval or the giving of notice to, the registration with, or the taking of any other action in respect of any governmental authority or agency, except as have been obtained and are now in full force and effect;
- (d) The Recipient is not aware, after due enquiry, of anything which materially threatens the Successful Completion of the Project and which has not previously been notified in writing to the Project Authority Lead;
- (e) The Recipient has agreed the Agreed Outputs set out at Schedule 6 to this Agreement.
- (f) The Recipient has disclosed to the Project Authority Lead all material facts or circumstances which need to be disclosed to enable the Project Authority Lead to obtain a true and correct view of the Recipient's business and affairs or which ought to be provided to any person who is considering providing funding to the Recipient;
- (g) All information provided by or on behalf of the Recipient to the Project Authority Lead or the Project Authority Lead's Advisers in connection with this agreement and, without prejudice to the generality of the foregoing, all of the information incorporated in this agreement was true and accurate and not misleading when it was provided and nothing has occurred since then to make it untrue, inaccurate or misleading in any material respect;
- (h) [The Recipient is validly incorporated under the laws of England and Wales and has full power, authority and right to enter into and perform its obligations under this agreement and any other Project Documents to which it is or is required to be a party and to consummate the transactions contemplated hereby;
- (i) The execution, delivery and performance of this Agreement and the other Project Documents to which it is a party and the consummation of the transactions contemplated hereby and thereby have been duly authorised by all necessary corporate action on its part and do not

contravene any applicable law, regulation or order binding on it or any of its assets or its constitutional documentation;

- (j) The audited accounts of the Recipient most recently delivered to the Project Authority Lead:
 - (i) Have been prepared in accordance with accounting principles and practices generally accepted and consistently applied in the United Kingdom; and
 - (ii) Show a true and fair view: of the assets and liabilities of the Recipient as at the date to which they were drawn up; and of the profits/surplus of the Recipient (if applicable) for the financial period ending on that date.]
- (k) [The Recipient has the power to enter into and perform its obligations under this agreement and any other Project Documents to which it is or is required to be a party and to consummate the transactions contemplated hereby;
- (l) The Recipient has taken all necessary decisions and obtained all necessary authorisations to enable it to enter into and perform its obligations under this Agreement and the other Project Documents to which it is a party and the consummation of the transactions contemplated hereby;
- (m) The Recipient has complied with any duties applicable to its management of its financial affairs and its preparation of accounts;
- (n) No report under section 114 of the Local Government Finance Act 1988 has been issued or is anticipated in respect of the Recipient.]

9.2 Should any representation or warranty no longer be true and accurate if given by the Recipient at any time when this Agreement is in force then the Recipient will immediately inform the Project Authority Lead and provide the Project Authority Lead with full details of the same.

10. Risk and Agreed Outputs

10.1 The Recipient shall identify any risks associated with the Project and shall take action to address and mitigate any risks.

10.2 From the Commencement Date until Completion of the Project the Recipient shall provide the Project Authority Lead with a report on risk and a report on progress with achieving the Agreed Outputs when the Recipient submits an application for payment of Project Funding and at any other time requested by the Project Authority Lead.

10.3 From the date of Completion until Successful Completion of the Project the Recipient shall comply with such monitoring requirements as specified by the Project Authority Lead to include an annual report on the progress in achieving the Agreed Outputs.

11. Purpose of Project Funding

- 11.1 The Recipient shall use the Project Funding only for the delivery of the Project and in accordance with the Project Purposes and the terms and conditions set out in this Agreement. The Project Funding shall not be used for any other purpose without the prior written agreement of the Project Authority Lead.
- 11.2 Any change to the purposes of the Project shall require the written consent of the Joint Committee and must be obtained in advance of implementing any change.

12. Payment of Project Funding

- 12.1 The Project must go through the process set out in clause 12 of the Joint Committee Agreement and be approved for funding from the Swansea Bay City Deal before any Project Funding can be released for the Project.
- 12.2 After the Project has been approved for funding from the Swansea Bay City Deal the Recipient may submit applications to the Project Authority Lead for payment of the Project Funding to the Recipient in accordance with the financial profile set out at Schedule 2.
- 12.3 An application by the Recipient to the Project Authority Lead for payment of Project Funding must be made on the form set out at Schedule 4 and must be accompanied by all the documents referred to in that form. The Recipient shall provide the Project Authority Lead with copies of such invoices and other information on request as the Project Authority Lead shall from time to time require in order to verify that the application relates to Expenditure on the Project. The application shall be signed by the chief financial officer or equivalent of the Recipient or such other person authorised by the Recipient as shall be agreed by the Project Authority Lead. The Recipient shall give the Project Authority Lead access to inspect any documents or sites relating to the Project.
- 12.4 In the event that there is an actual or anticipated change to the Budget or the Business Case the Recipient shall immediately notify the Project Authority Lead who shall make any adjustments to the Maximum Amount of Project Funding and/or to the Maximum Project Funding Percentage as necessary.
- 12.5 Subject to clause 12.6 the Project Authority Lead shall pay Project Funding to the Recipient no later than 28 days after the Project Authority Lead receives an application for Project Funding which is in accordance with the financial profile.
- 12.6 The Project Authority Lead shall not be required to pay Project Funding to the Recipient if any of the following circumstances apply:
 - (a) The Project Authority Lead does not receive Project Funding for the Project from the Accountable Body.
 - (b) The Project has not completed the processes set out in clause 12 of the Joint Committee Agreement.
 - (c) The payment of Project Funding would cause the Project Authority Lead to breach any conditions imposed by the Accountable Body for the provision of the Project Funding.

- (d) A Notification Event has occurred and is continuing or is likely to do so;
- (e) Any of the representations and warranties referred to in this Agreement would not be correct at the time of (or as a result of) the making of the Project Funding Payment; or
- (f) Making the Project Funding Payment would cause the total amount of Project Funding paid to the Recipient to exceed the Maximum Amount of Project Funding or exceed the Maximum Project Funding Percentage.

12.7 The amount of the Project Funding paid in total to the Recipient shall not in any circumstance exceed £[].

13. Monitoring and Evaluation

13.1 The Recipient must:

- (a) Provide the Project Authority Lead with such documents information and reports which the Project Authority Lead may reasonably require from time to time in order for the Project Authority Lead to monitor the Recipient's compliance with this Agreement;
- (b) Provide the Project Authority Lead with quarterly reports for the Joint Committee;
- (c) Meet Welsh Government Officials UK Government officials members of the Joint Committee and members of the Economic Strategy Board as the Project Authority Lead shall reasonably require;
- (d) Provide the Portfolio Management Office with such documents information and reports which the Portfolio Management Office may reasonably require from time to time.

13.2 The Recipient shall provide the Project Authority Lead with any information that the Project Authority Lead may reasonably request to enable the Project Authority Lead to evaluate the Project after it has completed.

14. Audit

14.1 The Recipient must:

- (a) Maintain clear accounting records identifying all income and expenditure in relation to the Project;
- (b) Without charge permit any officer of the Project Authority Lead, Accountable Body, Welsh Government, UK Government, Wales Audit Office or the Council undertaking the audit function for the Swansea Bay City Deal at any reasonable time and on reasonable notice to visit the Recipient's premises or inspect any of the Project's activities or to examine and take copies of the Recipient's books of account and such other documents or records as in such officer's reasonable view may relate in any way to the Recipient's use of the Project Funding;

- (c) Retain this Agreement and all original documents for a period of 15 years or until the Project Authority Lead informs the Recipient in writing that it may destroy them.

15. Notification Events

- 15.1 The Recipient shall notify the Project Authority Lead immediately if a Notification Event has occurred or is likely to occur.
- 15.2 The Project Authority Lead reserves the right to notify the Recipient where the Project Authority Lead believes a Notification Event has occurred or is likely to occur.
- 15.3 If a Notification Event has occurred the Project Authority Lead shall discuss the Notification Event with the Recipient and agree a course of action to address the Notification Event.
- 15.4 The Project Authority Lead shall have the right to take any of the actions set out in clause 15.5 if:
 - (a) The Project Authority Lead has been unable to discuss the Notification Event with the Recipient; or
 - (b) The Project Authority Lead notifies the Recipient that the Notification Event is not capable of remedy; or
 - (c) A course of action is agreed with the Recipient but the Recipient fails to follow it or any conditions attached to it are not met; or
 - (d) The course of action fails to remedy the Notification Event to the Project Authority Lead.
- 15.5 If any of the circumstances set out in clause 15.4 occurs the Project Authority Lead may:
 - (a) Withdraw the award of Project Funding and/or require the Recipient to repay all or part of the Project Funding immediately; or
 - (b) Suspend or cease all further payment of Project Funding; or
 - (c) Make all further payments of Project Funding subject to such conditions as the Project Authority Lead may specify; or
 - (d) Deduct all amounts owed to the Project Authority Lead under this Agreement from any other funding that the Project Authority Lead has awarded or may award to the Recipient; or
 - (e) Exercise any other rights against the Recipient which the Project Authority Lead may have in respect of the Project Funding.

16. Force Majeure

- 16.1 In this clause, "**force majeure**" means an event beyond the control of the Project Authority Lead or the Recipient, which makes it impossible or illegal for a Party to perform its obligations under this agreement, including but not limited to:

- (a) act of God;
- (b) war, hostilities (whether declared or not), invasion, acts of foreign enemies, mobilisation, requisition or embargo;
- (c) rebellion, revolution, insurrection or military or usurped power, or civil war;
- (d) contamination by radio-activity from any nuclear fuel, or from any nuclear fuel or waste;
- (e) riot, commotion or disorder, unless solely restricted to employees of the Recipient, its contractors or any of their sub-contractors.
- (f) Epidemic or pandemic.

16.2 Neither the Project Authority Lead nor the Recipient shall be considered in default or in breach of this agreement to the extent that performance of their respective obligations under this agreement is prevented by a force majeure event which arises after the execution of this agreement.

16.3 Upon the occurrence of an event considered by a Party to constitute force majeure and which may affect performance of that Party's obligations, such Party shall promptly notify the other Party of that fact and (in the case of the Recipient) the steps being taken by it to minimise or remove the circumstances giving rise to force majeure. Any Party affected by force majeure shall endeavour to continue to perform its obligations as far as is reasonably practicable.

17. Duration

17.1 This Agreement shall continue in force until all the obligations of the Recipient of Project Funding for all the Projects have been unconditionally and irrevocably satisfied in full and no amount of Project Funding is capable of becoming repayable by the Recipient to the Project Authority Lead or (if earlier) until terminated by the Parties under the provisions of this Agreement.

17.2 Clauses 14, 20, 21, 22, 28, 29, 30 and 17.2 shall continue in force after the expiry or termination of this Agreement.

18. Suspension of Payments

18.1 The Project Authority Lead may suspend payments of Project Funding if the Welsh Government or the UK Government suspend payment of Swansea Bay City Deal funding to the Accountable Body.

19. Withdrawal of Project Funding

19.1 The Project Authority Lead may withdraw its agreement to pay the Project Funding to the Recipient if the Welsh Government or the UK Government withdraw the award of Government Funding.

19.2 The Project Authority Lead may make all further payments of Project Funding to the Recipient subject to such conditions as the Project Authority Lead may specify.

20. Repayment of Project Funding

- 20.1 The Project Authority Lead may require the Recipient to repay all or part of the Project Funding to the Project Authority Lead if the Project Authority Lead is required to repay all or part of the Government Funding.
- 20.2 The Project Authority Lead may deduct amounts owed to it as repayment from any other funding that the Project Authority Lead may have awarded or may award to the Recipient.
- 20.3 All repayments of Project Funding must be made to the Project Authority Lead within 28 days of the date of the Project Authority Lead's demand. If applicable the Recipient must pay interest on any overdue repayments.
- 20.4 If, at any time, the Recipient receives or becomes entitled to receive Co-funding or Other Receipts in excess of the amounts specified in Schedule 2, the Recipient shall immediately provide details of the same to the Project Authority Lead. Upon any such notice the Project Authority Lead may:
- (a) reduce the Maximum Project Funding Percentage; and/or
 - (b) reduce the Maximum Amount of Project Funding; and/or
 - (c) require repayment of any or all Project Funding Payments or any part of them such that the reduced Maximum Amount of Project Funding is not exceeded.
- 20.5 The Recipient shall, unless the Project Authority Lead agrees otherwise, repay to the Project Authority Lead any Project Funding Payments made to it as a result of an administrative error whether such error is made by the Project Authority Lead, the Recipient or any other person.

21. Publicity

- 21.1 The Recipient shall not make or consent to the making of any public statement or announcement or engage in any promotional activity concerning this Agreement without the prior written consent of the Project Authority Lead.
- 21.2 The Recipient must acknowledge the support of the Welsh Government and the UK Government. Such acknowledgement must be in a form approved by the Project Authority Lead.
- 21.3 The Recipient agrees that from the Commencement Date until five years from the date of the final payment of Project Funding the Welsh Government may include details about the Recipient and the Project in promotional materials.

22. Indemnity

- 22.1 The Recipient shall on demand indemnify and keep indemnified the Project Authority Lead against all losses costs expenses actions charges claims damages proceedings and other liabilities sustained or incurred as a result of any breach by the Recipient of any obligations under this Agreement.
- 22.2 The Project Authority Lead shall on demand indemnify and keep indemnified the Recipient against all losses costs expenses actions charges claims

damages proceedings and other liabilities sustained or incurred as a result of any breach by the Project Authority Lead of any obligations under this Agreement.

23. No Liability of the Project Authority Lead

23.1 Nothing in this Agreement nor any other document shall constitute the Recipient as the agent of the Project Authority Lead or else shall impose any obligation or liability on the Project Authority Lead or any of the Project Authority Lead's Advisers (save in cases of fraud negligence or wilful misconduct on the part of the Project Authority Lead or the Project Authority Lead's Advisers) with respect to any actions of or obligation or liability assumed or incurred by the Recipient or its agents contractors or employees whether under contract statute or otherwise.

23.2 The Recipient agrees not to make any representation of suggestion to any person whether by conduct silence or otherwise which would contradict clause 23.1

24. Assignment

24.1 The Parties acknowledge that the Project Funding is non-transferable and that they may not assign or transfer this Agreement or any of their rights benefits or obligations under this Agreement.

25. Variation

25.1 Any variation to this Agreement must be in writing and executed by the Parties in the same manner as this Agreement.

26. Notices

26.1 All notices under, or in connection with, this Agreement shall (unless otherwise stated) be given in writing by letter or e-mail and must prominently display the heading "Notice in relation to Swansea Bay City Region City Deal funding". Any such notice is deemed given as follows:

- (a) If given by letter such notice shall be deemed to be delivered on the second Working Day after being posted by first class prepaid post;
- (b) If delivered by hand upon delivery to the address or the next Working Day if after 4pm or on a weekend or public holiday;
- (c) If sent by e-mail attachment upon transmission or the next Working Day if after 4pm or on a weekend or public holiday;

provided that any notice given or delivered or deemed to have been given or delivered on a day which is not a Working Day or after 4 pm on a Working Day shall be deemed instead to have been given or delivered on the next following Working Day.

26.2 The address and e-mail address of the Project Authority Lead and the Recipient are as follows (or such other address or e-mail address notified to the relevant Party from time to time):

Project Authority Lead

[]

Recipient

[]

27. Confidentiality

27.1 Subject to clause 28 (Freedom of Information), each Party shall during the term of this Agreement and thereafter keep secret and confidential all Intellectual Property Rights or Know-How or other business, technical or commercial information disclosed to it as a result of the Agreement and shall not disclose the same to any person save to the extent necessary to perform its obligations in accordance with the terms of this Agreement or save as expressly authorised in writing by the other Party.

27.2 The obligation of confidentiality contained in this clause shall not apply or shall cease to apply to any Intellectual Property Rights, Know-How or other business, technical or commercial information which:

- (a) At the time of its disclosure by the disclosing party is already in the public domain or which subsequently enters the public domain other than by breach of the terms of this Agreement by the receiving party;
- (b) Is already known to the receiving party as evidenced by written records at the time of its disclosure by the disclosing party and was not otherwise acquired by the receiving party from the disclosing party under any obligations of confidence; or
- (c) Is at any time after the date of this Agreement acquired by the receiving party from a third party having the right to disclose the same to the receiving party without breach of the obligations owed by that party to the disclosing party.

28. Freedom of Information

28.1 The Recipient acknowledges that the Project Authority Lead is subject to the requirements of the Freedom of Information Act 2000 and the Environmental Information Regulations 2004 and shall assist and co-operate with the Project Authority Lead to enable the Project Authority Lead to comply with these information disclosure requirements and shall provide all necessary assistance as reasonably requested by the Project Authority Lead to enable the project Authority Lead to respond to a request for information within the time for compliance set out in section 10 of the FOIA or regulation 5 of the Environmental Information Regulations 2004.

29. Data Protection

29.1 The Recipient shall comply with the provisions and obligations imposed on it by the Data Protection Laws at all times when processing Personal Data in connection with this Agreement.

- 29.2 The Recipient shall maintain records of all processing operations under its responsibility that contain at least the minimum information required by the Data Protection Laws, and shall make such information available to any DP Regulator on request.
- 29.3 To the extent the Recipient processes any Personal Data on behalf of the Project Authority Lead or another Council the Recipient shall:
- (a) Process such Personal Data only in accordance with the Project Authority Lead's written instructions from time to time and only for the duration of this Agreement.
 - (b) Not process such Personal Data for any purpose other than those set out in this Agreement or otherwise expressly authorised by the Project Authority Lead.
 - (c) Take reasonable steps to ensure the reliability of all its personnel who have access to such Personal Data, limit such access to its personnel who require access, and remove, when no longer required, such access to the Personal Data, and ensure that any such personnel are committed to binding obligations of confidentiality when processing such Personal Data.
 - (d) Implement and maintain technical and organisational measures and procedures to ensure an appropriate level of security for such Personal Data, including protecting such Personal Data against the risks of accidental, unlawful or unauthorised destruction, loss, alteration, disclosure, dissemination or access.
 - (e) Not transfer such Personal Data to a country where the General Data Protection Regulation does not apply without the prior written consent of the Project Authority Lead.
 - (f) Inform the Project Authority Lead within twenty four (24) hours if any such Personal Data is (while within the processing Council's possession or control) subject to a personal data breach (as defined in Article 4 of GDPR) or within such other time period as required under other Data Protection Laws, or is lost or destroyed or becomes damaged, corrupted or unusable.
 - (g) Only appoint a third party to process such Personal Data with the prior written consent of the Project Authority Lead.
 - (h) Not use or disclose any Personal Data to any Data Subject or to a third party other than at the written request of the Project Authority Lead or as expressly provided for in this Agreement.
 - (i) Return or irretrievably delete all Personal Data on termination or expiry of this Agreement and not make any further use of such Personal Data.
 - (j) Provide to the Project Authority Lead and any DP Regulator all information and assistance necessary or desirable to demonstrate or ensure compliance with the obligations in this clause and the Data Protection Laws.

- (k) Permit the Project Authority Lead or its representatives to access any relevant premises, personnel or records of the Recipient on reasonable notice to audit and otherwise verify compliance with this clause.
 - (l) Take such steps as are reasonably required to assist the Project Authority Lead in ensuring compliance with its obligations under Articles 30 to 36 (inclusive) of GDPR and other applicable Data Protection Laws.
 - (m) Notify the Project Authority Lead within two (2) Working Days if it receives a request from a Data Subject to exercise its rights under the Data Protection Laws in relation to that person's Personal Data; and
 - (n) Provide the Project Authority Lead with its full co-operation and assistance in relation to any request made by a Data Subject to exercise its rights under the Data Protection Laws in relation to that person's Personal Data.
- 29.4 If the Project Authority Lead receives any complaint, notice or communication which relates directly or indirectly to the processing of Personal Data by the Recipient or to the Recipient's compliance with the Data Protection Laws, it shall as soon as reasonably practicable notify the Recipient and it shall provide the Recipient with reasonable co-operation and assistance in relation to any such complaint, notice or communication.
- 29.5 If the Project Authority Lead requires the Recipient to make any disclosures or provide any information in respect of this Agreement in order to enable that Party to meet its obligations under the Data Protection Laws the Recipient shall do so.
- 29.6 The provisions of this clause shall apply during the continuance of this Agreement and indefinitely after its expiry or termination.
- 30. State Aid**
- 30.1 If any part of the Project Funding made available under this Agreement is found to be unlawful State aid the Project Authority Lead shall be entitled to recover directly from the Recipient any part of that State aid which has been given to the Recipient together with interest.
- 31. Sustainability**
- 31.1 The Recipient's use of the Project Funding must be consistent with the duty of the Project Authority Lead and the Welsh Government to carry out sustainable development as required by the Well-being of Future Generations (Wales) Act 2015.
- 32. Termination**
- 32.1 The Parties shall require the prior approval of the Joint Committee to terminate this Agreement. The Parties agree that subject to the prior approval of the Joint Committee this Agreement may be terminated upon terms agreed by the Parties.

33. Waiver

- 33.1 No failure or delay by either Party to exercise any right or remedy under this Agreement shall be construed as a waiver of any other right or remedy.

34. Dispute Resolution

- 34.1 The Parties to this Agreement undertake and agree to pursue a positive approach towards dispute resolution which seeks to identify a solution at the lowest operational level that is appropriate to the subject of the dispute and which avoids legal proceedings and maintains a strong working relationship between the Parties.
- 34.2 Any dispute arising in relation to any aspect of this Agreement shall be resolved in accordance with this clause 34
- 34.3 All disputes, claims or differences between the Parties arising out of or in connection with this Agreement or its subject matter or formation, including any question regarding its existence, validity or termination, (a "Dispute") shall, at the written request of any Party be referred by the Project Authority Lead to its head of paid service and by the Recipient to its most senior employee.
- 34.4 If the head of paid service of the Project Authority Lead and the most senior employee of the Recipient do not agree a resolution of the Dispute within ten Working Days of the date of service of any such request, the matter shall be referred to the Joint Committee.
- 34.5 If the Joint Committee is not able to resolve the dispute either Party may require the other Party by notice in writing to attempt to settle the Dispute by mediation in accordance with the Centre for Dispute Resolution (CEDR) Model Mediation Procedure. Within five Working Days of the date of service of such notice the Parties shall each propose a mediator and shall seek to agree as to the selection of a mediator.
- 34.6 If the Parties are unable to agree on a mediator within ten Working Days of date of service of the notice referred to in clause 34.5 or the mediator agreed upon is unable or unwilling to act and the parties cannot agree upon a substitute, any Party may apply to CEDR to appoint a mediator as soon as practicable.
- 34.7 The Parties shall within five Working Days of the appointment of the mediator (the "Mediator") meet with him in order to agree a programme for the exchange of any relevant information and the structure to be adopted for the negotiations. If considered appropriate, the Parties may at any stage seek assistance from CEDR to provide guidance on a suitable procedure.
- 34.8 All negotiations connected with the Dispute shall be conducted in strict confidence and without prejudice to the rights of the Parties in any future proceedings
- 34.9 If the Parties reach agreement on the resolution of the Dispute, such agreement shall be reduced to writing and, once it is signed by the parties or their duly authorised representatives, shall be and remain binding upon the Parties.

- 34.10 The costs and expenses of the mediation shall be borne equally by the Parties. Each Party shall bear its own costs and expenses of its participation in the mediation.
- 34.11 If mediation fails to secure a resolution within ten Working Days of the Mediator being appointed, the Parties shall attempt to settle the Dispute by arbitration under the Rules of the London Court of International Arbitration (which Rules are deemed to be incorporated by reference into this clause) and otherwise in accordance with clause 34.12
- 34.12 In the event that an arbitration is commenced pursuant to clause 34.11 the Parties agree that:
- (a) The tribunal shall consist of one arbitrator who is to be a chartered accountant who is a member of the Consultative Committee of Accountancy Bodies (CCAB) if the dispute relates to a financial matter or a solicitor of at least ten years standing as a qualified solicitor if the dispute relates to any other matter;
 - (b) The place of the arbitration shall be Swansea;
 - (c) The decision of the arbitrator shall be final and binding on the Parties (save in the case of manifest error).

35. Interest

- 35.1 If the Recipient fails to pay any sum due to the Project Authority Lead on the due date, such sum will bear interest both before and after judgment at the rate of 2% per annum above the Bank of England Bank Rate from time to time or such other rate as may be required by State Aid rules until paid in full. The Project Authority Lead may, but need not, set off sums payable to it to the Recipient against any unpaid sums.

36. Relationship of parties

- 36.1 This Agreement shall not create any partnership or joint venture between the Project Authority Lead and the Recipient, nor any relationship of principal and agent, nor authorise any Party to make or enter into any commitments for or on behalf of the other Party.

37. Decisions of the Project Authority Lead

- 37.1 Except where any agreement decision or determination to be made by the Project Authority Lead under or in connection with this Agreement is expressly qualified such agreement decision or determination by the Project Authority Lead shall be made by the Project Authority Lead in its absolute discretion.

38. Contracts (Rights of Third Parties) Act 1999

- 38.1 This Agreement does not and is not intended to confer any contractual benefit on any person pursuant to the terms of the Contracts (Rights of Third Parties) Act 1999.

39. Entire Agreement

39.1 This Agreement constitutes the entire agreement between the Parties and supersedes and extinguishes all previous agreements promises assurances warranties representations and understandings between them whether written or oral relating to its subject matter. Nothing in this Agreement shall exclude liability for fraudulent misrepresentation or any other liability in consequence of any fraudulent act.

40. Severability

40.1 If at any time any provision of this Agreement is or becomes illegal invalid or unenforceable in any respect that shall not affect or impair the legality validity or enforceability of any other provision of this Agreement.

41. Execution

41.1 This Agreement may be executed and delivered in any number of counterparts but will only be effective when both Parties have executed at least one counterpart. Each counterpart of this document shall constitute an original of this document but the counterparts together constitute one and the same document and together shall have the same effect as if each Party had signed the same document.

42. Governing Law

42.1 This Agreement shall be governed by and construed in accordance with the law of England and Wales.

42.2 The Project Authority Lead and the Recipient irrevocably agree that any legal action or proceedings arising out of or relating to this Agreement may be brought and enforced in the courts of England and Wales and irrevocably submit to such jurisdiction.

IN WITNESS whereof the Parties have executed this Agreement on the date set out at the start of this Agreement.

EXECUTED for and on behalf of
[PROJECT AUTHORITY LEAD] by affixing the common seal of [PROJECT
AUTHORITY LEAD]
in the presence of

SIGNATURE

NAME

POSITION

EXECUTED for and on behalf of
[RECIPIENT]

SIGNATURE

NAME

POSITION

SIGNATURE

NAME

POSITION

In the presence of

WITNESS SIGNATURE

NAME

ADDRESS

OCCUPATION

Schedule 1 Project Details

1 Project Description

- 1.1 [Details of the project for which funding is being provided to be inserted here, together with details of the period for which funding is being provided]

2 Project Purpose

- 2.1 The purpose of the Project is [].

3 Project Documents

- 3.1 The following documents refer to the Project:

(a) Business Case [to be referenced and not attached]

(b) []

4 Completion

- 4.1 Completion shall be deemed to have occurred when there is practical completion of all project works or such other key date/stage as described below:-

.....

5 Projected Completion Date

- 5.1 []

6 Key Personnel

- 6.1 []

7 Agreed Outputs

- 7.1 See Schedule 6

Schedule 2 Financial Profile

1. Budget

1.1 [Extract of Business Case to be inserted here – detailing the following:-

Maximum Amount of Project Funding

Co-funding

Borrowing

Other receipts

Expenditure profile]

2. Financial Profile for Payment of Project Funding to the Recipient

[Insert details on a project specific basis. Eg the Recipient is to submit a claim for Project Funding to the PAL at the end of each quarter based on incurred expenditure and subject to all payments not exceeding the Maximum Amount of Project Funding. Alternatively the PAL may wish to make a payment to the Recipient of the Maximum Amount of Project Funding in a one stage payment subject to confirmation of incurred expenditure.]

3. Maximum Project Funding Percentage

[Insert here details of Maximum Project Funding Percentage applicable to this Project]

Schedule 3 Notification Events

- 1 Each of the following shall constitute a Notification Event:
 - 1.1 Repayment of any part of the Government Funding is required under European Law.
 - 1.2 Repayment of any part of the Government Funding is required by HM Treasury or the Welsh Government.
 - 1.3 The Project Authority Lead fails to comply with any conditions imposed on the Project Authority Lead by the Accountable Body in the Agreement between the Accountable Body and the Project Authority Lead.
 - 1.4 The Recipient fails to comply with any obligations imposed on the Recipient by the Project Authority Lead in this Agreement.
 - 1.5 The Government Funding in full or in part is not being used for the purposes set out in Schedule 1.
 - 1.6 The Recipient fails to achieve the Agreed Outputs.
 - 1.7 There is unsatisfactory progress towards completing the purposes set out in Schedule 1.
 - 1.8 The Project Authority Lead or the Recipient fails to provide information requested by the Welsh Government the European Commission or the European Court of Auditors or any of its auditors agents or representatives about the Purposes.
 - 1.9 The Recipient fails to provide information requested by the Project Authority Lead or any of its auditors agents or representatives.
 - 1.10 The Accountable Body has reason to believe that the Project Authority Lead or any of its employees or suppliers or any other person engaged by the Project Authority Lead in relation to the Project is or has been involved in fraudulent activity whilst the Project is or were being carried out.
 - 1.11 The Project Authority Lead has reason to believe that the Recipient or any of its employees or suppliers or any other person engaged by the Recipient in relation to the Project is or has been involved in fraudulent activity whilst the Project is or were being carried out.
 - 1.12 The Accountable Body has made an overpayment of Government Funding to the Project Authority Lead.
 - 1.13 The Project Authority Lead has made an overpayment of Project Funding to Recipient.
 - 1.14 Any declaration or representation made by the Project Authority Lead to the Accountable Body is incorrect.
 - 1.15 Any declaration made by the Recipient to the Project Authority Lead is incorrect.

- 1.16 There has been a modification to the auditor's opinion on the financial statements of the Project Authority Lead or the Recipient.
- 1.17 Any event occurs or circumstances arise which in the opinion of the Accountable Body gives reasonable grounds for believing that the Project Authority Lead may not or may be unable to perform or comply with any of its obligations under conditions imposed by the Accountable Body in the Agreement between the Accountable Body and Project Authority Lead.
- 1.18 Any event occurs or circumstances arise which in the opinion of the Project Authority Lead gives reasonable grounds for believing that the Recipient may not or may be unable to perform or comply with any of its obligations under this Agreement.

Schedule 4 Form of application for Project Funding Payment

To: Project Authority Lead

Date:

Dear Sirs

Grant Agreement (the “Agreement”) dated [] in relation to [] (Project Reference[s]: [] [and []]

We refer to the Agreement.

We wish to apply for a Project Funding Payment of £[] and request that you pay such amount to the credit of the Bank Account details of which are set out below:-

Bank account details

We confirm as follows:

- (a) The Maximum Amount of Project Funding will not be exceeded as a result of the making of such Project Funding Payment;
- (b) The Project Funding Payment applied for relates to the reimbursement of eligible Expenditure in relation to which no Project Funding Payment has already been made;
- (c) All of the representations and warranties referred to in the Agreement are true and accurate on the date of this application.

We provide the following in support of our application.

- (a) A report on progress in achieving the Agreed Outputs
- (b) A report on risk; and

We agree to provide the following documents to the Project Authority Lead if requested by the Project Authority Lead in support of our application:

- (a) A report signed by the Recipient’s chief finance officer on income and expenditure on the Project in relation to the period during which the expenditure to which the Project Funding Payment relates was incurred;
- (b) A breakdown and summary of the items of expenditure to which the Project Funding relates;
- (c) Copies of invoices and other supporting information which we consider will enable you to verify that this application for payment relates to eligible Expenditure; and
- (d) Copies of any other materials reasonably requested by the Project Authority Lead from time to time.

Yours faithfully

..... [to be signed by Chief Finance Officer]

Schedule 5 Recipient's Obligations

[Template form of Legal Charge and/or restrictions to be attached here to be used in accordance with clause 4.8 and 4.11. These will ensure that the payment of the funding is secured and recoverable in the event of clawback and also that the Recipient is unable to borrow and place a charge on any property benefitting from the Funding without the consent of the Project Authority Lead]

Additional conditions to be inserted as required for individual projects relating to:

- 1 Delivery of certified copies of articles of association, resolutions to enter into this Agreement, specimen signatures
- 2 Evidence of availability of Co-funding
- 3 Details of contractual structure
- 4 Details of budget
- 5 Delivery of agreement for lease and lease
- 6 Delivery of licence for alterations
- 7 Deed of variation
- 8 Delivery of drawings
- 9 Delivery of certificate of title
- 10 Evidence of VAT status of the Recipient
- 11 Replies to property enquiries and results of searches
- 12 Delivery of certified copies of mortgages and charges
- 13 Delivery of planning permissions
- 14 Registration of titles and charges

Schedule 6 Agreed Outputs

[Set out here the Agreed Outputs to be achieved by the Recipient. Also include here any targets and outcomes imposed on the Accountable Body as part of the terms and conditions attached to any offer of Government Funding which the AB has passed onto the Project Authority Lead and the PAL is now passing onto the Recipient]

Agenda Item 8



Swansea Bay City Region Joint Committee – 11 June 2020

Distribution of Investment Interest

Purpose:	The purpose of this report is to inform Joint Committee of the recommendations in respect of the treatment of interest earned through the investment of programme cash balances.
Policy Framework:	Swansea Bay City Deal
Consultation:	Accountable Body
Recommendation(s):	It is recommended that Joint Committee: 1) Review and agree the preferred method of distribution from the alternative recommendations as set out in section 2 of the report in respect of the treatment of interest income earned as a result of the investment of programme cash balances.
Report Author:	Chris Moore, Section 151 Officer, SBCD
Finance Officer:	Chris Moore, Section 151 Officer, SBCD
Legal Officer:	Tracey Meredith, Monitoring Officer, SBCD

1. Introduction

This report outlines proposed recommendations in respect of the distribution of interest earned through investment of programme cash balances to projects in an efficient and equitable manner.

2. Background

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

Programme 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 programme. 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 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.

The revised Code identifies three key principles:

1. The Council should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.
2. The Council's policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities and that responsibility for these lies clearly within their Council. The Council's appetite for risk should form part of its annual strategy and should ensure that priority is given to security and liquidity when investing funds.
3. The Council should acknowledge that the pursuit of value for money in treasury management, and the use of suitable performance measures, are valid and important tools for responsible Councils to employ in support of their business and service objectives; and that within the context of effective risk management, the Council's treasury management policies and practices should reflect this.

The Council's Director of Corporate Services maintains a counterparty list in compliance with the criteria listed below and revises the criteria and submits them to Council for approval as necessary. This criteria is separate to that which approves Specified and Non-Specified investments as it selects which counterparties the Council will approve rather than defining what its investments are. The rating criteria use the lowest common denominator method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance, if an institution is rated by all three agencies and two meet the Council's criteria, and the other does not, the institution will fall outside the lending criteria.

Investment Counterparty Selection Criteria

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. To meet this main principle the Council will ensure:

- It maintains a policy covering both the categories of investment types it will invest in, the criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections.
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

Furthermore, to support projects with cashflow pressures, the Joint Committee agreed to afford lending of any cash surpluses held within the Programme (JC - 29 Oct 2019) to Lead Authorities. This lending will attribute a charge of 0.25% above the Bank of England base rate and will be offered on a twelve-month term as programme cashflows determine. This programme lending option is advantageous to Local Authorities as it allows for reduced borrowing at no detriment to the programme or its partners.

Recommendation Options

1. Interest from City Deal investments would offset the Joint Committee centralised expenditure budget. This in effect is utilising interest being a revenue income source to offset revenue expenditure, resulting in less demand on the 1.5% 'Top Slice' of Government grants.

Or

2. Interest generated is redistributed direct to projects based on the allocation outlined within the original heads of terms.

3. Financial Implications

The financial implications of the above recommendations offer a further source of funding to financially support projects. The direct impact on Local Authorities is advantageous, as the distribution of interest earned will result in less demand on borrowing, with savings achieved in respect of the associated costs borrowing.

Both recommendations redistribute interest to Authorities in a fair, equitable and objective manner, in line with the core principles of the Joint Committee.

4. Legal Implications

No legal implications.

Background Papers: None

Appendices: None

Agenda Item 9



Swansea Bay City Region Joint Committee – 11 June 2020

Swansea Bay City Deal Projects Update

Purpose:	To update Joint Committee on projects forming part of the City Deal programme
Policy Framework:	Swansea Bay City Deal
Recommendation(s):	It is recommended that Joint Committee: 1) Note the project updates/progress being made
Report Author:	Jonathan Burnes, SBCD Programme Director
Finance Officer:	Chris Moore, Section 151 Officer, SBCD
Legal Officer:	Tracey Meredith, Monitoring Officer, SBCD

1. Introduction

A number of projects form part of the Swansea Bay City Deal programme.

These include:

- The Swansea City and Waterfront Digital District
- The Life Science & Well-being development planned for Llanelli
- The Life Science & Well-being Campuses project
- Homes as Power Stations
- Digital Infrastructure
- Skills & Talent
- Pembroke Dock Marine
- Supporting Innovation & Low Carbon Growth
- Yr Egin

Progress has been made on the progression of these projects since Joint Committee last met on January 28, 2020.

2. Financial Implications

Financial implications are outlined within the business cases of each project. These are managed on a programme level through the programme risk register and issues log.

3. Legal implications

There are no legal implications.

4. Alignment to the Well-being of Future Generations (Wales) Act 2015

Alignments to the Well-being of Future Generations (Wales) Act 2015 are outlined in each project's business case. The City Deal programme as a whole is also aligned to the Act and its seven well-being goals.

Background Papers:

None

Appendices:

Appendix A: Swansea Bay City Deal project progress update

Digital Infrastructure - Regional Project
Project Authority Lead Carmarthenshire County Council

Business Plan Update

Business plan currently under review.

Discussions and workshops with partners and stakeholders on-going to ensure alignment to regional needs.

Feedback will inform business plan rewrite in coming months before it's taken through local and regional governance for approval.

Project Update

Project board created with senior representation requested from City Deal partners and other stakeholders. The project board will provide strategic leadership and direction for the development of the business case and its delivery over the lifetime of the project.

Various potential additional funding opportunities for Digital Infrastructure across the region also being explored.

Industry engagement ongoing to assess and prepare for the exploitation of Digital Infrastructure related opportunities once the project moves to delivery.

Dependencies

Engagement and commitment from regional partners and stakeholders.

City Deal funding assurances following Covid-19.

Immediate risks

A lack of understanding regarding the digital programme and its purpose.

Swansea City & Waterfront Digital District - Project Authority Lead Swansea Council

Business Plan Update

Business plan approved

Project Update

Box Village & Innovation Precinct

UWTSD considering due diligence and programme due to Covid-19.

Digital Square & Arena

Contractor progressing on site, steelwork now being erected.

Some delay being experienced due to contractor complying with Covid-19 working requirements.

Digital Village (71/72 The Kingsway)

Planning permission secured, with grant expected in June.
Contractor procurement through South West Wales Regional Contractor Framework to commence Q3 2020.
Letting discussions underway.
Swansea Council Cabinet decision Q4 2020.
Start on site Q1 2021.

Dependencies

Supply chain availability and affordability, given Covid-19 impact.

Immediate risks

Effect of Covid-19 on construction including programme slowdown and impact on costs.
Delivery of outputs likely to be affected by Covid-19.

Yr Egin - Project Authority Lead Carmarthenshire County Council

Business Plan Update

Formal approval of business case still awaited

Project Update

Phase 1 temporarily closed. Reviewing potential future implications of Covid-19

Dependencies

Formal project approval and release of funding

Immediate risks

Effect of Covid-19 on the Welsh/UK/global economies and implications for future demand

Low Carbon - Project Authority Lead Neath Port Talbot County Borough Council

Business Plan Update

Business case reviewed following a series of policy workshops with UK and Welsh Governments in 2019.
Business case now endorsed by Neath Port Talbot CBC, Economic Strategy Board, Programme Board and Joint Committee.
Awaiting feedback from Governments following business case submission.

Project Update

Swansea Bay Technology Centre (Tranche 1 project)

Morgan Sindall procured via South West Wales Regional Contractors Framework
Two-stage design and build contract
Full planning submitted April 2020
Planning decision due June 2020
Due on site Sept 2020
68-week construction contract
Jan 2022 – construction complete

National Steel Innovation Centre (Tranche 1 project)

Working group established (NPT and Swansea University)

Workshop held on 15/02/2020 to discuss site location, specification and equipment requirements

Decarbonisation – Hydrogen stimulus programme (Tranche 2 project)

On-going discussion and development of the outline business case with Hydrogen Centre and industry to maximise the opportunity of hydrogen for storage and fuel production.

Programme to be established following the construction of the Swansea Bay Technology Centre.

Decarbonisation – Electric vehicle charging infrastructure route map (Tranche 2 project)

Currently liaising with industry and academia to develop the outline business case for the electric vehicle programme

Decarbonisation – Air quality monitoring programme (Tranche 1 project)

NPTCBC procured air quality sensors

Currently formulating the communication and air quality reporting/dissemination strategies

Installation delayed due to the current lockdown situation. Anticipated that the installation of the sensors will take place in July 2020, with the situation under constant review.

Currently developing the monitoring and data analytics programme.

Industrial Futures – Advanced Manufacturing Production Facility (Tranche 2 project)

To be developed on Harbourside following the strategic employment site remediation programme

Project team liaising with industry partners including Industry Wales, Port Talbot Waterfront Enterprise Zone and academia to develop an appropriate facility

Design at the early stages

Industrial Futures – R&D innovation and growth facility (Tranche 2 project)

To be developed on Harbourside following the strategic site remediation.

Project team liaising with industry partners including Industry Wales, Port Talbot Waterfront Enterprise Zone (PTWEZ) and academia to develop an appropriate facility.

Design at the early stages.

Industrial Futures – Property Development Fund (PDF) (Tranche 1 project)

Gap funding Property Development Fund to encourage private sector investment in Harbourside which is aligned to PTWEZ priorities.

Initial discussions with Welsh Government.

Scheme application forms and guidance documentation prepared.

Dependencies

Hydrogen stimulus programme is dependent on the Swansea Bay Technology Centre.

All projects will deliver the decarbonisation agenda, while supporting post Covid-19 recovery through innovation and job creation.

Immediate risks

Swansea Bay Technology Centre

NPTCBC secured ERDF funding to part-fund this facility and are currently at mobilisation stage.

NPTCBC procured the contractor at risk, pending City Deal funding approval.

Air quality monitoring

NPTCBC procured the air quality monitors at risk, pending City Deal funding approval

Skills and Talent - Regional Project **Project Authority Lead Carmarthenshire County Council**

Business Plan Update

Business plan finalised. Plan due for consideration by Economic Strategy Board in June

Project Update

Continued project work with education providers on exploring innovative ways to deliver skills linked to City Deal themes including digital, engineering and house-building.
Impact of Covid-19 being considered to gauge what new skills businesses will require.

Dependencies

Engagement and commitment from regional partners and stakeholders.
City Deal funding assurances following Covid-19

Immediate risks

Delay in business case approval/project funding will mean that the skills training required for other projects which have received approval may either not be progressed or be progressed at risk.

Homes as Power Stations - Regional Project **Project Authority Lead Neath Port Talbot County Borough Council**

Business Plan Update

Regional business case endorsed by Neath Port Talbot CBC, City & County of Swansea and Carmarthenshire County Council. Business case considered by Pembrokeshire County Council on 18th May 2020. Currently undergoing a peer review
ESB support for project.

Project Update

Pathfinder/proof of concept development at Neath - construction complete, occupation imminent. This is a collaborative partnership between Neath Port Talbot CBC, Pobl and Specific (Swansea University).
UKG (BEIS) and WG monitoring and evaluation on-going.
Regional local authority steering and working group established.
Regional Registered Social Landlord (RSL) engagement on-going.
Private sector engagement commenced, with further development planned once business case approved and programme team established.
Meeting with WG to discuss how HAPS can align with their Optimising Retrofit programme.

Dependencies

All regional local authority approvals needed for submission of business case to Joint Committee for consideration.

Immediate risks

Unable to appoint project team until City Deal funding agreed.

Life Science and Well-being Campuses - Project Authority Lead Swansea Council

Business Plan Update

Commitment from regional partners confirmed. Work continues to finalise functional content for the Singleton site to align with the revised project strategy. Revised strategy aligns with emerging regional priorities of health, well-being and sport.

Ongoing wider master-planning work enabling phase 1 and 2 scoping at both Morriston and Singleton sites

On-going zoning work for the development at Singleton is being prioritised. Covid-19 had created some delays, with partners – including those in health - having been required to prioritise workloads. Those delays are now being overcome.

Project Update

Working group meetings continuing online to ensure project progress is being maintained. Innovation activity to develop pipeline continuing through HTC Accelerate and partner initiatives/organisations.

Key project stakeholders including Life Sciences Hub Wales (LSHW) supporting business development activities in parallel with infrastructure planning.

Dependencies

Alignment with Digital Infrastructure project, following planning meetings.

Immediate risks

Covid-19 risk and impact assessment has been undertaken.

Life Science and Well-being development Project Authority Lead Carmarthenshire County Council

Business Plan Update

5-case business plan redrafted.

Core Critical success factors unchanged since policy workshops with Governments.

Full Health Impact Assessment undertaken, and Well-being of Future Generations Act goals and ways of working developed.

Business case has been updated to account for impact of Covid-19 - this includes strengthening of the research business development proposals.

Memoranda of Understanding issued.

Prioritised for Gateway process.

Project Update

RIBA stage 3 design complete and submitted to CCC.

Planning ecology work agreed and tender underway. This work will ensure the requisite surveys and pre-commencement works can be undertaken over the summer months and will avoid any delay in construction commencing on site.

Positive responses from institutional funders meetings.

Procurement of principal construction contractor on schedule.

Rebranding completed.

Education, skills and training planning based on areas of medical skills shortages - these have been further evidenced by Covid-19.
Discussions held with education providers to ensure that the project continues to align with target growth areas to capitalise on all opportunities.
Research planning strengthened and wider involvement proposed.

Dependencies

Securing City Deal funding
Links with overarching Digital project

Immediate risks

Timely approval of City Deal business case to confirm funding in advance of procurement.
Covid-19 impact on construction industry including social distancing and impact on programme.
Covid-19 impact on higher education including growth strategies.

Pembroke Dock Marine - Project Authority Lead Pembrokeshire CC

Business Plan Update

Finalised and submitted

Project Update

Progressing all elements at risk. Covid-19 risk assessment complete and mitigation being undertaken.

Dependencies

Timely approval
Acceptable funding terms and conditions

Immediate risks

Inability for Universities to fully commit to MEECE due to the ongoing delays in approval.

Steel Science - Project Authority Lead Neath Port Talbot CBC

Project now included in the Supporting Innovation and Low Carbon Growth suite of projects.
See update above.

Agenda Item 10



Swansea Bay City Region Joint Committee – 11 June 2020

Homes as Power Stations Business Case

Purpose:

To consider feedback from the Economic Strategy Board on the Homes as Power Stations project and approve the formal submission of the five-case model business case to the UK Government and Welsh Government for approval.

To grant the project's Senior Responsible Owner (SRO) delegated powers to make any minor amendments to the business case as necessary to obtain that approval.

Policy Framework:

Swansea Bay City Deal (SBCD)

Consultation:

Carmarthenshire County Council
Neath Port Talbot County Borough Council
Pembrokeshire County Council
City and County of Swansea
Economic Strategy Board
Programme Board

Recommendation(s):

It is recommended that:

- 1) The Joint Committee approve the formal submission of the Homes as Power Stations five-case model business case to the UK and Welsh Government for approval.
- 2) The Joint Committee grants the project's Senior Responsible Owner (SRO) delegated powers to make any minor amendments to the business case as necessary to obtain that approval.

Report Author:

Nicola Pearce, Director of Environment & Regeneration, Neath Port Talbot CBC (Project SRO)

Finance Officer:

Chris Moore, SBCD S151 Officer

Legal Officer:

Tracey Meredith, SBCD Monitoring Officer

1. Introduction

The Homes as Power Stations (HAPS) project is a regional pioneering programme led by Neath Port Talbot County Borough Council, to facilitate the adoption of energy efficiency design and technologies in new build and retrofit homes across the region i.e. the Homes as Power Stations (HAPS) approach. The aim of the programme is to demonstrate the viability and benefits of energy efficient homes, scaling up from the pilot development at Neath (a collaborative project with Neath Port Talbot CBC, Pobl and Swansea University) to mainstream the concept in the public and private sectors.

A business case for the HAPS project has been prepared and is enclosed at Appendix B, however a summary is included in the main body of this report.

Project description

The overarching aim of the HAPS programme is to 'prove' the HAPS concept within public sector led developments in terms of both new-build and retrofitting existing properties. This experience and knowledge will be used to inform future public sector developments across the Swansea Bay City Region, and indeed across Wales, and, having 'proved the concept' to target its use in private sector developments.

The City Deal funding will fund a programme team that will work alongside existing regional teams to support the development of a regional supply chain, administer a regional financial incentives fund, and facilitate a comprehensive monitoring and evaluation programme. It will also undertake marketing / dissemination of the HAPS project to create an evidence base for future developments.

Investment objectives

The investment objectives of the HAPS programme include:

- Future proofing over 10,000 properties in the region to increase affordable warmth and reduce fuel poverty;
- Improving health and wellbeing;
- Develop standards and specifications which can be replicated;
- Develop a skilled regional supply chain;
- Coordinate energy efficiency in housing funding sources;

Outputs

It is envisaged in the business case that the following outputs will be obtained:

- Jobs created – 19 construction jobs per £1m invested
- Skills / training opportunities created
- Carbon reduction targets
- Regional supply chain in the renewables sector

Strategic alignment

The Homes as Power Stations programme is aligned to key Welsh and UK Government strategies and policy direction including: Economic Action Plan; A Low Carbon Wales¹; Well-being of Future Generations Act; National Development Framework²; Industrial Strategy.

The Homes as Power Stations programme is also aligned to a number of other City Deal projects including Skills and Talent initiative, Digital Infrastructure Project, Supporting Innovation and Low Carbon Growth as well as the Active Building Centre³ at Swansea University which is the UK centre of excellence for transforming construction.

Key milestones

The following key milestones are set out in the business case:

Year 1

- To establish a programme team
- Procure an independent organisation to monitor and evaluate the programme
- Integrate existing and related project activity
- Agree targets for new build and retrofit developments

Years 2 – 3

- Continue facilitating the adoption of the HAPS approach for new build and retrofits
- Proving the HAPS concept by introducing a range of technologies in to new-build and existing residential properties, and monitoring and evaluating their impact on carbon reduction
- Developing private sector engagement by proving the Haps concept in public sector led residential schemes to minimise risk.

Year 4 – 5

- Continue facilitating the adoption of the HAPS approach for new build and retrofits
- Proving the HAPS concept by introducing a range of technologies in to new-build and existing residential properties, and monitoring and evaluating their impact on carbon reduction
- Developing private sector engagement by proving the Haps concept in public sector led residential schemes to minimise risk.

¹ <https://gov.wales/prosperity-all-low-carbon-wales>

² <https://gov.wales/sites/default/files/consultations/2019-08/Draft%20National%20Development%20Framework.pdf>

³ <https://www.activebuildingcentre.com/>

- Developing specifications and standards based on lessons learned through monitoring and evaluation to disseminate

Current and proposed regional activity

There are a number of 'HAPS' – approach developments in progress and in the pipeline, including:

Carmarthenshire

A new build 32 unit development in Burry Port using the Pentre Solar energy efficient model of construction. Maximising solar gain with a SAP level of 104 and an air tightness of 0.9m³/hr Passive house levels thermal insulation. The integrated PV panels will generate at least 7,000kWh of energy per year. Battery storage will store up to 150kWh of unused electricity per day. 80% of the space heating requirements of the homes will be supplied from solar energy.

Neath

The HAPS pathfinder project at Hafod in Neath is complete and tenants are due to move in. The technologies will now be evaluated by monitoring their use throughout the year by a range of different occupiers. This process will help to deliver cost effective energy efficient residential schemes

Pembrokeshire

A number of planned council-owned new build developments with designs to go beyond Part L of Building Regulations, in terms of energy efficiency with a requirement to achieve an EPC rating of A, including PV solar, over insulation, and battery storage.

Swansea

Six council-owned bungalows in Craigcefnparc in Swansea have been retrofitted with innovative energy saving equipment to help power the homes and keep them warm.

1.2 Financial Breakdown

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Total
City Deal	£2,000,000	£4,000,000	£5,000,000	£3,750,000	£250,000	£15,000,000
Private	£23,075,000	£47,675,000	£73,050,000	£102,600,000	£129,500,000	£375,900,000
Other programmes	£6,425,000	£14,075,000	£22,200,000	£31,400,000	£40,500,000	£114,600,000
Total	£31,500,000	£65,750,000	£100,250,000	£137,750,000	£170,250,000	£505,500,000

1.3 Regional Local Authority approvals

Approval has now been granted from all four regional Local Authorities for the Homes as Power Stations business case to be considered by Joint Committee.

2. The Business Case

- 2.1 As required by the HM Treasury Green Book Model, a five case model business case for Homes as Power Stations has been developed to secure City Deal funding. This comprises the following elements: Strategic Case, Economic Case, Financial Case, Commercial Case and Management Case.
- 2.2 The Joint Committee Agreement for the Swansea Bay City Deal which provides the legal framework for the Deal was unanimously approved by the four Councils of the region in summer 2018. The agreement stipulates that in order to release City Deal

funding for projects a five case model business case, based on the HM Treasury Green Book Model, must be submitted by the Joint Committee to the UK and Welsh Governments for formal review and approval.

- 2.3 The five-case model business case for Homes as Power Stations has been subject to a detailed review process by the UK and Welsh Governments. This has involved a series of policy sessions that have supported the development of the business case to the required standard. The business case was considered at the Economic Strategy Board meeting on March 12th, 2020, and feedback from that meeting is attached for Joint Committee's consideration.
- 2.4 As a result it is recommended that the attached five-case model business case for Homes as Power Stations be submitted to the UK Government and Welsh Government for formal review and that the Joint Committee grants the project's SRO delegated powers to make any minor amendments to the business case as necessary to obtain that approval.

3. Financial implications

Financial implications for the Homes as Power Stations project are specifically included within the Strategic Case component of the project's five-case model business case.

It should be noted that the costs are evidence-based projections and will be refined during programme delivery. The City Deal 'ask' is £15 million to fund:

- Programme Team
- Regional financial incentives fund
- Regional supply chain development fund
- Marketing / dissemination
- Monitoring and evaluation

As the project's lead Local Authority, Neath Port Talbot Council will be incurring expenditure of £15m which will be funded via the City Deal grant reimbursement arrangements, terms and conditions of which will be approved by the Joint Committee of the Swansea Bay City Deal.

The remainder of the £505m expenditure will be delivered by partners and will not pass through the Council's accounts. The Council will however need to capture and evidence this additional expenditure to ensure it can demonstrate that the project is delivering the require outputs and outcomes.

4. Legal implications

The Joint Committee Agreement between the participants of the Swansea Bay City Region requires (at clause 12.3) all councils in whose areas the projects takes place to approve the submission of the business case to the Joint Committee before it can be ultimately forwarded on to the UK and Welsh Government. Each participant council has taken reports to each of its respective decision makers.

Clause 2.2 (i) of the Terms of Reference of the Joint Committee provides that the Joint Committee's functions include the consideration and approval of project business cases. Clause 2.2 (k) provides that the Joint Committee also agrees the terms and conditions of Government Funding.

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

The HAPS project is closely aligned to the Well-being of Future Generations (Wales) Act 2015 and its well-being goals, as outlined below.

Prosperous Wales – HAPS will directly tackle fuel poverty and play a key role in driving economic growth, supporting the growth of green jobs and skills throughout Wales, and increasing the competitiveness of businesses

Resilient Wales – HAPS will tackle poverty and the global threat of climate change by addressing the energy trilemma of affordability, sustainability and security of the energy supply, as well as the need for decarbonisation and contributing to meet the demand for new houses

Healthier Wales – Provision of low carbon, energy efficient homes will have a positive effect on health and well-being, helping address the health inequalities caused by poor energy efficiency

More Equal Wales – HAPS will work with partners and networks to ensure that the opportunities created by the programme will be available and accessible to all. This will help reduce inequalities within society and address health inequalities caused by poor energy efficiency

Cohesive Community – The programme will contribute to meeting societal needs for efficient and healthy housing with lower energy costs

Vibrant Culture and thriving Welsh Language – Opportunities will be taken to promote the Welsh language in the delivery of the programme

Globally Responsible Wales – The programme will be developed and delivered in line with the sustainable development principles highlighted by the Act. The programme will also contribute to the efficient use of resources through new build and retrofit activities

Background Papers:

None

Appendices:

Appendix A Economic Strategy Board report to Joint Committee

Appendix B Homes as Power Stations project business case

Economic Strategy Board Report to Joint Committee on Homes as Power Stations

Background

This report contains specific Economic Strategy Board (ESB) feedback on the Homes as Power Stations project business case.

The ESB attended a tour of an energy-efficiency housing project in Neath acting as a pathfinder to the regional HAPS project on November 26, 2019. This was followed by a discussion with the project's Local Authority Lead on the HAPS business case.

A number of workshops have also been held, with the project's Local Authority Lead feeding back to the ESB. The combination of these activities has enabled the ESB to engage in focused discussions with the project's Local Authority Lead around the opportunities and concerns that the ESB has identified in relation to the project.

The ESB, in their advisory capacity to the Joint Committee, is dedicated to offering further support and assistance in addressing these opportunities and concerns, drawing on their specialist knowledge and expertise to ensure maximum impact of the City Deal is realised.

The ESB will monitor the progress and impact of the project and report as required to the Joint Committee.

In the ESB's discussions with the Local Authority Lead, matters including project governance, private sector funding and monitoring/data gathering were addressed. The project's Local Authority Lead confirmed that governance would be a regional approach with regional decision-making, and that private sector involvement is being mapped out, with major progression planned once a HAPS project team is in place. Opportunities to work with universities on monitoring/data evaluation were discussed, with the project's Local Authority Lead stating that the Welsh Government is keen to work with the HAPS programme. Models of best practice will also be explored.

Conclusion

<p>The ESB formally recommend the Homes as Power Stations regional project and have recommended a number of areas be focused on, moving forward.</p>
--

Areas of focus

- The importance of the private sector to the HAPS project needs to be stressed
- The development of a Centre of Excellence for the new technologies and the supply chains within the area
- To focus on developing the supply chain and not so much focus on the financial incentive 'gap' funding

- Joint Committee should investigate the input of additional funding into the program
- Joint Committee needs to consider how to make this a truly regional project if that is the aspiration

SWOT analysis of the Homes as Power Stations project

<p>Strengths</p> <p>Programme based on need to create energy-efficient homes, tackle fuel poverty and reduce CO2 emissions</p> <p>Programme has number of well-being benefits – affordable warmth, improved air quality</p> <p>Building on sectoral strengths in energy</p> <p>Aligned to and delivers objectives of national, regional and local strategies and policies including WCFG Act</p>	<p>Weaknesses</p> <p>Uncoordinated approach to other energy efficiency programmes</p> <p>Short-term nature of WG funding streams</p> <p>Lack of coordinated monitoring and evaluation of previous energy efficiency programmes</p>
<p>Opportunities</p> <p>Opportunity to create an industry/sustainable indigenous supply chain for the renewables sector</p> <p>Clustering opportunities - energy and renewables</p> <p>Strong partnership working with regional Local Authorities and RSLs</p> <p>Positive NPV</p> <p>Development of a viable cost model through delivery at scale</p> <p>Programme replicability across the region</p> <p>Behavioural change</p> <p>Skills development related to renewables</p> <p>Diversification of the regional economy</p> <p>Development of a flexible technology standard</p> <p>Potential to coordinate all public and private energy efficient activity in the region with potential replicability at a national/UK level</p>	<p>Threats</p> <p>Need to engage with private sector house builders</p> <p>Technological advancements</p> <p>Need to ensure appropriate skilled workforce</p> <p>Viability of energy efficiency measures in new build and retrofit</p>

PROJECT BUSINESS CASE¹

Swansea Bay City Deal: The Internet Coast Homes as Power Stations



Version 4.0
March 2020



¹ 'Project Business Case' is the terminology used in the Joint Committee Arrangements.

Confidentiality Statement

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

This document is uncontrolled if printed.

DRAFT

Distribution List

Organisation	Position	Name
Value People	Director	Stefan Sanchez
Homes as Power Stations	SRO	Gareth Nutt Nicola Pearce
City & County Swansea	Director	Martin Nicholls
Carmarthenshire County Council	Director	Wendy Walters
Pembrokeshire County Council	Director	Steven Jones
Cardiff University, Welsh School of Architecture		Phil Jones

Revision History

Date	Version	Modified by	Changes Made, review history
29.06.2018	0.1	Bill Harkins - Value People	First draft
13.07.2018	1.0	Lisa Willis – NPTCBC Stefan Sanchez & Bill Harkins - Value People	Updates to CC and FC after review
07.08.2018	1.0	Lisa Willis	Regional input
Feb 2019	FBC 1.0	Lisa Willis	OBC to FBC
Nov 2019	FBC 2.0	Lisa Willis	Additional information required by policy workshop
March 2020	FBC 3.0	Lisa Willis	ESB comments
March 2020	FBC 4.0	Lisa Willis	Regional Directors comments

Document Sign Off

Date	Version	Signed off by	Comments
07.08.2018	1.0	Gareth Nutt	Incorporated regional partner comments
Feb 2019	FBC 1.0	Gareth Nutt	OBC to FBC
Nov 2019	FBC 2.0	Gareth Nutt	Additional information required by policy workshop
March 2020	FBC 3.0	Nicola Pearce	ESB workshop comments – comments
March 2020	BC 4.0	Nicola Pearce	Regional Directors meeting comments C&C Swansea revisions

DRAFT

Table of Contents

Table of Contents	
Confidentiality Statement	2
Distribution List	3
Revision History	3
Document Sign Off	4
Introduction	7
Executive summary	9
Strategic Case	9
Economic Case.....	12
Commercial Case.....	12
Financial Case	14
Management Case.....	14
Strategic Case	16
Economic case.....	78
Economic Case Part 1: The Options Framework.....	79
Economic Case part 2 – cost benefit analysis.....	96
Commercial Case.....	100
Financial Case.....	107
Management case.....	113
Annex 1 – Letters of support	124
Annex 2: The benefits of Programme and Project Management..	125
Annex 3 – Business case approval process	127
Annex 4 – Outline Stakeholder Plan.....	128
Annex 5 - HAPS specifications.....	131
Annex 6 – Housing need and demand	132

Acronyms	Description
HAPS	Homes as Power Stations
SBCR	Swansea Bay City Region
SBCD	Swansea Bay City Deal
'the partners'	The local authority partners comprising the Swansea Bay City Region: Neath Port Talbot CBC, City and County of Swansea, Carmarthenshire County Council and Pembrokeshire County Council

DRAFT

Introduction

The Swansea Bay City Region 'Internet Coast' deal will establish the Homes as Power Stations (HAPS) regional project, led by Neath Port Talbot County Borough Council, on behalf of the four local authority partners in the Swansea Bay City Region: Neath Port Talbot County Borough Council, City and County of Swansea, Carmarthenshire County Council and Pembrokeshire County Council.

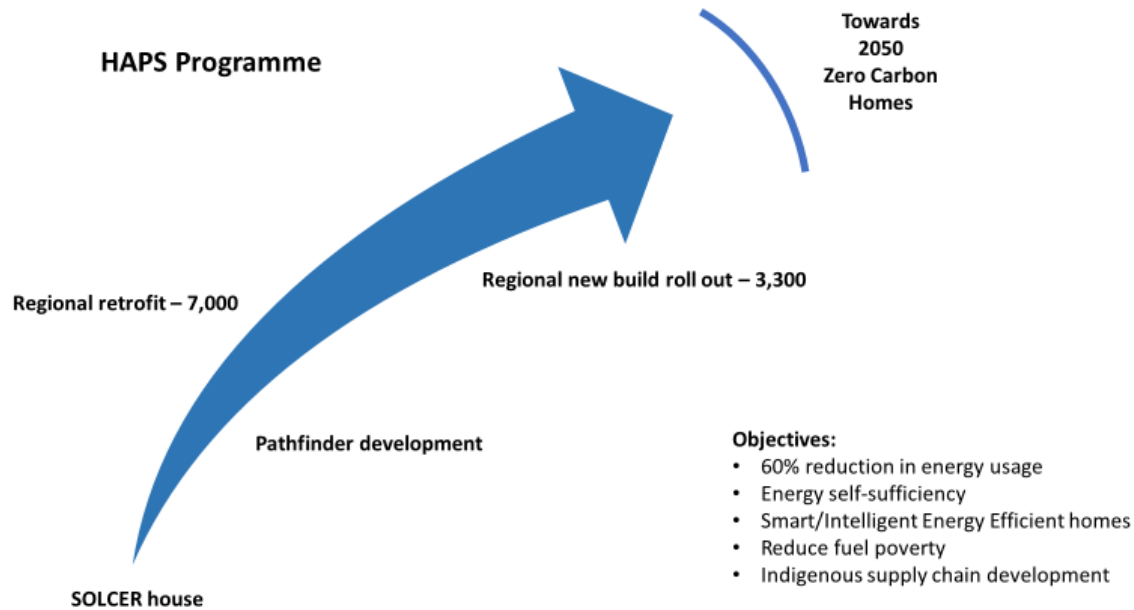
The Homes as Power Stations project has been developed in response to a number of drivers:

- UK and Welsh Government policy to tackle climate change and meeting carbon emission reduction targets;
- The need to deliver low carbon, energy efficient homes to reduce fuel poverty and its impact on health and wellbeing;
- Energy efficiency and demand side management is needed to reduce energy costs and provide affordable warmth for housing.

The HAPS project is a pioneering project to facilitate the adoption of the HAPS approach i.e. energy efficient homes, to integrate energy efficient design and renewable technologies into the design of new build homes and retrofit programmes carried out by the public, private and third sectors. The project aims to encourage the HAPS approach to become mainstream in new build design and retrofit programmes.

The project will target both new build developments and the retrofit of existing buildings. The project aims to promote the benefits of energy positive homes, initially through the public-sector housing stock and after proving the process and financial measures, target rollout to private sector landlords and owner-occupiers. Energy retrofits will be linked to other housing improvement programmes to optimise efficiency of delivery. There will also be a focus on regional supply chain development, skills development, an education / dissemination programme and a financial incentive fund.

The Homes as Power Stations project is a regional activity and aims to 'prove' the HAPS concept in the public sector at relatively small scale with the intention of scaling up activity across the region and sectors as shown in the following figure:



This business case is structured in accordance with HM Treasury’s revised Green Book² and the Better Business Cases guidance, organised around five cases designed to systematically demonstrate the investment proposal:

- Is supported by a compelling case for change – the **Strategic Case**
- Optimises value for money – the **Economic Case**
- Is commercially viable – the **Commercial Case**
- Is financially affordable – the **Financial Case**
- Is achievable – the **Management Case**

This business case confirms the indicative funding envelope of £15 million of Swansea Bay City Deal investment to deliver the project.

Formal approval of this business case will enable project definition to commence to prepare for the Homes as Power Stations project and the business case describes the outline project management arrangements.

² The Green Book: Central Government Guidance on Appraisal and Evaluation:
<https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

Executive summary

Strategic Case

The primary and overarching strategic driver for the HAPS project is the Swansea Bay City Deal 'Internet Coast' investment programme which was signed in March 2017 by the UK Government, Welsh Government, and the four local authorities of the Swansea Bay City Region. The 'Internet of Energy' is a key theme within the Swansea Bay City Deal Internet Coast Investment Programme. This commitment is underpinned by the availability of funding and a range of national, regional and local strategies which confirm the strength of strategic drive for action in this area, in particular:

- The need to meet the UK's clean energy challenges with a focus on the need to address climate change and carbon emissions linked to housing to deliver the decarbonisation agenda
- The need for clean, affordable and secure energy
- Addressing climate change through delivering carbon neutral alternatives, in line with the decarbonisation agenda
- Improving health and well-being
- Tackling fuel poverty
- Ensuring people have the necessary skills which reflect the broad nature of the renewables sector

In response to the above drivers, it is proposed that the HAPS project will:

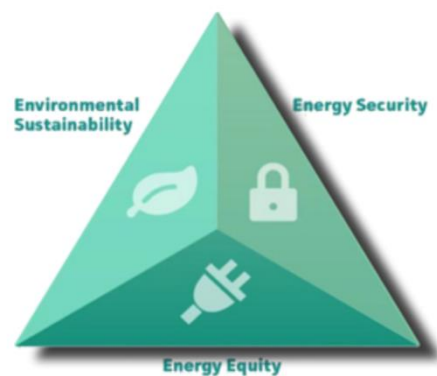
- Facilitate the adoption of the HAPS approach in new house build developments and housing retrofit programmes which integrates new technologies and design features to allow buildings to generate, store and potentially release energy;
- Develop and seek to attract new sector supply chains incorporating leading research and high value manufacturing and construction operations;
- Help to generate sustainable and affordable homes and address fuel poverty and improve health and wellbeing;
- Focus on smart technologies in relation to energy demand management.

The Investment Objectives for the project are to:

1. Future proof at least 10,300 properties (7,000 retrofit, 3,300 new build) within five years to increase 'affordable warmth' and reduce fuel poverty
2. Improve health and wellbeing and reduce the burden on health and social services
3. Deliver a sustainable (commercially viable), cost effective and holistic housing project by:
 - a. Taking a 'whole house' approach and developing proven, flexible designs
 - b. Demonstrating the viability of the HAPS concept to the rest of Wales/UK
 - c. Creating skilled jobs, a legacy and mainstreaming the HAPS concept
 - d. Creating a sustainable regional supply chain that retains the creation of design, construction and maintenance jobs
4. Invest in the professional evaluation of the quality and experience of solutions and understanding of the application of new technologies
5. Promote awareness of how key stakeholders (particularly energy users) optimise their interface with the technology
6. Support measures to mitigate climate change by reducing CO₂ emissions and energy demand
7. Create an energy system that is compatible with future smart developments, maximising benefits to the occupant/owner and reducing pressure on the grid by providing local energy generation and security

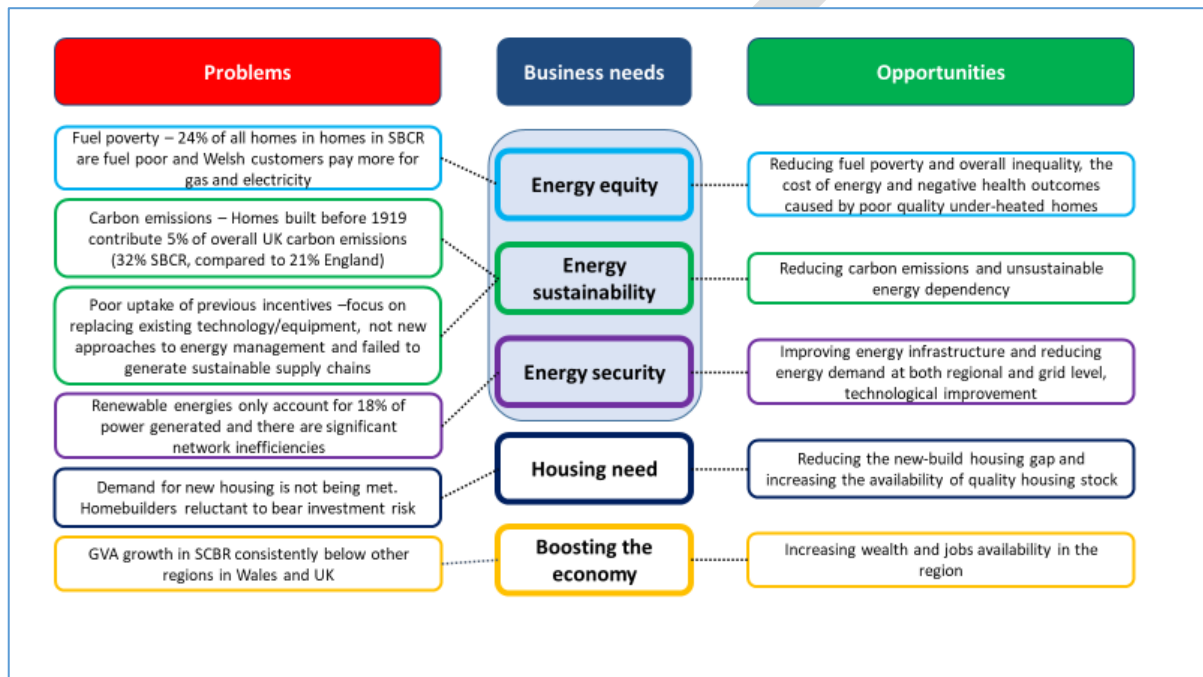
The 'Energy Trilemma', entails complex interwoven links between public and private sectors, governments and regulators, economic and social factors, national resources, environmental concerns and individual behaviours.

Delivering policies which simultaneously address energy security, universal access to affordable energy services and environmentally sensitive production and use of energy is a formidable challenge facing government and industry. The 'Energy Trilemma' provides a clear



framework within which to deliver energy transformation and make sustainable energy systems a reality.³

There is a need to provide safe, efficient and affordable homes and address the energy trilemma which is one of the most pressing universal themes and global challenges of our time and addressing these issues is a key business need and presents the most compelling reason for investment. The following figure summarises the problems and opportunities:



The key service requirements are for a Homes as Power Stations project to:

- To facilitate the adoption of the ‘homes as power stations’ concept i.e. energy positive homes through an innovative combination of design and flexible technology solutions to allow buildings to generate, store and release energy
- Develop an indigenous sustainable regional supply chain incorporating leading research and high value manufacturing and construction operations
- Develop a skilled regional workforce in renewable technologies
- Develop an affordable flexible design approach

³ <https://www.worldenergy.org/work-programme/strategic-insight/assessment-of-energy-climate-change-policy/>

- Help to provide clean, affordable and secure energy to tackle fuel poverty and address health and wellbeing issues associated fuel poverty

The scope of this work is defined by the Swansea Bay City Deal and the geographic area of the four local authorities that have signed the joint agreement. The potential scope of activity is to facilitate the adoption of the HAPS approach in new build homes and retrofit programmes, while developing an indigenous sustainable regional supply chain across the stock of Local Authority/RSL properties, which can be scaled up to include private sector properties.

Economic Case

Through extensive stakeholder engagement, a wide range of options were considered, and a short-list of options agreed. Following evaluation of the short-listed options, a cost benefit analysis demonstrates that action to improve energy efficiency in homes represents excellent value for money, particularly through:

- A substantial return on investment from GVA added (jobs in this sector are particularly valuable and deliver a much higher GVA than an 'average' job); and
- The value of energy savings has substantial potential for cost and efficiency savings

The preferred option for the HAPS project would deliver a mean NPV return over the 15 years of the City Deal of £106 million.

Commercial Case

The preferred way forward described in the Economic Case proposes a project of activity across the Swansea Bay City Region focused on the following elements:

- Facilitating the uptake of the HAPS approach in new build developments and retrofit developments
- Regional supply chain development fund
- Regional financial incentives fund
- Monitoring and evaluation

Facilitating the uptake of the HAPS approach in new build and retrofit developments

A HAPS Project Manager will be appointed by the Lead Local Authority, to coordinate regional activity (funding has been allocated for this function). Each Local Authority partner will continue to lead on their own activities. The HAPS Regional Project Board will determine the additional resource requirements to deliver the objectives of the HAPS project.

Regional supply chain development fund

Funding will be identified within the HAPS project to create a sustainable and skilled regional supply chain to deliver the HAPS concept during the life of the project and beyond. The HAPS project will continue to liaise with the City Deal Skills and Talent project in addition to FE, HE and the Renewable Energy Skills Forum (Wales) to ensure that there is a sufficient pool of skilled workers to develop, install, commission and maintain the next generation of energy efficient technologies in housing.

To assist suppliers to grow, develop and diversify into renewable technologies, the HAPS project will establish a HAPS Regional Supply Chain Investment Fund which will be managed by the project team, overseen by the SRO with regional governance / decision making. The HAPS Regional Project Board will discuss the potential for a regional framework for renewables.

Regional financial incentives fund

A regional financial incentives fund will be established to fund the gap between standard build and energy positive to 'kick start' the adoption of the HAPS approach. The project team will align and add value to existing programmes such as the Welsh Government Innovative Housing Programme (IHP) and its successor programmes.

Monitoring and evaluation

The HAPS project will procure the services of an organisation to monitor and evaluate its activities. The project manager will scope the tender specification based on the HAPS Investment Objectives including material use, whole life assessment, and monitoring and evaluating the quality of build / retrofit to avoid a legacy of problems due to poor workmanship, design etc. This will be developed into a good practice model. It is envisaged that monitoring and evaluation will be in three phases across

the five years of the project, including the social aspect and health and wellbeing benefits of HAPS:

Phase 1 – at the beginning of the project baseline data will be collated

Phase 2 – at the end of tranche 1, an interim evaluation will be carried out. By this time, it is expected that the first 200 new build and 250 retrofit homes incorporating the HAPS approach will have been completed.

Phase 3 – toward the end of the project, a full and final evaluation will be undertaken to inform decisions about future rollout of the HAPS approach.

Financial Case

The Swansea Bay City Deal has determined sufficient funds are affordable for the project and £15 million is available subject to the submission and approval of the Business Case.

The main activities will be to establish a project team which will coordinate the regional new build and retrofit programmes, manage the regional financial incentives fund, manage the regional supply chain development fund, marketing and dissemination, manage the procurement process to appoint an organisation to undertake monitoring and evaluation at key stages of the project.

The inflation adjusted capital requirement for this project will be funded through the City Deal as follows (note – only five years' appraisals are shown, consistent with the proposed project duration):

Yr.	Project team	Financial incentives	Supply chain development	Marketing	Monitoring & evaluation	Total	Inflation Factor	Total
0	£200,000	£1,450,000	£250,000	£50,000	£50,000	£2,000,000	1	£2,000,000
1	£200,000	£2,950,000	£750,000	£50,000	£50,000	£4,000,000	1.028	£4,112,000
2	£200,000	£3,700,000	£1,000,000	£50,000	£50,000	£5,000,000	1.0609	£5,304,500
3	£200,000	£2,450,000	£1,000,000	£50,000	£50,000	£3,750,000	1.1087	£4,157,625
4	£200,000	-	-	£50,000	£50,000	£250,000	1.1475	£286,875
	£1,000,000	£10,500,000	£3,000,000	£250,000	£250,000	£15,000,000		£15,861,000

Management Case

A phased introduction of the project is envisaged over the first year and the project team will need to be in place following approval.

Over the course of the project, the strategic intention is to scale up, from proof of concept in the public sector to a targeted roll out of the HAPS concept to the private sector. Through this scaling up of activity it is anticipated that the costs associated with the design and technologies associated with the HAPS concept will move to a more affordable cost envelope and the concept will be de-risked. Therefore, the HAPS project is an evolving 'live' activity and the project plan will be updated on a regular basis, with individual projects moving from proof of concept, to design, to funding secured.

At this stage it is envisaged that there will be three tranches within the five year project:

Tranche 1 – establish the project infrastructure, procure the independent organisation that will undertake the monitoring and evaluation, baseline the project, integrate existing / related project activity, ensure the uptake of the HAPS approach for 200 new builds and 250 retrofits in line with the HAPS flexible design approach and flexible technology solutions.

It is important to note that the allocation of public housing in line with 'nomination rights' is the responsibility of the Local Authorities and Housing Associations and these organisations will be consulted by the Project Managers.

Tranche 2 – undertake an interim evaluation and ensure that any recommendations are integrated into the project, continue with facilitating the adoption of the HAPS approach in new builds and retrofits (supported by financial incentives), initiate the supply chain development fund (including the business grant scheme) supported by business teams from the partner Local Authorities.

Tranche 3 – continue with facilitating the adoption of the HAPS approach in new builds and retrofits through to the end of the project, ensure that the supply chain is robust and sustainable for the future, showcase the project to Welsh and UK interests, commence the final monitoring and evaluation and implement the exit strategy.

Strategic Case

Introduction

The purpose of the Strategic Case is to make the case for change and to demonstrate how the proposed Homes as Power Stations (HAPS) project aligns with the overall direction of national, regional and local strategies and policies, as well as other ongoing initiatives, projects and programmes. The Strategic Case comprises three parts as follows:

Part 1 – Strategic context

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

Part 2 – The case for change

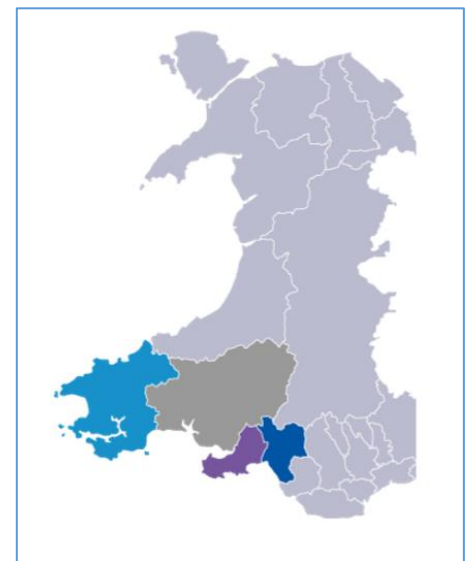
This section sets out the rationale for the project. This rationale is based on desired project outcomes, existing arrangements and an analysis of what needs to change to bridge this gap.

Part 3 – Potential project scope

This section starts the process of considering how best to address these needs, including potential project scope and service requirements, the potential benefits and risks that might arise, as well as any constraints and dependencies that will need to be considered in establishing the preferred way forward.

Part 1: Strategic context

The first part of the Strategic Case outlines the **strategic context** for this project, which is provided through an overview of the sponsoring organisation, Neath Port Talbot County Borough Council (NPTCBC), and a review of relevant national, regional and local strategies and policies, including ongoing initiatives, projects and programmes to show how the proposed project supports the achievement of approved policy goals and fits within the organisation's overall business strategy.



Part 1.1: Organisational overview

The Swansea Bay City Region consists of four local authority partners: Neath Port Talbot County Borough Council, City and County of Swansea, Carmarthenshire County Council and Pembrokeshire County Council. The HAPS project is a regional project with Neath Port Talbot CBC as lead local authority, therefore this section provides an overview of the lead local authority and each of the partner local authorities.

Neath Port Talbot County Borough Council (NPTCBC)

Neath Port Talbot CBC is the lead local authority for the HAPS project.

Neath Port Talbot CBC has a proven track record of managing and delivering large capital projects and programmes, including European structural fund projects, Welsh Government funded projects and other externally funded projects, for example:⁴

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

NPTCBC has extensive experience of lead body status for several collaborative projects including:

- South West Workways – £23m
- Workways+ - £7.5m
- Engage – £21m

NPTCBC key facts:

- formed in April 1996 after local government reorganisation
- it is an amalgamation of the former Neath and Port Talbot Borough Councils with parts of Lliw Valley Borough Council and West Glamorgan County Council
- the 8th most populous local authority areas in Wales – 140k population (2011 census)
- 17 areas are within the top 10% most deprived in Wales

⁴ All sums are approximate total project costs

City and County of Swansea (CCS)

Swansea Council has a track record in delivering large scale regeneration programmes and projects, having been involved in the management and delivery of such programmes since its formation in 1996.

Programmes funded and delivered by the Council have included:

- £100m investment in 21st Century Schools Programme (Band A)
- £500m investment in the Welsh Housing Quality Standard (WHQS) programme improving Council homes.
- Collaborative retrofit project with the Welsh School of Architecture to create six Homes as Power Station older person council properties.
- Hafod and Sandfields Renewal Areas improving the thermal efficiency and condition of the oldest and poorest housing stock in Swansea.
- The Council's More Homes Programme has delivered new 18 passivhaus homes. A further 59 homes are being built as 'Homes as Power Stations' using IHP funding.
- Construction of the Liberty Stadium for Swansea City Football Club & Ospreys Rugby Club
- A £32m Leisure Centre in the city centre
- Joint ventures progressed with Welsh Government (and formerly WDA) to deliver:
 - Swansea Vale Mixed Use Development
 - Felindre Strategic Business Park

Swansea Council key facts:

- formed in 1996 after local government reorganisation
- it is the second largest Local Authority in Wales (with a population of 244,513 in 2016)
- it has some of the most deprived areas in Wales, with 12.2% of Lower Super Output Areas (18 of 148) in the top 10% most deprived in Wales

Over £120 million of programmes were facilitated during the EU Objective 1 2000-2006 programme including landmark schemes such as the National Waterfront Museum (£28m total cost).

During the Convergence 2007-2013 programme period, a series of large scale initiatives were delivered including:

- Quadrant Bus Station – £10m
- Waterfront City, which invested £30m in a range of improvements to the fabric of the city centre including major public realm and property façade alterations

Carmarthenshire County Council (CCC)

Carmarthenshire County Council has a track record of delivering large scale regeneration projects and programmes, for example:

- South West Wales Property Development Fund – £25m
- South West Wales Local Investment Fund – £20m
- Cross Hands East development – £13m
- Carmarthenshire Physical Regeneration programme – £11m
- 21st Century Schools Programme
- Vibrant & Viable Places (Welsh Government regeneration programme)

Carmarthenshire County Council key facts:

- formed in 1996 after local government reorganisation
- it is the third largest county in Wales covering some 2,365km² with a population of 184,681

Pembrokeshire County Council (PCC)

Pembrokeshire County Council has a track record in delivering large scale regeneration projects and programmes including:

- Withybush Strategic Development Site (business Infrastructure and access roads)
- Advance build Factory Programme
- Pembrokeshire Technium Development
- Several European Social Fund regional collaborative projects
- 21st Century Schools programme
- Haverfordwest Leisure Centre
- Bulford Road
- Pembroke and Pembroke Dock Physical Regeneration project
- Coastal Tourism Centre of Excellence
- One Historic Garden
- Haverfordwest Townscape Heritage Initiative

Pembrokeshire County Council key facts:

- formed in 1996 after local government reorganisation
- population of over 123,000

Part 1.2: Strategic fit – review of relevant strategies and policies (and ongoing relevant initiatives, projects and programmes)

The second section of this strategic context part of the Strategic Case presents a review of all relevant UK, national (Wales), regional and local strategies, policies and initiatives, so as to demonstrate the strategic

drivers underpinning the proposed HAPS project and the extent to which this project is strategically aligned with overall policy direction.

1.2.1 Swansea Bay City Deal

The primary and overarching strategic driver for the HAPS project is the £1.3 billion Swansea Bay City Deal ‘Internet Coast’ investment programme which was signed in March 2017 by the UK 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.

Over a 15-year investment period, it is anticipated that the SBCD will:⁵

- Secure nearly £1.3 billion in funding for interventions to support economic growth within the SBCR, including over £600 million of direct private sector investment
- Contribute to increasing regional GVA by £1.8 billion and adding over 9,000 gross direct jobs
- Enable the SBCR to develop higher value sectors and employment opportunities to match; increase the number of businesses within these sectors to widen the region’s economic base and improve the region’s GVA, benchmarked against the UK average.

Interventions within the City Deal programme focus on four themes:⁶

- **The Internet of Economic Acceleration** – identifying the demand for, and potential delivery of, next generation digital infrastructure.
- **The Internet of Energy** – energy innovation and sustainable housing – placing the region at the forefront of energy innovation by creating a smart and efficient “Future Energy System” that will integrate the region’s multi-billion asset base in renewable and conventional energy production and the testing and commercialising of integrated Future Energy Systems
- **The Internet of Life Science and Wellbeing** – expanding research and innovation infrastructure and piloting a digitally integrated healthcare environment

⁵ Swansea Bay City Region City Deal Heads of Terms

⁶ Ibid, Swansea Bay City Region: A City Deal 2016-2035, The Internet Coast

- **Smart Manufacturing** – supporting the critically important regional manufacturing economy through the embedding of Industry 4.0 principles and developing leading edge research capability.

The HAPS intervention is identified in the Heads of Terms document as one of the prioritised projects in the City Deal Heads of Terms document under the Internet of Energy theme - see extract below:

The Internet of Energy. *To place the region at the forefront of energy innovation in the areas of sustainable house building to address fuel poverty and in the creation of a centre of excellence to develop and exploit aspects of marine and other energy.*

The Internet of Energy

The Internet of Energy theme seeks to build on the significant and diverse energy asset base within the region. It will align conventional and renewable energy production and storage capabilities, world leading research in areas such as tidal, materials and energy systems with the strategic energy hub at Milford Haven and transformative initiatives such as SPECIFIC.

This alignment will provide significant economic benefits positioning the region as a centre for energy related innovation as well as responding to critical regional issues such as the shortage of affordable homes and fuel poverty.

Identified interventions will complement any existing provision in the region and will be subject to the submission of detailed business cases and implementation plans for approval by Welsh and UK Governments. Under this theme, interventions include:

Homes as Power Stations. *Building on the capabilities of existing organisations and research facilities within the region that are developing new technologies to allow buildings to generate, store and release energy, this initiative seeks to undertake an extensive new house build and retrofit project which integrates such technologies. Whilst this project will help to generate sustainable and affordable homes and address fuel poverty, it will also develop and seek to attract new sector supply chains incorporating leading research and high value manufacturing and construction operations. The UK and Welsh*

Governments expect the Swansea Bay region’s proposals to be ambitious and also additional to the existing innovation landscape.

The City Deal specifically provides that:

‘Building on the capabilities of existing organisations and research facilities within the region that are developing new technologies to allow buildings to generate, store and release energy, this initiative seeks to undertake an extensive new house build and retrofit project which integrates such technologies. Whilst this project will help to generate sustainable and affordable homes and address fuel poverty, it will also develop and seek to attract new sector supply chains incorporating leading research and high value manufacturing and construction operations. The UK and Welsh Governments expect the Swansea Bay City Region’s proposals to be ambitious and additional to the existing innovation landscape.’

Intended outcomes of the City Deal that are of direct relevance to the HAPS project include:

- Establish Swansea and its hinterland as a ‘City of innovation’
- Establish Swansea Bay as a low carbon economy and international centre for renewable energy production and conservation⁷

1.2.2 UK Government strategies and policy drivers

A range of relevant UK-wide strategies and policies to this project include:

UK level policy drivers	Relevance to this investment
Industrial Strategy: Building a Britain Fit for the Future⁸	<p>The UK Government’s overall vision for the economy, as set out in its 2017 national Industrial Strategy, is to ‘create an economy that boosts productivity and earning power throughout the UK.’</p> <p>To deliver this vision the strategy sets out a range of policies across five ‘foundations’ (ideas, people, infrastructure, business environment and places) and four ‘grand challenges’ (AI & data, clean growth, future mobility and ageing society).</p>

⁷ Swansea Bay City Region: A City Deal 2016-2035, The Internet Coast

⁸ www.gov.uk/government/publications/industrial-strategy-building-a-britain-fit-for-the-future

	<p>The HAPS project aligns well with each of these foundations, particularly ‘ideas’ – where the goal is to create ‘the world’s most innovative economy’.</p> <p>The HAPS project has greatest strategic fit with the ‘clean growth’ grand challenge, where the strategy states:</p> <ul style="list-style-type: none"> ▪ ‘[The UK Government’s] long-term goals are to make clean technologies cost less than high carbon alternatives, and for UK businesses to take the lead in supplying them to global markets. ▪ ‘[The UK Government] will increase [its] support for innovation so that the costs of clean technologies, systems and services are reduced across all sectors.’ ▪ ‘The move to cleaner economic growth – through low carbon technologies and the efficient use of resources – is one of the greatest industrial opportunities of our time.’ ▪ ‘We will transform construction techniques to dramatically improve efficiency’ ▪ ‘For the majority of [the UK’s] energy to be clean and affordable, we need much more intelligent systems. Smart systems can link energy supply, storage and use, and join up power, heating and transport to increase efficiency dramatically. By developing these world-leading systems in the UK, we can cut bills while creating high-value jobs for the future.’ <p>The Industrial Strategy has committed £170 million for innovation to transform productivity in the construction sector.</p>
<p>Climate Change Act⁹</p>	<p>The Climate Change Act established a target for the UK to reduce its emissions by a minimum of 80% from 1990 levels by 2050 with five-yearly interim targets. The first four carbon budgets up to 2027 have been set in law. The current (second) carbon budget period (2013-2017) requires a reduction of 29% over 1990 baseline levels. Meeting the third (2018-2022) and fourth carbon budgets (2023 and 2027) requires emissions to reduce to 35% and 50% respectively.</p> <p>To note, the Welsh Government has set a more ambitious target of reducing emissions in Wales by at least 40% by 2020 from 1990 levels with a target to reduce emissions by 3% per annum, measured against a baseline of average emissions between 2006 and 2010. This includes all ‘direct’ greenhouse gas emissions in Wales except those from heavy industry and power generation that are covered by the EU Emissions Trading Scheme.¹⁰</p>

⁹ <http://www.legislation.gov.uk/ukpga/2008/27/contents>

¹⁰ www.legislation.gov.uk/ukpga/2008/27/pdfs/ukpga_20080027_en.pdf

<p>Industrial Strategy: Grand Challenges - Clean Growth¹¹</p>	<p>The Clean Growth Strategy – leading the way to a low carbon future, (October 2017) aims to make the transition to a global low-carbon economy and has two clear areas of alignment - <i>'Improving our homes'</i> and <i>'Delivering Clean Smart, Flexible Power'</i>.</p> <p>The strategy aims to reduce emissions from homes to around 58 million tonnes of CO₂ by 2032, and towards a target of only 6 million tonnes by 2050. The strategy also highlights the need for grid level storage to curb peak demand and the need to improve demand side responsiveness.¹²</p>
<p>Industrial Strategy: Grand Challenges - Transforming construction¹³</p>	<p>This challenge aims to transform the construction sector – enabling it to produce safe, healthy, efficient buildings using the latest digital manufacturing techniques.</p> <p>The challenge will support industry in adopting technologies and help buildings to be constructed 50% faster, 33% cheaper and with half the lifetime carbon emissions.</p> <p>Government is looking to industry and researchers to innovate in construction, increase productivity across the UK and open up significant global markets for efficient buildings.</p> <p>The HAPS project will provide the evidence base for transforming the construction sector in this case the housing sector by facilitating the take up and monitoring / evaluating of energy positive homes.</p>
<p>Industrial Strategy: Grand Challenges – Energy revolution challenge¹⁴</p>	<p>Smart energy systems can intelligently link energy supply, storage and use, and power heating and transport in ways that dramatically improve efficiency.</p> <p>The government is enabling the UK to take advantage of this by funding industry and researchers to create new systems. They will provide cleaner, cheaper energy, while creating high value jobs for the UK.</p> <p>The HAPS project will provide the evidence base for this challenge area by facilitating the take up and monitoring / evaluating of energy positive homes.</p>

¹¹ www.gov.uk/government/publications/industrial-strategy-the-grand-challenges/industrial-strategy-the-grand-challenges

¹² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/651916/BEIS_The_Clean_Growth_online_12.10.17.pdf

¹³ <https://www.ukri.org/innovation/industrial-strategy-challenge-fund/transforming-construction/>

¹⁴ <https://www.ukri.org/innovation/industrial-strategy-challenge-fund/prospering-from-the-energy-revolution/>

<p>Construction Sector Deal¹⁵</p>	<p>The Construction Sector Deal sets out an ambitious partnership between the industry and the government that aims to transform the sector’s productivity through innovative technologies and a more highly skilled workforce.</p> <p>One of the benefits outlined in the Construction Sector Deal states ‘better homes that are cheaper to run’ – the HAPS project is directly aligned to support this.</p>
<p>Transforming Infrastructure Performance (TIP) Plan¹⁶</p>	<p>The HAPS project is a demonstration project and aligns with the Transforming Infrastructure Performance (TIP) plan, which is the UK Government’s plan to increase the effectiveness of investment in infrastructure – both economic infrastructure such as transport and energy networks, by improving productivity in the way we design, build and operate assets.</p>
<p>Consultation - The Future Homes Standard: changes to Part L and Part F of the Building Regulations for new dwellings ¹⁷</p>	<p>This consultation sets out government plans for the Future Homes Standard, including proposed options to increase the energy efficiency requirements for new homes in 2020. The Future Homes Standard will require new build homes to be future-proofed with low carbon heating and world-leading levels of energy efficiency; it will be introduced by 2025.</p> <p>This document is the first stage of a two-part consultation about proposed changes to the Building Regulations. It also covers the wider impacts of Part L for new homes, including changes to Part F (ventilation), its associated Approved Document guidance, airtightness and improving as-built performance of the constructed home.</p> <p>The HAPS project is aligned to these proposed energy efficiency requirements.</p>

¹⁵ www.gov.uk/government/publications/construction-sector-deal

¹⁶ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/664920/transforming_infrastructure_performance_web.pdf

¹⁷ <https://www.gov.uk/government/consultations/the-future-homes-standard-changes-to-part-l-and-part-f-of-the-building-regulations-for-new-dwellings>

1.2.3 National (Welsh Government) strategies and policy drivers

At the national (Wales) level there are a number of strategies and policy drivers of direct relevance to this project, including:

National (Wales) policy drivers	Relevance to this investment
<p>Prosperity for All: The national strategy (Taking Wales Forward)</p>	<p>HAPS will contribute to the following priority areas of this strategy:</p> <p>Housing – the HAPS project will contribute to meeting new-build targets in Wales. There is a current shortage of energy efficient new housing in the region. HAPS will facilitate the adoption of a programme of new-build energy efficient housing, with integrated renewable energy, combined with an energy efficiency retrofit of existing stock to improve their energy efficiency will support meeting this target.</p> <p>Skills and employability – through links with the Skills and Talent project, the HAPS project will ensure that people have appropriate skills to take advantage of available employment opportunities linked to renewable technologies in housing. The HAPS project will work with employment initiatives to ensure unemployed (long and short-term) and economically inactive individuals can access appropriate skills training to increase their employment chances.¹⁸</p>
<p>Prosperity for All: A Low Carbon Wales¹⁹</p>	<p>This Plan sets the foundations for Wales to transition to a low carbon nation. Cutting emissions and the moving towards a low carbon economy bring opportunities around clean growth for business, as well as wider benefits for people and our environment. The HAPS project links directly into the following policy areas of the plan:</p> <p>Policy 32 – Developing Routes to Market for Renewable Technologies - The UK also needs newer and emerging technologies to continue to be developed, to provide a diverse mix of generation, which can also provide economic opportunities in exporting technology and expertise.</p> <p>Policy 33 – Increasing local ownership of energy generation. In 2018 Welsh Government held a call for evidence on the benefits of, and challenges in, increasing locally-owned generation⁴⁸. This demonstrated that increasing ownership of energy generation within Wales is likely to increase prosperity and we are now taking forward the actions indicated by the evidence. This includes developing a policy position on ownership of energy generation.</p>

¹⁸ <http://gov.wales/docs/strategies/160920-taking-wales-forward-en.pdf>

¹⁹ https://gov.wales/sites/default/files/publications/2019-06/low-carbon-delivery-plan_1.pdf

	<p>Policy 36 - Market Regulation and Investment. In 2017 UK Government published the ‘Upgrading our Energy System: Smart Systems and Flexibility’ plan. This set out actions government, Ofgem and industry will take to:</p> <ul style="list-style-type: none"> ▪ remove barriers to smart technologies (such as storage and demand-side response); ▪ enable smart homes and businesses; and improve access to energy markets for new technologies and business models.
<p>Wellbeing of Future Generations (Wales) Act 2015</p>	<p>The Well-being of Future Generations Act aims to improve the social, economic, environmental and cultural well-being of Wales through seven well-being goals:</p> <ul style="list-style-type: none"> ▪ Prosperous Wales – HAPS will directly tackle fuel poverty and play a key role in driving economic growth, supporting the growth of green jobs and skills throughout Wales and increasing the competitiveness of businesses ▪ Resilient Wales – HAPS will tackle poverty and the global threat of climate change by addressing the energy trilemma of affordability, sustainability and security of the energy supply and the need for decarbonisation and contributing to meeting the demand for new houses ▪ Healthier Wales – provision of low carbon, energy efficient homes will have a positive effect on health and well-being and address the health inequalities caused by poor energy efficiency ▪ More Equal Wales – HAPS will work with partners and networks to ensure that the opportunities created by the project will be available and accessible to all; help reduce inequalities within society and address health inequalities caused by poor energy efficiency ▪ Cohesive Community – the project will contribute to meeting societal needs for efficient and healthy housing with lower energy costs ▪ Vibrant Culture and thriving Welsh Language – Opportunities will be taken to promote the Welsh language in the delivery of the project ▪ Globally Responsible Wales – the project will be developed and delivered in line with the sustainable development principles highlighted by the Act. The project will also contribute to the efficient use of resources through new build and retrofit activities²⁰
<p>Innovation Strategy for Wales</p>	<p>HAPS will deliver against the five key themes:</p> <ul style="list-style-type: none"> ▪ improving collaboration ▪ promoting a culture of innovation

²⁰ <http://gov.wales/topics/people-and-communities/people/future-generations-act/?lang=en>

	<ul style="list-style-type: none"> ▪ providing flexible support and finance for innovation (in partnership with Welsh Government) ▪ innovation in Government ▪ prioritising and creating critical mass²¹
<p>The Environment (Wales) Act</p>	<p>The Environment (Wales) Act puts in place legislation needed to plan and manage Wales’ natural resources in a more proactive, sustainable and joined-up way. It seeks to position Wales as a low carbon, green economy, ready to adapt to the impact of climate change.</p> <p>Relevant sections of the Act are:</p> <ul style="list-style-type: none"> ▪ Part 1: Sustainable management of natural resources in a more proactive, sustainable and joined-up way ▪ Part 2: Climate change – provides Welsh Ministers with powers to put in place statutory emission reduction targets, including at least an 80% reduction in emissions by 2050 and carbon budgeting to support their delivery. This is vital within the context of existing UK and EU obligations, sets a clear pathway for decarbonisation and provides certainty and clarity for business and investment²²
<p>Energy Wales: A Low Carbon Transition</p>	<p>The Welsh Government set out its proposals for transitioning to a sustainable, low carbon economy in Energy Wales: A Low Carbon Transition, in 2012. This aims to maximise the long-term economic benefits of the transition, ensuring communities benefit from energy infrastructure developments and careful planning and management of the relationship between energy development and the natural environment.</p> <p>The Welsh Government committed to prioritise efforts on:</p> <ul style="list-style-type: none"> ▪ Leadership providing a clear, consistent framework for investors, regulators and decision-makers and infrastructure, coordination and stability to make Wales a great place to do business ▪ Maximising jobs and wider economic benefits ensuring communities derive long-term benefits ▪ Acting now for Wales’ long-term energy future supporting innovation, research, development and commercialisation in the areas that offer the greatest potential for long-term benefit <p>Delivery proposals include: priorities for action, high level milestones and a summary of deliverables for low carbon energy, energy efficiency, energy intensive industries, marine energy, regulatory regimes, infrastructure and other areas. As of April 2017, public services in Wales should use 100% renewable electricity, 50% of which will be generated in Wales.</p>

²¹ <http://gov.wales/docs/det/publications/140313innovationstrategyen.pdf>

²² www.legislation.gov.uk/anaw/2016/3/pdfs/anaw_20160003_en.pdf

	<p>The <i>Programme for Government, Taking Wales Forward 2016-2021</i>, reconfirms the commitment to emissions reductions and support for renewable energy.</p> <p>In a statement in December 2016, the Cabinet Secretary for Climate Change, Environment and Rural Affairs, Lesley Griffiths, outlined energy priorities for the Fifth Assembly, including:</p> <ul style="list-style-type: none"> ▪ Reducing energy consumption ▪ Reduced reliance on energy generated from fossil fuels ▪ An actively managed transition to a low-carbon economy²³
<p>Green Growth Wales: Local Energy</p>	<p>Sets out the approach to local energy in support of the strategic energy policy. The energy system is in a period of transition – an opportunity for Wales to take control of its own energy needs. The vision is for communities and businesses to use locally generated electricity and heat, from a range of renewable installations, to supply local demand and minimise dependence on central generation:</p> <ul style="list-style-type: none"> ▪ Creating local energy systems ▪ Tackling poverty for the long term ▪ Positioning Wales at the forefront of carbon reduction²⁴
<p>Smart Living Wales</p>	<p>A range of emerging drivers in Wales and the UK have increased interest in how to intelligently balance, interconnect and integrate smarter solutions to assist the balancing of the energy trilemma - security, affordability and low carbon developments. The vision adopted in the Smart Living Demonstrator Framework is:</p> <p><i>“Wales has the opportunity to influence how we live with energy and resources in the future through demonstrators that will innovatively transform homes, businesses and communities providing multiple benefits for all.”</i></p> <p>‘Smart Living’ is a concept covering a range of policy and practical interventions that drive low carbon solutions that can deliver a range of societal benefits. It is within this context that the HAPS project will be developed and delivered.²⁵</p>
<p>Independent Review of Affordable Housing Supply (Wales), Final</p>	<p>The Independent Review Panel were established in May 2018 by the then Minister for Housing and Regeneration, in relation to the HAPs project relevance links to the following recommendations of the review:</p> <ol style="list-style-type: none"> 1. Introduction of a requirement for all new affordable homes to be near zero carbon / EPC ‘A’ using a fabric first approach from 2021, supplemented by technology (renewables) if required

²³ <http://gov.wales/topics/environmentcountryside/energy/energywales/?lang=en>

²⁴ <http://gov.wales/topics/businessandconomy/creating-a-sustainable-economy/green-growth-wales/?lang=en>

²⁵ <http://gov.wales/topics/businessandconomy/creating-a-sustainable-economy/smart-living/?lang=en>

<p>Report, April 2019²⁶</p>	<p>2. Continue to support the trialling of Modern Methods of Construction (MMC) to help establish which methods can contribute to the objective of increasing the scale and pace of affordable housing provision with the existing resources available.</p> <p>Develop a strategy to map out how Wales could further use off-site manufacturing (OSM) and MMC to deliver near zero carbon homes along with an appropriate timetable for achieving this.</p>
<p>Smarter Energy Future for Wales (National Assembly for Wales Environment and Sustainability Committee)</p>	<p>The National Assembly for Wales Environment and Sustainability Committee recommends moving to 'near-zero' carbon emissions as the new Welsh Housing Quality standard. It also strongly advocates for local energy systems, with grid level local prioritisation for Welsh customers, based on net positive buildings and homes.</p> <p>The report emphasises the importance of local, sustainable, supply chains for technology development, supply and fitting, increasing Welsh resilience and delivering carbon cuts through the framework laid out in the Wellbeing of Future Generations Act. Finally, the report recommends setting up a not-for-profit, publicly owned energy company, a suggestion that has been endorsed by Ofgem.²⁷</p>

National Development Framework²⁸

The project will deliver against the emerging National Development Framework.

Welsh Government emerging fuel poverty plan consultation

The HAPS project will respond to the proposed fuel poverty plan²⁹ consultation and will incorporate actions and recommendations into the project during the delivery phase.

²⁶ https://gov.wales/sites/default/files/publications/2019-04/independent-review-of-affordable-housing-supply-report_0.pdf

²⁷ www.assembly.wales/laid%20documents/cr-ld10610/cr-ld10610-e.pdf

²⁸ <https://gov.wales/national-development-framework-overview>

²⁹ <http://www.senedd.assembly.wales/mgIssueHistoryHome.aspx?IId=25969>

Welsh Government emerging retrofit policy ‘Optimised Retrofit’ programme

Welsh Government are currently working on a retrofit policy in Wales to decarbonise existing homes as outlined in ‘Prosperity for All: A Low Carbon Wales’³⁰. The HAPS project will align to the proposed ‘Optimised Retrofit’ programme, and has the potential to deliver a number of the recommendations in the report³¹ for example:

- *Urgently undertake a series of coordinated actions that will create an environment in Wales where decarbonising homes becomes the norm;*
- *Collect data and knowledge about the condition and performance of the housing stock to inform future decisions and check the progress and outcomes of the project;*
- *Pilot and trial new solutions to decarbonise Welsh homes.*

1.2.4 Regional and local strategies and policy drivers

At the regional and local level, there are a number of strategies and policies of direct relevance to this project, including:

Regional and local policy drivers	Relevance to this investment
<p>Swansea Bay City Region Economic Regeneration Strategy³²</p>	<p>HAPS is one of eleven projects and programmes prioritised to deliver the Swansea Bay City Deal ‘Internet Coast’ strategy, based on the Swansea Bay City Region Economic Regeneration Strategy 2013 – 2030.</p> <p>The Swansea Bay City Deal is supported by the evidence-based Swansea Bay City Region Economic Regeneration Strategy 2013 – 2030. This strategy comprises five strategic aims to deliver the ambitious vision: ‘<i>By 2030, South West Wales will be a confident, ambitious and connected City Region, recognised internationally for its emerging knowledge and innovation economy.</i>’</p> <p>HAPS is aligned to each of the five strategic aims of this strategy:</p> <ul style="list-style-type: none"> ▪ Business growth, retention and specialisation – supporting the creation of new industry in the region, supporting locally-

³⁰ https://gov.wales/sites/default/files/publications/2019-06/low-carbon-delivery-plan_1.pdf

³¹ <http://files.site-fusion.co.uk/6b/76/6b7656b3-8004-428e-a641-5746675404f5.pdf>

³² Swansea Bay City Region Economic Regeneration Strategy, 2013-2030

	<p>based business growth and creating a sustainable supply chain</p> <ul style="list-style-type: none"> ▪ Skilled and ambitious for long-term success – working closely with the Skills and Talent City Deal project to ensure the region’s workforce has the appropriate skills to maximise the opportunity of HAPS ▪ Maximising job creation for all – supporting diversification of the economy, through the creation of employment opportunities linked to the green growth economy and a sustainable indigenous supply chain ▪ Knowledge economy and innovation – establishing the Swansea Bay City Region as a test bed for smart, low carbon, energy efficient homes and associated product development and commercialisation of innovation ▪ Distinctive places and competitive infrastructure – providing an attractive infrastructure asset for the region³³
--	---

1.2.5 Links with other relevant initiatives, projects and programmes

At the national, regional and local level, there are a number of other relevant initiatives, projects and programmes to which the HAPS project is aligned and will complement.

Once the HAPS project is approved, the project team can formally work with the interventions listed below, limited activity has already taken place to establish links and alignment with the following interventions, however expectations need to be managed in terms of HAPS delivery prior to approval.

There is the potential for the HAPS project to be a regional demonstrator project – this will be developed further post approval and with support from the technical advisory group.

This engagement work is outlined in the Management Case of this business case.

Links with other activity	Relevance to this investment
Active Building Centre³⁴	Neath Port Talbot CBC works closely with the Active Building Centre and is continuing to explore areas of collaboration, which will be fully realised once a HAPS project team is established.

³³ www.swansea.gov.uk/swanseabaycityregioneconomicregenerationstrategy

³⁴ <https://www.activebuildingcentre.com/>

The Homes as Power Stations regional project 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 homes to provide cleaner, cheaper and more resilient energy.

The Active Building Centre strategic objectives are aligned to the HAPS investment objectives, with particular reference to the following ABC strategic objectives: 'create a critical mass of buildings' (residential in the case of HAPS), 'Active Buildings as 'Energy Positive Agent' reducing grid impact (the HAPS definition is energy positive over a 12 month period), and 'Adapt the Active Building Technology portfolio to tackle existing stock' (the HAPS proposes to facilitate the adoption of energy positive homes for new build and existing stock through a retrofit programme).

Neath Port Talbot CBC, as lead local authority for the HAPS project, provided a letter of support to Swansea University for its submission to the Industrial Strategy Challenge Fund to establish an Active Building Centre, and it is proposed that the two projects will establish a Memorandum of Understanding to facilitate the collaboration. The partners are committed to delivery of Active Buildings at a scale to make the region a UK leader.

There are a number of areas where the two projects will collaborate, including:

Demonstrators

The Homes as Power Stations project will provide real life examples of energy positive homes, both new build and retrofit, including at scale developments across the Swansea Bay City Region to demonstrate the benefits, including commercial viability of homes as power stations / active homes at scale by breaking down commercial barriers.

The HAPS developments will provide real life data at a local and regional level to feed in to the Active Building Centre national (UK wide) programme and will go some way to supporting the output of 17 demonstrator projects.

Neath Port Talbot CBC is a partner in the HAPS pathfinder project in Neath, a collaborative project between Neath Port Talbot CBC, Pobl and Swansea University's SPECIFIC project to showcase renewable technologies across a mixed tenure of 16 dwellings (flats and houses).

The aim of the HAPS project and the Active Building Centre is to progress the rollout and increased scale of these technologies

	<p>across a number of building typologies and the two projects will work together to facilitate this. The HAPS project will promote a flexible design approach and will continually monitor the performance of the technologies adopted.</p> <p>Neath Port Talbot CBC has already identified up to 5 development schemes within the HAPS project, totalling up to 150 units across the Swansea Bay City Region, which have the potential to be aligned to the Active Building Centre Active Homes programme.</p> <p>The HAPS project has already been identified in the Active Building Centre collaboration activity programme, in particular work packages 2,4,6,7,8,9,11 and 12 and the HAPS project team will work with the ABC programme team to develop a programme of delivery to realise this activity.</p> <p><u>Monitoring and evaluation</u></p> <p>There is a commonality in the monitoring and evaluation of the HAPS and Active Building Centre programmes, and the project teams will ensure consistency of approach and baseline data.</p> <p>The HAPS project proposes a continuous monitoring and evaluation of technologies/ performance management to ensure continuous improvement to feed in to design development and will act as a living test bed (design feedback), this complements the work packages of the Active Building Centre.</p> <p>The HAPS proposes a marketing / education programme to disseminate the findings of the HAPS project including energy performance, health benefits and social benefits including 'liveability / human interface with the technology which is aligned to the Active Building Centre programme elements on Health and Wellbeing, 'Active on the Inside' and Human interface design which are part of the Swansea University research element of the Active Building Centre.</p> <p><i>See Annex 1 for letter of support from the Active Building Centre</i></p>
<p>Welsh Government Warm Homes Programme³⁵</p> <p>ARBED³⁶</p>	<p>Welsh Government Warm Homes, which includes the Arbed and Nest schemes, provides funding for energy efficiency improvements (retrofit) to low income households. The project aims to:</p> <ul style="list-style-type: none"> • help eradicate fuel poverty,

³⁵ <https://gweddill.gov.wales/topics/environmentcountryside/energy/efficiency/warm-homes/?lang=en>

³⁶ <http://arbedambyth.wales/>

NEST³⁷

- reduce harmful emissions into the environment,
- boost economic development and regeneration in Wales by using the skills of local companies installing energy efficiency measures at domestic properties.

Arbed - has two delivery approaches. One is the EU funded element of the scheme which has been delivered for Welsh Government by procured scheme managers. The other is through the provision of grant funding to local authorities to enable them to manage energy efficiency schemes in their areas. Retro-fitting measures and technologies eligible under Arbed include:

- Solid wall insulation
- Loft insulation and draught proofing
- Boiler and heating system upgrades (controls)
- Heat pumps
- The provision of energy saving advice

Nest - provides householders with access to free advice and support to help them reduce their energy bills. Those meeting Nest's eligibility criteria can access a free package of energy efficiency measures. Nest measures are designed for individual properties so there is no standard package. Measures can include:

- New gas boiler
- Central heating system
- Insulation
- Newer technologies such as air source heat pumps

British Gas is the scheme manager for Nest. The Energy Saving Trust is a sub-contractor to British Gas and provides the front-end service. Small and medium sized enterprises across Wales are sub-contracted by Nest to install agreed energy efficiency measures at domestic properties. The Nest scheme does not cold call households and all marketing materials carry the 'Nest' and Welsh Government logos.

Synergy and added value of the HAPS project

The HAPS project has synergies to the Warm Homes programme, as Arbed will provide some public sector funding to the HAPS project and Nest will form part of the HAPS marketing and communications strategy to encourage awareness and the take up of energy efficient measures.

The HAPS team has met with the Arbed team within WG several times to ascertain how HAPS and Arbed can align and add value. Discussions are on-going, and once HAPS is approved an action plan can be developed to deliver synergies.

³⁷ <https://nest.gov.wales/en/>

<p>Innovative Housing Programme (IHP) (Welsh Government)³⁸</p>	<p>The Innovative Housing Programme (IHP) is an annual capital funding programme with the aim of creating quality places to live. The programme will help inform the Welsh Government about the type of homes it should financially support in the future. The IHP is open to local housing authorities including local authority owned companies, registered social landlords, private sector bodies and social landlords. The programme is competitive and seeks to encourage innovation.</p> <p>The Programme, which is funded by £90 million over three years, seeks to stimulate the design and delivery of new quality, affordable homes to:</p> <ul style="list-style-type: none"> • Increase supply as part of the 20,000 new homes target; • Speed up delivery of homes to the market; • Trial new housing models and methods of delivery that address issues such as pressing housing need; fuel poverty; demographic change; help carbon reduction targets; • Prove the replicability of innovative housing models. • <p><u>Synergy and added value of the HAPS project</u></p> <p>The HAPS project is aligned to the IHP as the IHP goes some way to delivering the aims and objectives of HAPS. The HAPS lead local authority (Neath Port Talbot CBC), as instructed by the City Deal Joint Committee has provided a regional letter of support for those projects submitted under the annual call for innovative projects.</p> <p>It is anticipated that the successor funding to the IHP will be linked to the decarbonisation agenda, and will continue to support innovative energy efficiency solutions in housing to deliver Welsh Government policy and meet Welsh Government targets.</p>
<p>Cardiff University Demonstrators project (ERDF)</p>	<p>Cardiff University secured ERDF to develop 10 demonstrators – both new build and retrofit.</p> <p>The lessons learned from these demonstrators have been fed in to the HAPS project and the HAPS project will move away from one off demonstrators to at scale developments.</p>
<p>Local Authority renewal areas³⁹</p>	<p>Area based renewal schemes enabled local authorities to focus activity and investment on areas that combine a need for assistance with the potential for regeneration. Investment in area based renewal schemes should not only secure improvements to houses themselves but also to environmental,</p>

³⁸ <https://gov.wales/innovative-housing-programme>

³⁹ <https://www.npt.gov.uk/1203>

	<p>social and economic conditions, leading to a restoration of confidence in the area.</p> <p>These wide ranging benefits of area renewal are also important in tackling the problems many local communities face in terms of social exclusion and sustainability. The Welsh Government provided local authorities with grants for housing renewal areas and Neath Port Talbot CBC implemented this initiative, with the other local authority partners in the region carrying out similar activity. Neath Port Talbot CBC declared a total of three Renewal Areas over a period of thirteen years:</p> <ul style="list-style-type: none"> • Sandfields East and Aberavon Renewal Area 2004 – 2017 • Upper Amman Valley Renewal Area 2007 – 2012 • Neath East Renewal Area 2009 – 2017 <p>Renewal Areas were established to effect the comprehensive revitalisation of an area, bringing about improvements to homes, shops, other commercial premises, the local environment and the infrastructure by working in partnership with the private sector, other public bodies and most importantly, the local community to develop co-ordinated strategies to tackle the problems identified by the people who live and work in these areas, Renewal Areas ended in March 2017.</p> <p><u>Synergy and added value of the HAPS project</u> The HAPS project will review evaluations of the Renewal Areas programme and identify good practice to inform the HAPS project.</p>
<p>Warm Wales Limited⁴⁰</p>	<p>Warm Wales Cymru Gynnes deliver a wide range of partnership-based regeneration and sustainable energy measures in the fight against fuel poverty. Established in 2004 by the National Grid, Warm Wales was the first Community Interest Company in Wales. It was set up to meet the National Grid's specific aim to meet its corporate responsibility to Government and deliver benefits to 1 million fuel poor homes. It chose to do this under the banner of the 'Affordable Warmth' Programme. Warm Wales-Cymru Gynnes contributed to towards achieving this target.</p> <p><u>Synergy and added value of the HAPS project</u> HAPS will engage with the Warm Wales programme and ascertain the role Warm Wales can play in the HAPS awareness raising and educational aspect.</p>
<p>ERDF funded Low Carbon Research</p>	<p>The LCRI Energy programme was launched in September 2009 and secured more than £15 million of ERDF funding which was matched with £19 million from Welsh universities and industry.</p>

⁴⁰ <http://www.warmwales.org.uk/>

Institute (LCRI) Retrofit programme⁴¹	<p>The LCRI programme is a research development and innovation programme aiming for long-term economic growth and the creation of employment opportunities for Wales. The programme works with enterprises, including the SME sector in particular, to deliver industry-relevant new knowledge and technologies that will provide both business opportunities and help Wales deliver on its low carbon agenda.</p> <p><u>Synergy and added value of the HAPS project</u> The HAPS project has been informed by the research carried out by the LCRI programme and will continue to engage with it.</p>
Energy Company Obligation (ECO) ⁴²	<p>The Energy Company Obligation (ECO) is a government energy efficiency scheme applicable to the whole of the Great Britain to help reduce carbon emissions and tackle fuel poverty. It was first introduced in 2013 and places legal obligations on larger energy suppliers to deliver energy efficiency measures to domestic premises. It focuses on insulation and heating measures and supports vulnerable consumer groups. ECO is intended to assist in reducing carbon emissions, maintaining security of energy supply and reducing fuel poverty</p> <p>The largest tranche of ECO runs until Sept 2018, with another tranche due to run from 2018 to 2022.</p> <p><u>Synergy and added value of the HAPS project</u> The HAPS project will engage with ECO to support the aims of the HAPS project.</p>
WG Regeneration Funding - Vibrant and Viable Places⁴³	<p>The Welsh Government adopted a new approach to delivering regeneration projects within a Regeneration Framework in 2013, which targeted future Welsh Government funding. The targeted funding prioritised town centres serving 21st Century towns, coastal communities and Communities First clusters. A number of regeneration schemes supported included housing to improve the economy of the area.</p> <p>The VVP programme has ended, however the projects are still in delivery phase.</p> <p><u>Synergy and added value of the HAPS project</u> The HAPS project will identify areas of good practice from the VVP programme.</p>

⁴¹ <http://www.lcri.org.uk/>

⁴² <https://www.ofgem.gov.uk/environmental-programmes/eco>

⁴³ <https://gov.wales/vibrant-and-viable-places-framework>

**WG Targeted
Regeneration
Investment
(TRI)
programme⁴⁴**

TRI is the successor to VVP and is a regeneration investment programme over 3 years which commenced in April 2018. It aims to invest WG regeneration funding in a targeted and focused way. The TRI programme is looking to support projects that promote economic regeneration – creating jobs, enhancing skills and employability and creating the right environment for businesses to grow and thrive – with a focus on individuals and areas most in need to ensure prosperity is spread to all parts of Wales.

Synergy and added value of the HAPS project

The TRI will inform the delivery of the HAPS project and a number of HAPS schemes have been identified in the TRI programme of activity.

Part 1.3 Strategic context summary

The above review of key strategies and policy documents of relevance to the HAPS project demonstrates consistent policy support for this intervention.

The principal strategic driver of investment in the Homes as Power Stations project is a joint commitment from the UK Government, Welsh Government and four local authorities of the Swansea Bay City Region.

The ‘Internet of Energy’ is a key theme within the Swansea Bay City Deal Internet Coast Investment Programme. This commitment is underpinned by the availability of funding and a range of national, regional and local strategies which confirm the strength of strategic drive for action in this area, with a focus on the following areas:

- The need to meet the UK’s clean energy challenges, while also ensuring that new technologies are sufficiently developed and evaluated to make them not only more efficient than current approaches but cheaper as well
- The importance of developing new construction techniques and techniques to improve the energy efficiency of housing
- The need for clean, affordable and secure energy
- Addressing climate change through delivering carbon neutral alternatives, in line with the decarbonisation agenda
- Improving health and well-being
- Tackling fuel poverty
- Ensuring people have the necessary skills which reflect the broad nature of the renewables sector

⁴⁴ <https://gov.wales/regeneration>

Part 2: The case for change

As set out in the HM Treasury and Welsh Government's Better Business Case (BBC) guidance, establishing a robust case for change requires a clear understanding of:

- What the delivery organisation is 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 (the existing arrangements) and what the delivery organisation is seeking to achieve in the future (the **business needs**)

In this way, the case for change is established on the basis of 'need', rather than simply on the contention that a project is a 'good thing to do'. These three components of the case for change – the investment objectives, the existing arrangements and the business needs – are examined respectively below in Parts 2.1, 2.2 and 2.3 of this Strategic Case.

Importantly, key stakeholders were engaged and involved throughout this process of shaping the investment objectives, establishing the baseline existing arrangements and identifying future business needs. Details of the workshops held are provided below as part of the discussion on investment objectives.

Part 2.1 Investment Objectives

Investment Objectives form the key starting block of the 'case for change' within the Strategic Case. These objectives describe what the delivery organisation, NPTCBC and its partners, are seeking to achieve with this project in terms of targeted outcomes. They refer to the identifiable and measurable economic, social and environmental outcomes that NPTCBC and its partners wish to realise.

In accordance with best practice, these objectives are:

- Outcome-focused: i.e. focused on what needs to be achieved rather than the potential solution or means of provision

- As 'SMART' as possible (i.e. they should be Specific, Measurable, Achievable, Relevant and Time-bound)
- Neither too narrowly defined so as to preclude important options, nor too broadly defined as to cause unrealistic options to be considered at the options appraisal stage
- Limited in number (ideally to no more than five or six)

Investment objectives for a project typically address one or more of the following five generic drivers for intervention and spend:

1. **Effectiveness** – i.e. improving the quality of services in terms of the delivery of agreed outcomes. For example, by meeting new policy changes or operational targets
2. **Efficiency** – i.e. improving the delivery of public services in terms of outputs. For example, by improving the throughput of services whilst reducing unit costs
3. **Economy** – i.e. reducing the cost of public services in terms of the required inputs. For example, through 'invest to save' schemes or spend on innovative technologies
4. **Compliance** – i.e. to meet statutory, regulatory or organisational requirements and accepted best practice. For example, new health and safety legislation or building standards
5. **Replacement** – i.e. re-procuring services in order to avert service failure. For example, at the end of a service contract or when an enabling asset is no longer fit for purpose

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 stakeholder workshop was held on 17th January 2018 to discuss and agree the Investment Objectives and long-list to short-list options for the investment. The workshop attendees were:

- Gareth Nutt, Director Environment, Neath Port Talbot County Borough Council
- Simon Brennan, Head of Property & Regeneration, Neath Port Talbot County Borough Council
- Lisa Willis, European & Strategic Funding Manager, Neath Port Talbot County Borough Council
- Christopher Jones, Energy Manager, Neath Port Talbot County Borough Council
- David Bratley, City & County of Swansea

- Darrel Barnes, City & County of Swansea
- Rachel Davies, Carmarthenshire County Council
- Steve Keating, Energy Manager, Pembrokeshire County Council
- Kerry MacDermot, Pembrokeshire County Council
- Jan Bell, SPECIFIC
- Keith Palmer, SPECIFIC
- Phil Jones, Cardiff University (Welsh School of Architecture)
- Jane Forshaw, Local Partnerships

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

No.	Investment objective	Measures
1	To future proof at least 10,300 properties (7,000 retrofit, 3,300 new build) within five years to increase 'affordable warmth' and reduce fuel poverty	<ul style="list-style-type: none"> a) Assessments of cumulative energy consumption or SAP/EPC ratings b) Customer surveys c) Reductions in fuel poverty
2	To improve health and wellbeing and reduce the burden on health and social services	<ul style="list-style-type: none"> a) Reduced GP / hospital visits for asthma/respiratory conditions b) Improvement of health and wellbeing of household occupants
3	<p>To deliver a sustainable (commercially viable), cost effective and holistic housing by:</p> <ul style="list-style-type: none"> I. Taking a 'whole house' approach and developing proven, flexible designs II. Demonstrating the viability of the HAPS concept to the rest of Wales/UK III. Creating skilled jobs, a legacy and mainstreaming the HAPS concept IV. Creating a sustainable regional supply chain that retains the creation of design, construction and maintenance jobs 	<ul style="list-style-type: none"> a) Ratio of jobs to capital investment b) Local GVA uplift from local supply chains c) Number of 'skilled' jobs d) Number of people employed and jobs protected e) Uptake of the HAPS concept outside of Swansea Bay City Region area
4.	To invest in the professional evaluation of the quality and experience of solutions and understanding of the application of new technologies	<ul style="list-style-type: none"> a) To be determined after engagement of evaluators
5.	To promote awareness of how key stakeholders (particularly energy users) optimise their interface with the technology	<ul style="list-style-type: none"> a) Predicted fuel bill reduction vs actual fuel bill b) Customer surveys

6.	<p>To support measures to mitigate climate change by reducing CO₂ emissions and energy demand. Predicted annual CO₂ reduction figures:</p> <ul style="list-style-type: none"> • Retrofit - 9,933 tonnes CO₂ annum • New build - 9,165 tonnes CO₂ annum <p>Figures assume 100% rollout.</p>	<p>a) Including occupation, supply chain & construction (reduction of CO₂ emissions)</p> <p>b) Additional measures to be determined after engagement of evaluators</p>
7.	<p>To create an energy system that is compatible with future smart developments, maximising benefits to the occupant/owner and reducing pressure on the grid by providing local energy generation and security</p>	<p>a) Potential of integrating smart / intelligent platform for user interface and monitoring and evaluation</p> <p>b) Volume of storage utilised, timing of grid demand response</p>

Part 2.2 Existing arrangements

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

This section ‘Existing arrangements’ describe the current situation / ‘status quo’ in the Swansea Bay City Region (SBCR). Given the focus of the strategic drivers in Part 1.2 of this document and the investment objectives established in Part 2.1 this section describes the current situation in the SBCR in terms of:

1. The Swansea Bay City Region economy
2. Homes and housing
3. Fuel poverty in the region
4. Energy production and demand
5. Carbon emissions
6. Existing energy efficiency programmes
7. Supply chain and support networks

As required by the Better Business Case Guidance, this section provides information on current levels of service provision, asset availability, demand and utilisation where possible and appropriate. Please note that any critique of the current situation is reserved for the next section, ‘Business Needs’, as per guidance requirements.

2.2.1 The Swansea Bay City Region economy

The Swansea Bay City Region has a population of 688,000 supporting 302,000 jobs and containing around 22,000 businesses. The region is a major driver of the Welsh economy and has a core of strong, home grown SMEs and globally important firms, including leading UK universities and major tourism assets.

However, economic inactivity remains high across the region with overall productivity (GVA) growth in the region consistently below that of other regions in the UK and Cardiff over the past two decades.⁴⁵ This is illustrated in Figure 1 below:

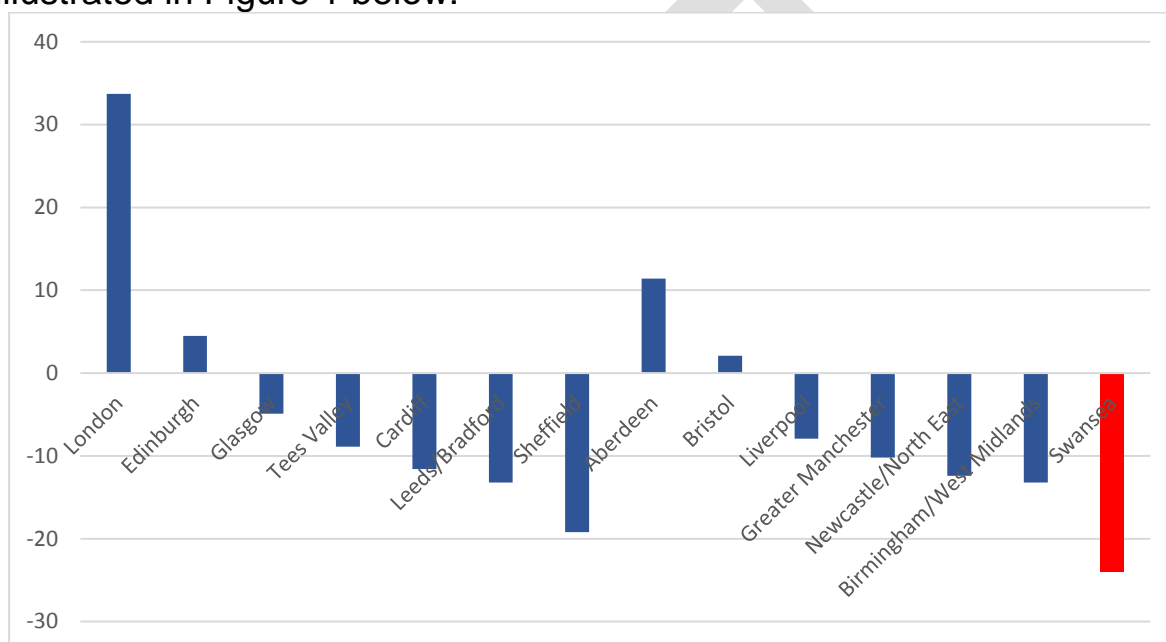


Figure 1 – City region productivity per hour relative to UK average (2016)

The economic landscape is characterised by:

- Gearing of the economy's sectoral mix towards lower value sectors, compared to the UK, with jobs in these sectors generally lower in value than elsewhere
- Low quality regional commercial and retail property, attracting low rents⁴⁶ (see Figure 2 below)
- Poor broadband capacity and digital connectivity

⁴⁵ <https://www.walesonline.co.uk/business/business-news/shocking-economic-figures-wales-regions-14260311>

⁴⁶ www.jll.co.uk/.../South%20Wales%20Report%202016%20web.pdf

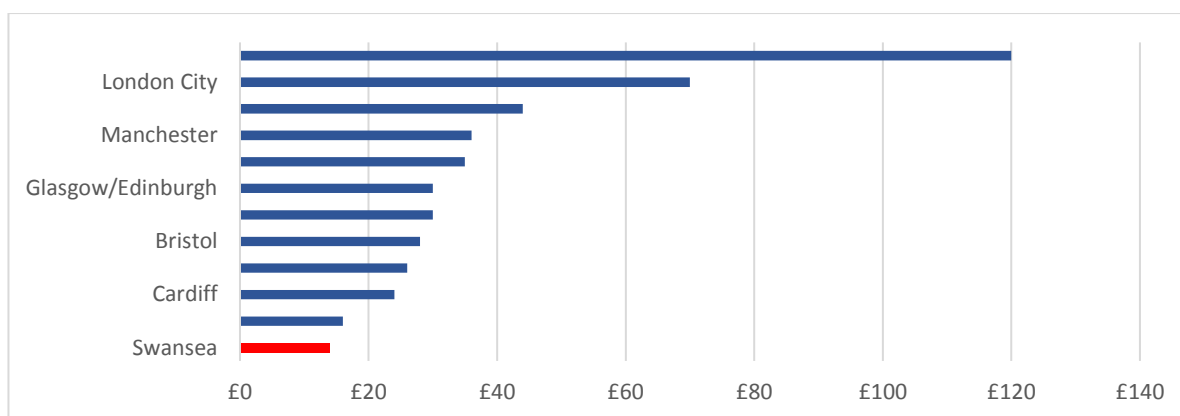


Figure 2 – UK Office rents - £ per square foot (2016)

Increasing productivity is seen as the key to raising economic growth and living standards in the long term. It is only by raising productivity that increases in real incomes can occur. If the aspiration is to improve the performance of the economy and make people better off, there needs to be an overall improvement in productivity.

2.2.2 Homes and housing

There are 324,835 housing units in the Swansea Bay City Region, of which 28,164 are managed by local authorities and 25,007 by a Registered Social Landlord.⁴⁷ These data show that across the four local authority areas, the percentage of social housing is 16%. These are properties that are under the direct control of local authorities or a Registered Social Landlord.

	Local Authority	Registered Social Landlord	Owner occupied	Privately rented	All tenures
Pembrokeshire	5,668	2,462	45,870	7,811	61,811
Carmarthenshire	9,003	3,099	63,405	11,360	86,867
Swansea	13,493	7,185	71,236	18,978	110,892
Neath Port Talbot	0	12,261	45,471	7,533	65,265
TOTAL	28,164	25,007	225,982	45,682	324,835

Social housing is required to meet the Welsh Housing Quality Standard by 2020. This includes achieving an energy efficiency standard of SAP

⁴⁷ <https://statswales.gov.wales/Catalogue/Housing/Dwelling-Stock-Estimates/dwellingstockestimates-by-localauthority-tenure>

(Standard Assessment Procedure) 65 or higher (equivalent to an Energy Performance Certificate D rating). In March 2017, 92% of social housing was compliant with the quality standard (or subject to an acceptable fail).⁴⁸ Welsh Government have indicated that they may seek a SAP target of between 80 and 89 to be reached by 2030 across all tenures throughout Wales.

	Stock	Fully compliant stock	Compliant stock subject to acceptable fails	Non-Compliant
Pembrokeshire	5,650	5,076	574	0
Carmarthenshire	9,035	8,053	982	0
Swansea	13,500	1,224	9,138	3,138
NPT Homes*	8,883	5,987	2,896	0
TOTAL	37,068	20,340	13590	3138

*NPT homes is a Registered Social Landlord created by stock transfer from Neath Port Talbot Council in March 2011.

Around 15% of the total CO₂ emissions in Wales are generated from housing. Around 70% of homes that will exist in the 2050s will have been built before 2000 and Wales has some of the oldest and least thermally-efficient building stock in Europe.⁴⁹

New housing

The requirement for new homes varies year on year, as demographics, social dynamics and economic influences are constantly changing. In the Swansea Bay City Region, the requirement for new housing units is estimated at between 3,692 and 3,950 units per year.⁵⁰ The Welsh Government new build target is 20,000 affordable new homes by the end of this term of Government in 2021 - of which, 12,500 would be built by housing associations.⁵¹ However, the current completion rate is 1,321⁵² dwellings per year, which is well short of the housing needs requirement.

⁴⁸ <http://gov.wales/statistics-and-research/welsh-housing-quality-standard/?lang=en>

⁴⁹ <http://gov.wales/about/cabinet/cabinetstatements/2017/energyretrofits/?lang=en>

⁵⁰ See data at Annex B

⁵¹ <https://www.insidehousing.co.uk/news/news/welsh-sector-pledges-to-double-housebuilding-53239>

⁵² <http://gov.wales/docs/statistics/2017/170614-new-house-building-2016-2017-revised-en.pdf>

2.2.3 Fuel poverty in the region

A household is deemed to be in fuel poverty if it needs to spend more than 10% of household income on fuel. In 2016 it was estimated that across the UK, approximately 291,000 households were living in fuel poverty. The Committee on Climate Change estimates that by 2020, UK consumers will be paying an average energy bill of £500, of which £105 will be supporting investment in low-carbon generation, including the market carbon price. Households in fuel poverty in the Swansea Bay City Region are as follows:⁵³

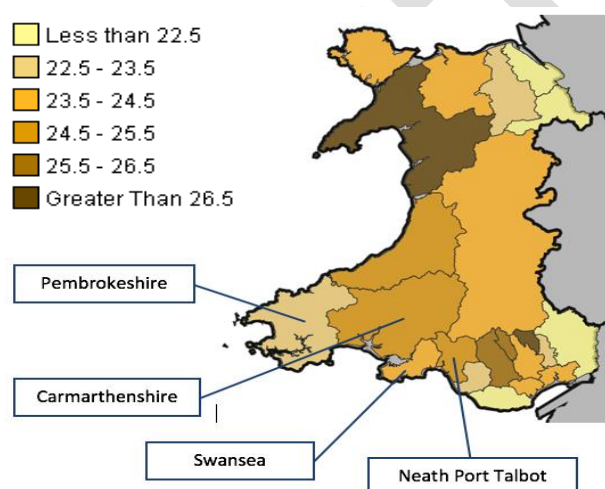


Figure 3 – Map of fuel poverty in Wales

Local authority area	Total households	Fuel poor households	Fuel poor %
Pembrokeshire	51,761	12,083	23%
Carmarthenshire	76,771	18,934	24%
Swansea	100,787	24,394	24%
Neath Port Talbot	58,780	14,450	24%
TOTAL	288,099	69,861	24%

Table 1 – Fuel poor households

⁵³ <http://lle.gov.wales/map/fuelpoverty>

By comparison fuel poverty in other areas of the UK is as follows:⁵⁴

- All Wales: 23%
- All England: 11%
- All Scotland: 35%
- All Northern Ireland: 42%

The Swansea Bay City Region therefore has a slightly higher percentage of fuel poor households than the Welsh average and more than double the English average. This is exacerbated by lower household incomes and higher energy prices in Wales. The existing approaches for addressing fuel poverty within the region are Welsh Government Warm Homes programme (Nest and Arbed), Local Authority Renewal Areas, Warm Wales, Innovative Housing Programme, Energy Company Obligation, Vibrant and Viable Places (Welsh Government Regeneration Programme).⁵⁵

There are direct health impacts from cold housing and fuel poverty:⁵⁶

- Countries which have more energy efficient housing have lower Excess Winter Deaths (EWDs)
- There is a relationship between EWDs, low thermal efficiency of housing and low indoor temperature
- EWDs are almost three times higher in the coldest quarter of housing than in the warmest quarter (21.5% of all EWDs are attributable to the coldest quarter of housing, because of it being colder than other housing)
- Around 40% of EWDs are attributable to cardiovascular diseases and around 33% to respiratory diseases — There is a strong relationship between cold temperatures and cardio-vascular and respiratory diseases
- Children living in cold homes are more than twice as likely to suffer from a variety of respiratory problems than children living in warm homes
- Mental health is negatively affected by fuel poverty and cold housing for any age group — More than 1 in 4 adolescents living in cold housing are at risk of multiple mental health problems compared to 1 in 20 adolescents who have always lived in warm housing

⁵⁴ <http://www.nea.org.uk/the-challenge/fuel-poverty-statistics/>

⁵⁵ See Annex C for descriptions of these programmes

⁵⁶ https://friendsoftheearth.uk/sites/default/files/downloads/cold_homes_health.pdf

2.2.4 Energy production and demand

Wales is part of an interconnected European electricity network, with flows into and out of the country. The country generated an estimated 38.8 TWh of electricity in 2016 and consumed approximately 16.1 TWh. Wales is, therefore, a net exporter of electricity.

Of the estimated 38.8 TWh of electricity that was generated in Wales in 2016, 6.9 TWh was from renewables. Electricity generation from renewables has increased rapidly in recent years, having doubled in the last five years.

In 2017, the Welsh Government announced a target of meeting 70% of electricity demand from Welsh renewable sources by 2030. Wales has made good progress towards meeting this target, with an estimated 43% of electricity consumption in Wales met by renewable generation in 2016. However, considerable network, market and policy challenges remain in closing the gap to the 70% target.⁵⁷

Total energy consumption has been falling since 2005. This downward trend may be due, in part, to the economic downturn. It is also possible that improved energy efficiency measures may have had some impact in more recent years, although it is not possible to separately identify the impact of these factors.⁵⁸

2.2.5 Carbon emissions

When local authority emissions are aggregated across the UK, estimated total CO₂ emissions decreased by around 27 percent since 2005 (the earliest year for which data are available at local authority level) – falling from 531 million tonnes to 387 million tonnes. While emissions have decreased over time there have been periods of fluctuation, with emissions increasing between 2009 and 2010 (largely due to exceptionally cold weather in 2010 and relatively low emissions in 2009 as a consequence of economic factors) and between 2011 and 2012 (largely due to variations in temperature).

Wales' CO₂ per capita emissions are higher compared to other regions due to large CO₂ per capita emissions from the industrial and commercial

⁵⁷ <https://www.regensw.co.uk/energy-generation-in-wales>

⁵⁸ <http://gov.wales/docs/statistics/2015/150225-energy-generation-consumption-2013-en.pdf>

sector reflecting the high level of industrial emissions compared to the population.⁵⁹ Neath Port Talbot showed a 7% increase in emissions between 2005 and 2015 due to changing activity at large industrial installations.

Carbon emissions from residential properties account for 8% of all carbon emissions in Wales and there has been an overall reduction of 28% in these emissions since the base year (1990), partly due to a change in fuel mix from coal to natural gas and energy efficiency measures.⁶⁰

2.2.6 Existing energy efficiency programmes

Large scale whole-house retrofit programmes can reduce energy needs and provide affordable warmth which contributes to healthy living and improved wellbeing. However, these must be carried out in a professional way to approved quality assurance standards.

There have been previous attempts to prove and implement homes as power stations and deliver at scale at a regional level which have had limited success due to uncoordinated and sporadic funding, the lack of a professional and coordinated approach and lack of skills development resulting in short-term programmes with potentially poor outcomes.

The following programmes operate in the region and aim to address fuel poverty:

- Welsh Government Warm Homes – Arbed and Nest
- Local authority renewal areas
- Warm Wales Limited
- ERDF funded Low Carbon Research Institute (LCRI) retrofit programme
- WG Innovative Housing Programme (IHP)
- ECO
- WG Vibrant and Viable Places
- WG Targeted Regeneration Investment programme (TRI)

⁵⁹

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/623015/2005_to_2015_UK_local_and_regional_CO2_emissions_statistical_release.pdf

⁶⁰ (based on 2014 data):

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/573221/Greenhouse_Gas_Inventory_for_England_Scotland_Wales_and_Northern_Ireland_1990__2014.pdf

The HAPS project aims to ensure that all existing energy improvement programmes will be aligned and synchronised to the HAPS project. This will add value to existing programmes and maximise funding and resources.

2.2.7 Supply chain and support networks

At present, there is no existing coordinated supply chain and skills specifically linked to energy efficient homes. The Department for Business Innovation and Skills published a study⁶¹ which showed that construction supply chains are highly fragmented, and the level of fragmentation increases in supply chains that are directly involved in the delivery of construction work on site. The implications of a fragmented supply chain include relatively high transaction costs, increased requirements for management input and coordination of activities on site and fewer opportunities to drive out waste or reduce cost.

The study also found evidence that challenging trading conditions, very competitive bidding for work and use of tougher commercial terms (related to payment and risk transfer) is contributing to a reduction of levels of cohesion in the industry.

In relation to supply chains for the retrofit market, a recent report indicated that the current supply chain does not have the capacity to deliver domestic retrofit on the scale required to meet 2020 carbon emissions targets and even at current levels of activity there are supply chain constraints.⁶²

⁶¹

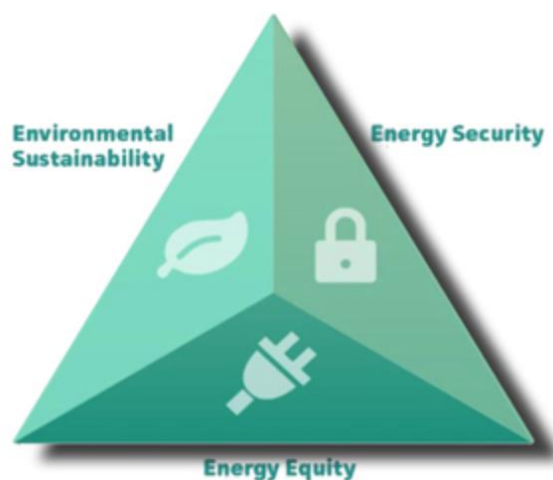
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/252026/bis-13-1168-supply-chain-analysis-into-the-construction-industry-report-for-the-construction-industrial-strategy.pdf

⁶² www.regensw.co.uk/Handlers/Download.ashx?IDMF=d033f3ea-c1c8-442a-8a49-8aa75dd7595f

Part 2.3 Business needs

The aim of this Business Needs section is to determine what needs to change in order for the SBCR to transition from where it is now (as set out in the 'Existing Arrangements') to the point where it is able to deliver upon the 'Investment Objectives' outlined in part 2.1.

The Business Needs represent the gap between the desired outcomes as articulated by the Investment Objectives, and the Existing Arrangements, expressed as problems with the *status quo* and opportunities for change, as detailed below.



The 'energy trilemma' summarises the business needs and describes three core dimensions of energy sustainability – energy security, energy equity, and environmental sustainability.

These three goals constitute a 'trilemma', entailing complex interwoven links between public and private sectors, governments and regulators, economic and social factors, national resources, environmental concerns and individual behaviours.

Delivering policies which simultaneously address energy security, universal access to affordable energy services and environmentally sensitive production and use of energy is a formidable challenge facing government and industry. The 'Energy Trilemma' provides a clear framework within which to deliver energy transformation and make sustainable energy systems a reality.⁶³

There is a need to provide safe, efficient and affordable homes and address the energy trilemma which is one of the most pressing universal themes and global challenges of our time and addressing these issues is a key business need and presents the most compelling reason for investment via the following mechanisms:

⁶³ <https://www.worldenergy.org/work-programme/strategic-insight/assessment-of-energy-climate-change-policy/>

Trilemma Element	Business need
Security	Self-sufficiency
Sustainability	Enhanced energy/carbon performance with reduced dependency on finite energy sources
Equity	Release of disposable income, alleviation of fuel poverty

The key problems with the *status quo* and opportunities of change relate to the energy trilemma; the unmet need for housing and boosting the regional economy. The business needs for each are shown in the Figure below and discussed further in the following section:

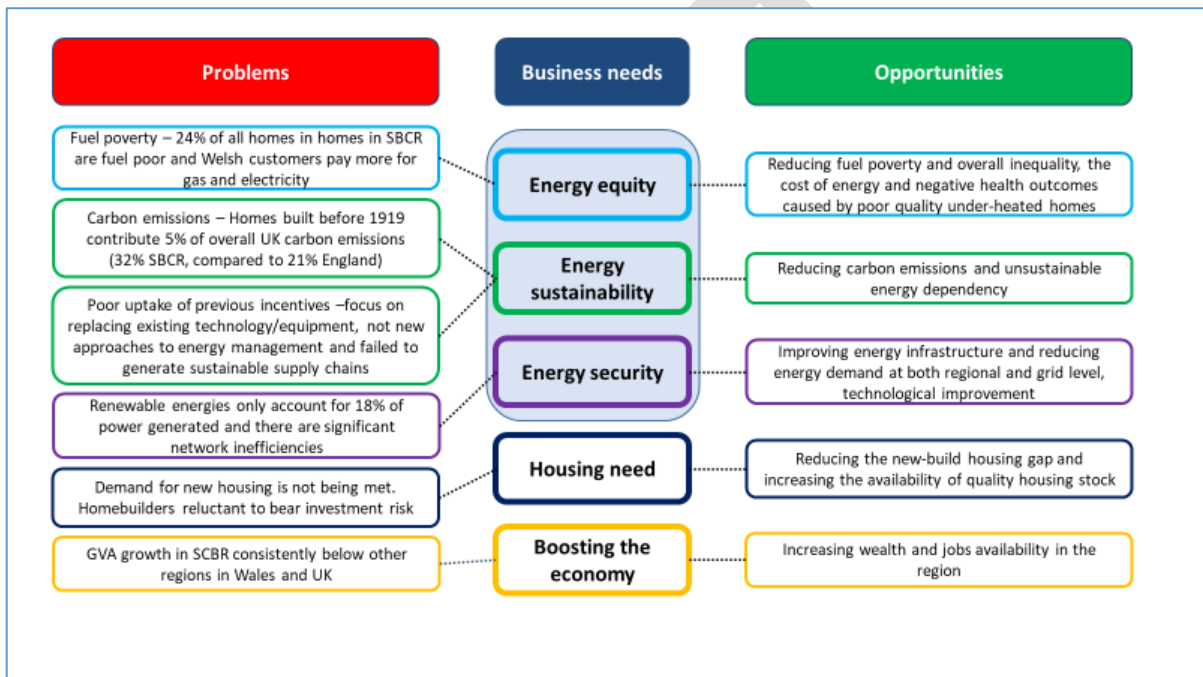


Figure 4 – Business needs

In addition to the energy trilemma, the follow subsections summarise the needs of the existing arrangements:

2.3.1 The Needs of the Swansea Bay City Region Economy

Potential impact of the Swansea Bay City Deal proposal

Swansea University prepared a Swansea Bay City Region ‘City Deal Proposal Impact Appraisal’⁶⁴ in February 2017, to appraise the potential impact of the ‘Internet Coast’ through the integrated portfolio of

⁶⁴ Swansea Bay City Region, Internet Coast: Phase 1, City Deal Proposal Impact Appraisal, February 2017

programme proposals. It examined the benefits and impacts in the following areas:

- Direct job creation and GVA uplift through development of targeted industries within the region for each project proposal, together with supply chain and wider economic benefits
- Thematic impacts from each '*Internet of...*' theme, including strategic and social impacts
- Ongoing impact of the Internet Coast initiative

The report concluded:

'A programme investment of £1.3 billion over 15 years would increase regional GVA by £1.8 billion and add 9,000 jobs in the region'.

To avoid double counting of benefits and their impact, the appraisal focused on direct relevant sector employment growth, with further benefits such as skills improvements in the wider sector considered separately.

Sensitivity analysis for each individual project proposal considered:

- A baseline scenario with parameters for additionality and indirect effects suggested from baseline data and prior project experience
- Pessimistic and optimistic scenarios testing lower and higher levels of additionality, catering for uncertainty regarding levels of deadweight, substitution or displacement which may be involved
- Potential delay or advance in benefits delivery factored separately through further sensitivity analysis for theme/combined Internets at the project level

Energy and economy are inextricably linked, and policy-makers often refer to a future 'low carbon economy', which has the potential to be a vehicle for economic growth. In 2015, the low carbon and renewable energy sector in Wales provided 11,000 jobs, with an annual turnover of £1.78bn.

The 'Internet of Energy' theme positions the SBCR as a living 'test bed' of energy innovation and development to foster the growth of a local supply chain. This could create an estimated 4,500 jobs over a five-year period and provide an opportunity to test the innovative housing and energy solutions technology from the SPECIFIC research programme on a commercial scale. This could be achieved by:

- Incorporating health and digital and smart/intelligent applications where cost effective and affordable

- Addressing the problems the Warm Homes programme faced in terms of delivering whole-house approaches consistently across small variations and large numbers of properties.⁶⁵ Finding the most appropriate combination of retrofit products and solutions for the area, residents and buildings is key to reducing cost variability and overrun, consistent with TSB's Retrofit for the Future guide⁶⁶
- Reducing the average cost of a whole house retrofit from £25,000 (based on LCRI retrofit costs) to below £20,000 (through scaling) and although costs for retrofitting properties are declining depending on who carries out the retrofit and how well the price is controlled, this is still a challenging measure⁶⁷

Cost profiling for both new build and retrofitting in Tranche 1 pathfinder developments (with the Pobl Hafod development which is already underway in Neath being the first testing platform) would provide proof of concept for these approaches at a regional level, before follow-on developments across the other three local authority areas.

2.3.2 The need for homes and housing

Increasing availability of quality housing stock

There is a shortage of new housing and the existing new build programme does not meet the new build housing needs and demand across the region. It is estimated that between 3,692 and 3,950 new houses a year are required in the Swansea Bay City region, but the current completion rate is only 1,321 per year.

House builders have been reluctant to integrate leading edge technology into housing developments on the grounds of costs and expected returns on investment and there is a low supply of new housing on the market with leading energy demand management features. Furthermore, there are also low levels of take up on retrofitting in the private sector as was seen with the 'Green Deal'.⁶⁸

⁶⁵ Patterson, J.L., 2016, Evaluation of a Regional retrofit Programme to Upgrade Existing housing Stock to Reduce Carbon Emissions, Fuel Poverty and Support the Local Supply Chain, *Sustainability*, 2016 (8), 1261

⁶⁶ Technology Strategy Board, Retrofit for the Future – Reducing Energy Use in Existing Homes - A Guide to Making retrofit work, 2014

⁶⁷ Jones, P., et al, Preparation for an energy positive community in the UK: modelling-led innovative housing Practice in Wales, Proceedings of the 36th International Conference on Passive and Low Energy Architecture – Cities, Buildings, People: Towards Regenerative4 Environments, Los Angeles, 11-13 July 2016

⁶⁸ <https://publications.parliament.uk/pa/cm201617/cmselect/cmpublic/125/125.pdf>

There is interest in the development of energy positive houses, with the Chair of Ofgem visiting the SOLCER house in March 2018⁶⁹. The Minister of State for Energy and Clean Growth, Claire Perry and the Secretary of State for Wales, Alun Cairns visited in July 2018. The design is based around reducing energy demand, renewable supply and energy storage. This can be applied to groups of housing and eventually to other building types. This activity can contribute to affordable new build programmes, creating supply chain industries and construction related jobs.

2.3.3 The need to reduce fuel poverty in the region

At least 24% of all homes in the Swansea Bay City Region are considered to be fuel poor.⁷⁰ With fuel price rises in recent years, an energy efficiency score of at least 81 against the Standard Assessment Procedure (SAP) is necessary to proof homes against fuel poverty. Increasing the SAP score of the housing stock represents a big opportunity to reduce fuel poverty in the region.

Health opportunities

Research shows how home energy efficiency improvements may have a positive impact on health and lower health service use among people who had benefited from the Welsh Government Warm Homes Nest scheme.⁷¹ The study used NHS data to compare health service use of people who had benefited from Nest home energy improvements and a control group who were eligible for improvements but were still waiting for these to be completed.

The research found GP events for respiratory illness fell by almost 4% for those who had benefitted from Nest improvements, while these rose by almost 10% in the control group over the same period.

A similar pattern was found in relation to asthma events, with a 6.5% decrease in the recipient group and a 12.5% increase in the control group for the same period.

Standard Assessment Procedure (SAP)

The SAP is a government backed measure of the energy performance for dwellings. It provides standardised metrics and adjustments for differing

⁶⁹ <https://www.ofgem.gov.uk/system/files/docs/2018/03/dg14marchspeech-final.pdf>

⁷⁰ <http://lle.gov.wales/map/fuelpoverty>

⁷¹ <http://gov.wales/statistics-and-research/fuel-poverty-data-linking-project/?lang=en>

property constructions, materials and layouts, to allow disparate properties' energy consumption to be compared. It outputs an environmental impact factor between 1 and 100, with higher numbers indicating greater performance and energy efficiency.

A SAP65 score is the minimum standard to achieve the Welsh Housing Quality Standard and was originally viewed both in Wales (and nationally) as a route to proofing housing stock against fuel poverty. In March 2017, 92% of social housing was compliant with the quality standard (or subject to an acceptable fail).⁷² Welsh Government have indicated that they may seek a SAP target of between 80 and 89 to be reached by 2030 across all tenures throughout Wales to achieve the aims of the Decarbonisation programme. Any significant increase in the SAP score for existing properties is unlikely to be achieved through fabric only improvements, and each property would need a suite of renewable technologies such as the HAPS concept to achieve this target.

As of 1st April 2018 it was illegal for a private landlord to let a property with an energy performance certificate (EPC) rating lower than E to a new tenant and from 1st April 2020 this will apply to all existing tenancies.

SAP65 is an ambitious target (UK average rating was 56.7 in 2011).⁷³ Fuel price rises since 2004 mean that a SAP81 rating is likely to be required to achieve the goal of proofing homes against fuel poverty.⁷⁴

2.3.4 The need to address energy production and demand

Reducing unsustainable energy dependency

The UK's energy system may still be dominated by fossil fuels, but it has never been less reliant on carbon intensive energy at any point in its modern history. In the third quarter of 2016, UK dependency on fossil fuels fell 2% year-on-year to 79%, down from almost 88% at the beginning of 2013.

It is a stark illustration of the radical change that has taken place in the country's energy system over the last few years, with low-carbon energy

⁷² <http://gov.wales/statistics-and-research/welsh-housing-quality-standard/?lang=en>

⁷³ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/345141/uk_housing_fact_file_2013.pdf

⁷⁴ HoC Environment Food and Rural Affairs Committee - HC (2007-08) 1099, Ev 19

now making up a record 50% of the UK's electricity mix while the share of coal on the grid has fallen to just 4%.

The latest data suggest the UK government is on track to meet its 2025 target of phasing out unabated coal power from the grid.⁷⁵

The Welsh Government is establishing a regulatory framework for decarbonisation, including five-year carbon budgets and interim targets, in addition to the existing 2020 and 2050 targets. As a result, fossil fuel generation will need to be reduced. Coal generation is expected to further reduce and be phased out of the UK electricity system by 2025. The owners of Aberthaw B power station have switched a small portion of their feedstock to biomass and will only generate electricity when needed, such as in the winter months.⁷⁶

Improving grid Infrastructure

A large and continuing barrier to the expansion of renewable energy sources is the available capacity of grid or regional level storage. Research suggests that providing 2GW of storage in the UK by 2020 could create up to 10,000 jobs. The grid contains around 30GWh of storage, mainly pumped hydro storage (including 9GWh in Dinorwig in Snowdon), against a typical demand range of 40-45GW and peak demand of 60GW (UK wide).

Providing or increasing grid storage reduces the requirement for spinning reserve capacity (spare and unused capacity in existing power stations, held in reserve at power stations across the grid), increasing grid efficiency and resilience and enhancing the effectiveness of renewable sources, which Wales has in increasing capacities.

A HAPS concept property could store its own energy. For example, the SOLCER house has the potential to store up to 6.9Kwh of power.⁷⁷

More recent examples have electrical storage capacities of 14kWh, and larger batteries are being used in retrofits, including Tesla Wall.

Achieving the SBCR target of 3,300 new homes across 5 years would add 22.7Mwh of storage to the grid and would therefore make a marginal contribution to the UK's energy resilience however, importantly, it would demonstrate the concept for scalability.

⁷⁵ <https://www.businessgreen.com/bg/news/3003371/uk-dependency-on-fossil-fuels-hits-record-low>

⁷⁶ <http://gov.wales/docs/desh/publications/171207-energy-generation-in-wales-en.pdf>

⁷⁷ <http://www.buildup.eu/en/practices/cases/solcer-house-wales-first-low-cost-positive-energy-house>

Welsh Government Building Regulations Part L (Energy Efficiency)

It is likely that the 2019 issue of the Welsh regulations will see building fabric standards, thermal bridging and air permeability set at a level that is unlikely to change in any future revisions. The 2019 issue will likely take fabric standards and air permeability as low as is economically and technically feasible. Thus, once fabric, thermal bridging and air permeability is set at its maximum limits it is logical that the only way to lower CO₂ emissions beyond those levels will be the use of low and zero carbon technologies and renewable sources.

To a large extent, this is already the case under Part L 2013 where renewable energy systems are commonly specified to meet that standard (i.e. the Target Emissions Rate under Part L 2013 is difficult to achieve without renewable energy and/or low carbon systems). Therefore, in principle, starting to design and build homes towards the 'Homes as Power Stations' concept would mean that providers are 'ahead of the curve' in terms of the likely regulatory compliance required under the 2019 revision to Part L. As a regulatory minimum standard, the revised Part L is very unlikely to make the HAPS concept mandatory, but the standard will be a step further towards that goal.

The Welsh Government has pledged to implement a landmark EU policy that requires all new public buildings completed after 31 December 2018 to be nearly zero energy buildings (nZEBs), with all new buildings following by the end of 2020, while also setting nZEB targets for refurbishments. The Welsh Government has said that all requirements of Directive 2010/31/EU have been transposed to date and the intention is to continue to do so and a forthcoming review of energy standards is intended to deliver nearly zero energy requirements in line with the directive.⁷⁸

The HAPS concept closely aligns with the aspiration for nZEB's. However how to meet the nZEB standard is largely undefined. To be true zero carbon sites, CO₂ emissions from new buildings must be reduced by 100% (to include offsetting emissions using renewable energy generated in the home – net zero carbon). This may not be possible at all sites. If the Government pursues a nZEB standard, where a reduction of CO₂ from

⁷⁸ <https://passivehouseplus.ie/news/government/exclusive-uk-may-deliver-eu-sustainable-building-targets-in-spite-of-brexite-while-scotland-wales-commit>

new buildings of 100% is not achievable, it is possible that a combination of efficient design, low carbon measures and other 'allowable solutions' may be an option. For example, a minimum of 70% may be achieved by site measures (energy efficient design and renewables) and up to 30% could be achieved by 'allowable solutions'. Allowable solutions will probably not be a cheap alternative, as they could involve funding zero carbon measures in the local community such as district heating schemes or funding a community energy fund.

It is not clear how accounting for carbon savings under allowable solutions would be achieved and it could be a resource/cost burden. This concept is therefore still subject to definition and refinement; however, the Government's position on nZEBs and the HAPS principle could closely align with future requirements.

2.3.5 To need to reduce carbon emissions

The UK is committed to achieving an 80% reduction in CO₂ emissions by 2050. Housing currently accounts for 29% of the UK's total energy consumption, so the built environment and housing will need to be a key focus to achieve these targets.

Carbon emissions from residential properties account for 8% of all carbon emissions in Wales and there has been an overall reduction of 28% in these emissions since the base year (1990), partly due to a change in fuel mix from coal to natural gas and energy efficiency measures.⁷⁹

The 'Smarter Energy Future for Wales' (March 2016) report recommends urgent revision of Building Regulations to ensure that all new houses are built to 'near zero' energy standards. Experience with the SOLCER house has shown that the key is environmental technologies being integrated into the fabric during construction. The cost is estimated to be £25,000 more expensive, at a total cost of £125,000. However, building at scale UK could bring that down to £100,000, a comparable price to other three-bed new-builds. Once built, there would be an estimated saving of £1,000 per year – for the first 10 to 15 years when the mechanical equipment would probably need to be replaced.⁸⁰

⁷⁹ (based on 2014 data):

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/573221/Greenhouse_Gas_Inventory_for_England__Scotland__Wales_and_Northern_Ireland_1990__2014.pdf

⁸⁰ <https://www.ribaj.com/products/solcer-budget-smart-house>

Retrofitting energy efficiency measures into existing housing stock also has a crucial part to play and Welsh Government schemes such as Warm Homes are key to improvements.

Innovation opportunities

Innovation and smart management of domestic energy will be driven by:

- Improving connectivity infrastructure: Internal/external
- Smart metering, appliances, technology and home management systems (including monitoring capabilities)
- Battery storage
- Use of data from new housing to evaluate and prove HAPS concept – analytical platform

Lack of progress in developing these areas has created barriers to uptake of previous incentives to improve energy sustainability; however, innovative approaches to reduce carbon emissions and dependency on unsustainable energy sources are being developed. One example is the SPECIFIC programme:

SPECIFIC – established in 2011 – is a National Innovation Centre based in the Swansea Bay City Region, developing the concept of buildings as power stations and addressing the challenge of low carbon electricity and heat by enabling buildings to generate, store and release their own energy, in one system, using only the energy from the sun.

SPECIFIC is developing next generation solar technologies, improving performance and enabling manufacture at scale, building full-scale demonstrators using existing technologies to prove the concept works. It brings together industry and government to enable new technologies to progress to the market, acting as a catalyst for change in the construction sector.

SPECIFIC is led by Swansea University, with Strategic Partners Akzo Nobel, NSG Pilkington, Tata Steel and Cardiff University and a wide range of business and academic partners to engage with industry in the application of new technology, developing associated supply chains and homes as power stations demonstration projects.

Phase 2 of the programme began in April 2016 with £26m from the Engineering and Physical Sciences Research Council, Innovate UK and the European Regional Development Fund through the Welsh Government, plus investment from Swansea University, industrial partners and matched funding from Cardiff University.

The programme will create new opportunities for an emergent industry embracing a range of sectors. The programme is currently engaged with 50+ industry partners from small SMEs through to large corporate partners who share an interest in developing solutions in Wales for global export.

The SPECIFIC programme provides technologies to a concept named the Smart Operation for a Low Carbon Energy Region (SOLCER) house – the UK's first energy positive house, designed and constructed by Cardiff University, with a 1.75:1 grid export-to-input ratio, with a 6.9KWh Li-Ion battery; allowing energy storage and returns to the grid at times of higher demand. The design also incorporates lower levels of embodied CO₂ in its build, at 340kgCO₂/m² compared with a standard benchmark of 500kgCO₂/m². This is aligned with Passivhaus design adopted elsewhere in the region, which can reduce energy costs for space heating to around £25 per annum year, based on a SAP equivalence of 88.

2.3.6 The need to learn lessons from existing energy efficiency programmes

There have been previous attempts to prove and implement homes as power stations and deliver at scale at a regional level which have had limited success due to uncoordinated and sporadic funding, the lack of a professional and coordinated approach and lack of skills development resulting in short-term programmes with potentially poor outcomes.

There is a need for a coordinated programme of activity, at scale with associated skills, supply chain and monitoring and evaluation.

2.3.7 The need to create supply chain and support networks

Until now, the difficulties of applying consistent quality control across regional and national programmes has been a barrier to establishing robust supply chains and achieving consistent performance, which is why there is currently no coordinated supply chain and skills linked to energy efficient homes.

Summary of business needs

The table below summarises the gap between the existing arrangements and the Investment Objectives:

Existing arrangements (where we are now)	Investment Objectives (where we want to be)	Business needs (the 'gap')
<ul style="list-style-type: none"> ▪ Fragmented and variable quality retrofitting of existing properties ▪ Limited uptake of passive or energy positive homes in private sector ▪ Insufficient new properties being built 	<p>To future proof at least 10,300 properties (7,000 retrofit, 3,300 new build) within five years to increase 'affordable warmth' and reduce fuel poverty</p>	<ul style="list-style-type: none"> ▪ Extensively surveyed and quality-controlled retrofit programme that considers property and local variances. ▪ Proof of concept for new-build housing with cutting-edge energy reduction and storage principles
<ul style="list-style-type: none"> ▪ Relationship between early winter deaths and cold housing/fuel poverty ▪ Around 40% of early winter deaths are attributable to cardiovascular diseases and around 33% to respiratory diseases — There is a strong relationship between cold temperatures and cardiovascular and respiratory diseases 	<p>To improve health and wellbeing and reduce the burden on health and social services</p>	<ul style="list-style-type: none"> ▪ Combination of retrofit energy saving measures, fuel switching and new build housing to minimise fuel poverty, and warmer homes in winter
<ul style="list-style-type: none"> ▪ Variety of initiatives and projects which are inconsistent and with varying degrees of success 	<p>To deliver a sustainable (commercially viable), cost effective and holistic housing programme</p>	<ul style="list-style-type: none"> ▪ Increase certainty and reduce commercial risk for private sector new-builds by demonstrating technology at scale in the public and RSL sectors
<ul style="list-style-type: none"> ▪ Variety of initiatives and projects with inconsistent measures and evaluation of success criteria 	<p>To invest in the professional evaluation of the quality and experience of solutions and understanding of the application of new technologies</p>	<ul style="list-style-type: none"> ▪ Increase certainty and reduce commercial risk through proven programme management methodology accompanied by professional evaluation and review
<ul style="list-style-type: none"> ▪ Uptake poor of energy efficiency improvements and initiatives by homeowners in retrofit accommodation 	<p>To promote awareness of how key stakeholders (particularly energy users) optimise their</p>	<ul style="list-style-type: none"> ▪ Improve marketing and communication to promote the benefits of energy efficient housing and highlight benefits of

<ul style="list-style-type: none"> Benefits and savings not fully realised 	<p>interface with the technology</p>	<p>compliance with Government standards</p>
<ul style="list-style-type: none"> Housing and built environment accounts for 29% of UK emissions Housing accounts for 15% of emissions in Wales 	<p>To support measures to mitigate climate change by reducing CO₂ emissions and energy consumption</p> <p>Predicted annual CO₂ reduction figures:</p> <ul style="list-style-type: none"> Retrofit - 9,933 tonnes CO₂ annum New build - 9,165 tonnes CO₂ annum <p>Figures assume 100% rollout</p>	<ul style="list-style-type: none"> Substantially reduce energy demand through passive and energy-positive homes Make better use of Wales' considerable renewable resources through distributed grid level storage
<ul style="list-style-type: none"> Insufficient grid level storage to curb peak demand and demand side responsiveness 	<p>To create an energy system that is compatible with future smart developments, maximising benefits to the occupant/owner and reducing pressure on the grid by providing local energy generation and security</p>	<ul style="list-style-type: none"> The need for better storage to curb peak demand The need to improve demand side responsiveness

Part 3: Potential business scope and key service requirements

Part 3.1 Potential Scope

Part 3 of this Strategic Case starts the process of considering the potential scope of the HAPS project based on the changes required to satisfy the identified business needs, in particular:

- The need to facilitate the take up of renewable technologies and associated design aspects in new housing developments and retrofit programmes carried out by the public, private and third sector
- The need to develop and seek to attract new sector supply chains incorporating leading research and high value manufacturing and construction operations
- The need to address fuel poverty

- The need to monitor and evaluate a coordinated programme of activity
- The need to ensure the region has an appropriately skilled workforce in renewable technologies

The scope of this work is defined by the Swansea Bay City Deal and the geographic area of the four local authorities that have signed the joint agreement.

HAPS overview

The HAPS project is a pioneering programme of activity which aims to facilitate the adoption of energy positive, low carbon and renewable technologies in new build and retrofit developments.

The project aims to demonstrate the benefits of adopting the ‘homes as power stations’ approach i.e. energy positive homes, through a combination of design approaches and flexible technology solutions.

The HAPS project is an **approach** to energy positive homes not a specific technology. The technologies used in the design solutions are already known – the innovative aspect to this project will be the coordinated approach to combining design and technologies at scale, with ongoing monitoring and evaluation to maximise the benefits of the approach.

The proposed scope of **activity** of the HAPS project is as follows:

HAPS scope	Activity
<p>Facilitate the adoption of the HAPS approach in new build developments</p>	<p>Facilitate the adoption of energy positive, low carbon and renewable technologies and design in new build developments.</p> <p>To develop a cost effective, flexible design approach.</p> <p>The aim is to demonstrate the benefits in the public sector and Regional Social Landlord sector and then facilitate the adoption of the homes as power stations approach with private sector housebuilders.</p>
<p>Facilitate the adoption of the HAPS</p>	<p>Facilitate the adoption of energy positive, low carbon and renewable technologies and design in retrofit developments.</p>

<p>approach in retrofit developments</p>	<p>To develop a cost effective, flexible design approach.</p> <p>The aim is to demonstrate the benefits in the public sector and Regional Social Landlord sector and then facilitate the adoption of the homes as power stations approach with private sector housebuilders.</p>
<p>Develop an indigenous sustainable regional supply chain</p>	<p>The HAPS project includes funding for developing a sustainable regional supply chain in line with State aid guidelines.</p> <p>The project team will work with key partners, including Welsh Government, to develop a sustainable indigenous regional supply chain by identifying local companies with the capability to be developed to be part of a renewable supply chain and be best placed to deliver community benefits and economic outcomes.</p>
<p>Establish a regional targeted financial incentives fund</p>	<p>The targeted regional financial incentives fund will provide gap funding – intervention rate to be determined by the region depending on the scheme, with the aim of the need to optimise investment. The financial incentives will not act as a subsidy for every development. It will be an incentive scheme at the start of the project to incentivise the adoption of the HAPS approach (similar to IHP). The fund will be State aid compliant.</p>
<p>Development of a skilled workforce</p>	<p>The HAPS project has already established links with FE and HE, together with the Skills and Talent City Deal project.</p> <p>The Renewable Energy Skills Forum (Wales) is currently mapping the skills and experience currently available in renewable technologies to develop a competency and skills matrix, for a qualification routeway in Wales. It is looking at existing work through SPECIFIC and RSLs, in particular, as well as taking account of UK and local companies, developing an expertise in renewables. This would allow the Skills Matrix, to reflect the broad nature of the renewables sector.</p>

<p>Project monitoring and evaluation</p>	<p>The HAPS project includes funding to properly monitor and evaluate the project.</p> <p>Through its monitoring and evaluation, the HAPS project will provide the evidence for using a variety of renewable technologies and to demonstrate the viability of adopting the homes as power stations approach at scale, moving away from one off demonstrators in both new build and retrofit programmes.</p> <p>The monitoring and evaluation will focus on three key areas:</p> <ul style="list-style-type: none"> ▪ Energy efficiency (to provide evidence of costs and benefits of a range of design solutions for a range of tenure and site location) ▪ Health and wellbeing (in partnership with Public Health Wales) ▪ Social science (in partnership with academia to consider how people interact with the technologies across a wide demographic)
<p>Develop a flexible design approach</p>	<p>The aim of the regional HAPS project is to coordinate the approach to delivering smart, low carbon, energy efficient homes by encouraging the use of a range of renewable technologies incorporated with a design approach appropriate to local circumstances e.g. site location, tenure etc. It is not a 'one size fits all' technology solution, it is a flexible and adaptable design strategy offering a range of technology and design solutions based on a number of factors including site location and tenure.</p> <p>The design and technology solutions will be tested and refined during the 5 year project, allowing the design solutions to adapt to technological advances. The flexible design strategy will be developed to allow the HAPS approach to be adapted to a variety of challenges and constraints associated with sites and tenure across the region.</p>

A few examples of this flexible, design approach are detailed below:

Hafod site, Neath – this is an example of solar alignment where the topography of the site has determined the use of technologies

Another example is of homes which have been installed with east and west facing photovoltaic panels (PVs) to capture the morning and evening sun

The HAPs regional project shares the same ambition as the Active Building Centre focus i.e. to accelerate market adoption of energy positive homes to provide cleaner, cheaper and more resilient energy supply.

Design approach

The fundamental design principles underpinning the HAPS approach are:

- Whole house approach
- Fabric first approach
- Passive design where feasible
- Electrical and heat generation
- Storage (electrical and heat)
- Optimisation of energy performance

Overview of current technologies

The following technologies will be incorporated into the flexible design solutions:

- SIPs panels (Structural Insulated Panels)
- Solar PVs
- Transpired Solar Collector (TSC) cladding
- Integrated photovoltaic roof covering
- Air source heat pumps
- Ground water source heat pumps
- Mechanical Ventilation with Heat Recovery (MVHR)
- High levels of Insulation
- PV / Solar water heating
- Voltage optimisation

	<ul style="list-style-type: none"> • Battery storage (allowing the solar energy to be collected, stored and released to meet the energy demands of the dwellings and their occupants)
Adoption of renewable technologies at scale and affordable	<p>One of the aims of the HAPS project is to reduce the cost of the technologies by delivering at scale and thus creating demand by incentivising others in the public and private sector to adopt the approach.</p> <p>One of the Investment Objectives is to <i>'deliver a sustainable (commercially viable), cost effective and holistic housing programme'</i></p>

Please refer to the Management Case for more details on how the project will be implemented.

Part 3.2 Main Project Benefits

There are 3 main areas which illustrate the benefit, and added value of the HAPS project:

Energy

- Energy savings and decreasing energy demand
- Local security of energy supply
- Reduce stress on the national grid

Health and well-being

- Improved health and wellbeing - reduction in respiratory and cardiovascular conditions (working with Public Health Wales to develop this further and monitor the benefits)
- Reduction in fuel poverty
- Warmer homes
- Improved air quality in homes via combined heating and mechanical ventilation – ensuring good air quality all year round.
- Job creation (large scale adoption of energy positive new build and retrofit homes will create major job opportunities and supply chain activity, which will deliver socio-economic benefits to the region)

Social science

- Behaviour (residents and industry)
- Mainstream energy positive homes

Possible benefits that could arise from the successful delivery of this project were identified in stakeholder workshops to develop this business case, and include:

Benefit no.	Benefit description	Benefit type ⁸¹
1	Reduced energy spend through reducing energy consumption for residents	NCRB
2	Reduced CO ₂ emissions through reduced energy consumption and improved renewables mix	NCRB
3	Uplift in property value from retrofit	NCRB
4	Reduction in fuel poverty	NCRB
5	Improve health and wellbeing through a reduction in respiratory and cardiovascular disease	NCRB
6	Additional gross jobs created	NCRB
7	Businesses created through development of an integrated and sustainable local supply chain	NCRB
8	Overall improvement in domestic SAP/EPC ratings	Qual
9	Increased security of supply through demand side response management	Qual
10	Increase in energy contribution to national grid ⁸²	NCRB
11	Increase in skills due to requirement for staff and training scheme	Qual

Table 5 - main benefits criteria and type

Part 3.3 Main Project Risks

A number of business and service delivery risks were discussed during the workshop. For each risk we have included a mitigation action together with how this risk presents a potential opportunity. The risk register will be revised during project delivery.

The main business and service risks associated with the potential scope for this project are shown below:

⁸¹ The benefits were assessed against the following criteria: CRB – Cash releasing benefit, NCRB – Non cash releasing benefit, Qual - Qualitative

⁸² Discussions with the National Grid are ongoing

Risk area	Mitigation	Opportunity
Development risks		
Resource and capacity of the project team especially during the definition stage	Establish an experienced project team to work with the region.	Job creation / safeguarding.
Implementation risks		
Being unable to develop a sustainable, indigenous supply chain	Work with key partners including Welsh Government	Local companies have the opportunity to develop and diversify
Project slippage including delays in procurement	Robust project management system in place. Regular review of Risk Register	
Sufficient volume and scale of products and services are unavailable	Project Team to maintain regular communication with renewables supply chain	
Design risks		
Failure of technology	National grid as back up	An opportunity to learn lessons and adapt future technologies Continuous improvement – design feedback
Technological advancements	Steering Group and key partners to discuss	

	technological advancements	
Change management/project management risks		
Failure to achieve agreed outputs/results	Robust project management system in place. Regular review of Risk Register	
Complex nature of retrofit leads to failure to achieve project outcomes	Robust project management system in place. Regular review of Risk Register	
Lack of interest from the Private Sector	Dissemination programme to demonstrate benefits of homes as power stations	Create demand / reduce cost of renewables Growing supply chain with associated skills Opportunity to break down commercial barriers to building energy positive homes Opportunity to embed design and manufacture in close proximity to the Active Building Centre. (Jon Wood to facilitate conversation with Sam Stacey)

Operational risks		
Land costs and availability	Local Authorities to facilitate where applicable LDPs provide reference points.	
Financial risks		
Capital costs affect scheme viability	Robust project management system in place. Regular review of Risk Register	
Any large changes in the funding package, including public and private match funding/leverage	Robust project management system in place. On-going engagement with match funding partners. Assume successor to Innovative Housing Programme (IHP) will deliver energy efficiency in housing to align to Welsh Government decarbonisation policy.	HAPS is aligned to government policy, and will add value to funding sources.
Short term WG funding sources e.g. Affordable Homes Guarantees Programme (AHG), Innovative Housing Programme (IHP)	Robust project management system in place. On-going engagement with match funding partners.	HAPS is aligned to government policy, and will add value to funding sources.

Complexity of solutions exaggerates cost	To develop a cost effective, flexible design approach.	To develop innovative solutions within specified cost envelopes
Homeowners unable to borrow	Regional lenders to develop a lending model To consider long term costs and extra disposable income due to less energy bills RSL model to be provided as an example of borrowing	Education programme targeted at regional lenders Promote energy positive home as an 'energy asset to live in' / static energy store
Non – financial risks		
Lack of understanding of the technology	Education programme Ensure end user has an induction and understands the technology to 'demystify the technology'	Creates a culture change and more people will want to incorporate homes as power stations approach through retrofit or new build
	The technologies used in the HAPS approach are not new and are therefore tried and tested. The industry is aware of maintenance requirements etc. Therefore there is no issue with the certainty of the long term supply of technologies and maintenance.	
Designs do not comply with approved standards, or planning and building control	Project team to work with key partners to ensure a compliant design approach	Opportunity to develop industry standards for renewable technologies

		flexible design approach
Homeowners lack skills and knowledge to maximise benefits from designs	Education programme	Change in attitude to renewable technologies in the home
Skills to generate a viable supply chain are not available	Work with key partners in FE and HE to develop a sustainable skilled workforce	Diversification of the economy Job creation / safeguarding

Part 3.4 Possible Project Constraints

The project could be subject to the following possible constraints/limitations:

Constraints
Availability of development sites
Large scale/national house builders
Capacity of installers/suppliers
Physical constraints – site topography
Industry standards
Mortgage limitations
Planning/building control
Public engagement with energy efficiency schemes
Private sector engagement
RSL engagement
Complex nature of retrofit projects
Electrical grid connections
Funding – Social Housing Grant (SHG) restrictions, Acceptable Cost Guidance, short term funding sources

Part 3.5 Possible Project Dependencies

Possible dependencies, upon which the ultimate success of this project may be dependent, might include:

- The timely provision of CapEx funding from the Swansea Bay City Deal

- The successful deployment of new and existing techniques, designs and materials that would allow the project to meet its energy positive objectives

Risks, constraints and dependencies will be managed through comprehensive project governance arrangements.

There is a synergy between the HAPS project and the other City Deal projects within the Swansea Bay City Deal programme. The HAPS project will also carefully monitor the following projects throughout the lifespan of the scheme from design to delivery to ensure synergies are established:

- Skills and Talent – it will work with the Skills and Talent programme to develop a skills base and associated training within the region which can be replicated across the rest of Wales and the UK. These skills would ensure a stable and sustainable supply chain with the necessary skills to support the sector
- Pembroke Marine – Energy Cluster will regenerate an area of Pembroke Dock to create a dedicated site which will be used as a base by marine energy developers to progress their devices from an idea to a commercial product. The site will allow developers to test, manufacture and maintain offshore renewable energy devices and will be supported by the development of a Marine Energy Test Area – a series of areas along the waterway where developers can test devices at an early stage of development
- The Pembrokeshire Wave Energy Demonstration Zone – a large offshore wave energy site which can be used by developers to test more developed devices in open sea conditions
- The Marine Energy Engineering Centre of Excellence – to coordinate and share knowledge, resource, experience and capacity between existing and future developers
- Digital Infrastructure and Test Beds – Homes as Power Stations would benefit from an innovative digital infrastructure. Investment Objective 7 relates to the development of a smart, intelligent metering and data collection aspect. The effective use of smart metering is integral to the project as it will allow users to manage their own energy consumption and assist in the measurement of outcomes from this project
- National Steel Innovation Centre - the use of steel coatings in the construction process. The Steel Science project, together with project SPECIFIC are integral to the development of these materials in terms of efficiency, commercialisation and scalability

DRAFT

Economic case

Introduction

The purpose of the Economic Case is to identify and appraise a range of possible options for the delivery of the project and to recommend a 'preferred option' that is most likely to offer best Value for Money (VfM). This process comprises two parts:

Part 1 – developing a long-list and winnowing this to a short-list using the 'options framework' which examines a range of less ambitious through to more ambitious options (one of which should be the 'counterfactual' / 'status quo' as the benchmark for value for money). This section is structured to provide a detailed description of how the agreed short-list has been developed, which concludes with a summary of the remaining potential options in each category of choice and the subsequent short-list proposed to be taken forward for detailed cost benefit analysis in part 2

Part 2 – undertaking a cost benefit analysis (CBA) on the short-listed options to determine the preferred option.

This is illustrated in the Figure below:

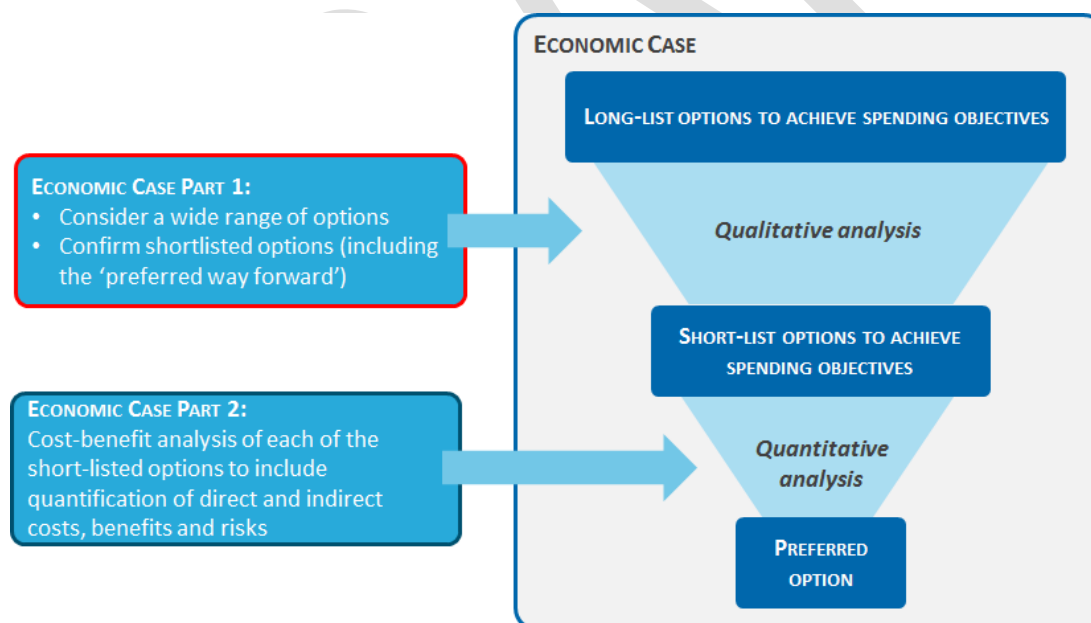


Figure 5 - overview of the Economic Case

Economic Case Part 1: The Options Framework

Introduction to the Options Framework

The 'options framework' demonstrates consideration of a wide range of options (the 'long-list') that could potentially deliver the agreed Investment Objectives over five categories of choice:

- service scope (the 'what' in terms of services and coverage)
- service solution (the practical approach to 'how' services will be delivered)
- service delivery ('who' will deliver the preferred scope and required services)
- service implementation (the 'when' in terms of timing and phasing of delivery)
- funding of the investment (sources of funding)

Options should be considered in this order, because the options arising from consideration of each category of choice inform the categories of choice that follow. At each stage, options should be specified in the context of choices already made.

For example, service delivery options (who delivers services) will depend on the service solutions considered in the previous step. Further, at each stage, the framework outlined is used to encourage development of a wide range of options. These typically cover a range from less to more ambitious, within each category; however, sometimes options within each category are simply discrete and cannot easily be described as 'less' or 'more' ambitious. It is also often appropriate to split the categories of choice into sub-categories, for example, where there are multiple service streams and/or providers.

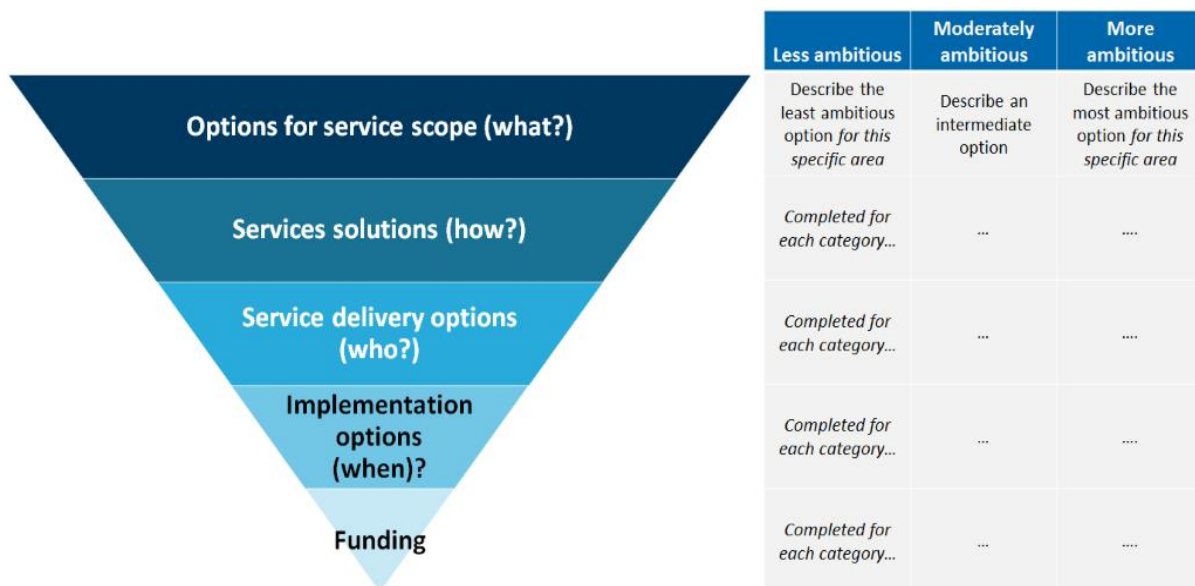


Figure 6 - the options framework categories of choice

The options framework generates a structured list of potential options over a range of dimensions (the 'long-list'), which can then be qualitatively assessed in the first part of the Economic Case against the agreed Investment Objectives and Critical Success Factors. HM Treasury's best practice guidance suggests using the following list of standard Critical Success Factors:

Part 1.1 Critical Success Factors

No.	Critical Success Factor	Questions – How well does the option..?/Is the option...?
1	Strategic fit	satisfy the Investment Objectives and business needs? optimise the identified benefits? align with and support the national, regional and local strategies?
2	Value for money	optimise available resources and provide value for money?
3	Potential achievability	acceptable to key stakeholders? politically acceptable? operationally and physically achievable?
4	Supply side capacity and capability	attractive to potential suppliers to deliver the requirements?
5	Potential affordability	affordable within the forecasted capital and revenue of the organisation?

Table 6 – Critical Success Factors (CSFs)

This process results in an assessment of each option in terms of how well it could deliver each Investment Objective and the CSFs and is assessed as either:

DISCOUNT Does not meet the Investment Objectives and CSFs	CARRY FORWARD Weakly meets the Investment Objectives and CSFs	CARRY FORWARD Broadly meets the Investment Objectives and CSFs	PREFERRED Strongly meets the Investment Objectives and CSFs
---	---	--	---

This enables some options to be ‘discounted’ (not taken forward for further consideration); ‘carried forward’ or ‘preferred’ and a short-list of viable options to be constructed. The short-list always includes the ‘*status quo*’ as the benchmark for value for money against which all proactive options should be measured in part 2 of the Economic Case (cost benefit analysis and impact assessment).

Long-list options were generated using the options framework and reduced to a short-list through a workshop (held 19/01/2018) involving the following key stakeholders:

- Gareth Nutt, Director Environment, Neath Port Talbot County Borough Council
- Simon Brennan, Head of Property & Regeneration, Neath Port Talbot County Borough Council
- Lisa Willis, European & Strategic Funding Manager, Neath Port Talbot County Borough Council
- Christopher Jones, Energy Manager, Neath Port Talbot County Borough Council
- David Bratley, City & County of Swansea
- Darrel Barnes, City & County of Swansea
- Jonathan Morgan, Carmarthenshire County Council
- Steve Keating, Energy Manager, Pembrokeshire County Council
- Kerry MacDermot, Pembrokeshire County Council
- Keith Palmer, SPECIFIC

Part 1.2 Scope options

Stakeholders agreed to consider the following two elements of scope separately:

- **Service scope** – the coverage of the proposed service(s)
- **Target housing scope** – the categories of housing that can be targeted through HAPS

Service scope

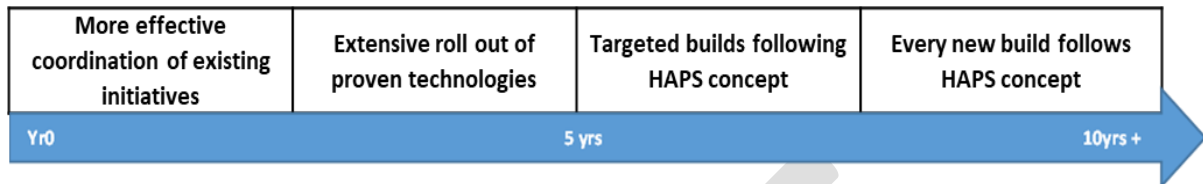
The following service scope (coverage) options were identified from least to most ambitious:

- **The *status quo*** – continuing to deliver existing government and local initiatives
- **Less ambitious:** more effective coordination of existing initiatives – in addition to the *status quo*:
 - providing more education to promote smart meters and the use of smart appliances
 - influencing Local Authorities to consider energy efficient building
 - demonstrating proof of concept through pilot schemes and *ad-hoc* programmes, including partial refits and small-scale demonstrators
- **Intermediate 1:** extensive roll out of proven technologies – in addition to previous options, including a programme of new build and taking opportunities to retrofit with existing programmes
- **Intermediate 2:** targeted builds following HAPS concept – in addition to previous options:
 - implement a definitive coordinated retrofit and new build programme across the region
 - produce supplementary planning guidance to encourage new builds to be carbon positive
- **More ambitious:** ensuring every new build follows HAPS concept – in addition to previous options: prohibiting development of buildings which are not carbon positive by modifying planning regulations

These options were considered by stakeholders and assessed as follows:

Service scope		Options			
Status quo		Less ambitious	Intermediate	More ambitious	
Continue to deliver existing initiatives		More effective coordination of existing initiatives	Extensive roll out of proven technologies	Targeted builds following HAPS concept	Every new build follows HAPS concept
Investment Objectives					
1	To future proof at least 10,300 properties (7,000 retrofit, 3,300 new build) within five years to increase 'affordable warmth' and reduce fuel poverty	Weakly meets	Broadly meets	Broadly meets	Strongly meets
2	To improve health and wellbeing and reduce the burden on health and social services	Weakly meets	Broadly meets	Broadly meets	Strongly meets
3	To deliver a sustainable (commercially viable), cost effective and holistic housing programme	Does not meet	Weakly meets	Broadly meets	Strongly meets
4	To invest in the professional evaluation of the quality and experience of solutions and understanding of the application of new technologies	Weakly meets	Broadly meets	Broadly meets	Strongly meets
5	To promote awareness of how key stakeholders (particularly energy users) optimise their interface with the technology	Strongly meets	Strongly meets	Strongly meets	Strongly meets
6	To support measures to mitigate climate change by reducing CO ₂ emissions and energy consumption Predicted annual CO ₂ reduction figures: • Retrofit - 9,933 tonnes CO ₂ annum • New build - 9,165 tonnes CO ₂ annum Figures assume 100% rollout	Weakly meets	Broadly meets	Broadly meets	Strongly meets
7	To create an energy system that is compatible with future smart developments, maximising benefits to the occupant/owner and reducing pressure on the grid by providing local energy generation and security	Does not meet	Weakly meets	Broadly meets	Strongly meets
Critical Success Factors					
1	Strategic fit	Weakly meets	Broadly meets	Broadly meets	Strongly meets
2	Value for money	Weakly meets	Weakly meets	Strongly meets	Broadly meets
3	Potential achievability	Strongly meets	Broadly meets	Broadly meets	Does not meet
4	Supply side capacity and capability	Strongly meets	Strongly meets	Broadly meets	Does not meet
5	Potential affordability	Strongly meets	Strongly meets	Broadly meets	Does not meet
Conclusion >>		DISCOUNT	CARRY FORWARD	PREFERRED	DISCOUNT

Stakeholders agreed that although the options at the extremes (least and most ambitious), did not sufficiently fulfil the Investment Objectives and/or the Critical Success Factors, they represented the realistic, expected progression of activity after the programme over a period of time, as follows:



In the short-term (years 0-2), the least ambitious option should be achievable and with sufficient time (10 years+) the delivery of the most ambitious option, requiring all new build properties to follow HAPS principles, should be achievable. From this perspective, stakeholders felt it was important to keep these options on the table as time related milestones; however, from the narrower perspective of the HAPS project (to be delivered over five years), intermediate option 2 provided the best balance of strategic fit, value for money, achievability and affordability.

Intermediate option 1 was also considered to provide many benefits, with the advantage of being more achievable and was therefore carried forward.

Target housing scope

The following target housing scope/coverage options were identified and considered from least to most ambitious:

- **Less ambitious:** directly controlled properties only:
 - Only those properties under LA control (*circa* 28k)
 - Delivering 1,000 new build HAPS properties
 - Retrofitting 1,200 properties to improve energy efficiency through a range of interventions (depending on site specific factors)
- **Intermediate:** targeted market penetration – in addition to the *status quo*:
 - Covering LA and RSL properties (*circa* 53k)
 - Social and more extensive coverage of private sector housing based on targeted priorities
 - Delivering 3300 new build HAPS properties
 - Retrofitting 7000 (out of the c13k properties that were non-compliant or ‘acceptable failures’) properties to improve energy efficiency through a range of interventions, subject to site specific factors

- Stimulating the market for energy efficient housing
- **More ambitious:** all housing developments in the Swansea Bay City Region – in addition to the previous option:
 - Covering all housing developments in the region (both public and private)
 - Creating a market for energy efficient housing across the region

These options were considered by stakeholders and assessed as follows:

Target housing scope		Options		
		Less ambitious	Intermediate	More ambitious
<i>Status quo</i>				
n/a		Covers directly controlled properties only	Covers targeted penetration of the market	Covers all housing developments in the Swansea Bay City Region
Investment Objectives				
1	To future proof at least 10,300 properties (7,000 retrofit, 3,300 new build) within five years to increase 'affordable warmth' and reduce fuel poverty	Weakly meets	Broadly meets	Strongly meets
2	To improve health and wellbeing and reduce the burden on health and social services	Broadly meets	Broadly meets	Strongly meets
3	To deliver a sustainable (commercially viable), cost effective and holistic housing programme	Broadly meets	Broadly meets	Strongly meets
4	To invest in the professional evaluation of the quality and experience of solutions and understanding of the application of new technologies	Weakly meets	Broadly meets	Strongly meets
5	To promote awareness of how key stakeholders (particularly energy users) optimise their interface with the technology	Broadly meets	Broadly meets	Strongly meets
6	To support measures to mitigate climate change by reducing CO ₂ emissions and energy consumption Predicted annual CO ₂ reduction figures: • Retrofit - 9,933 tonnes CO ₂ annum • New build - 9,165 tonnes CO ₂ annum Figures assume 100% rollout	Broadly meets	Broadly meets	Strongly meets
7	To create an energy system that is compatible with future smart developments, maximising benefits to the occupant/owner and reducing pressure on the grid by providing local energy generation and security	Broadly meets	Broadly meets	Strongly meets
Critical Success Factors				
1	Strategic fit	Weakly meets	Broadly meets	Strongly meets
2	Value for money	Broadly meets	Strongly meets	Strongly meets
3	Potential achievability	Strongly meets	Broadly meets	Does not meet
4	Supply side capacity and capability	Strongly meets	Broadly meets	Does not meet
5	Potential affordability	Strongly meets	Broadly meets	Does not meet
Conclusion >>		CARRY FORWARD	PREFERRED	DISCOUNT

Targeting directly controlled properties (and the private sector where evidence suggests that the concept will be adopted) facilitates establishment of the project and is a good starting point. However, directly controlled properties and very limited private sector properties currently only account for less than 20% of existing units. Therefore, to achieve the stated Investment Objectives requires a wider coverage of properties to be within scope, which is why extending the scope of private sector property coverage is preferred. The intermediate option is also considered to be achievable and affordable within the period of the initiative. For this reason, it is the preferred option.

The most ambitious option – to cover all housing developments across the region – is a positive aspiration in the longer-term (and would align with the previous more ambitious scope option to ensure every new build in the region is a HAPS), but it is not achievable, affordable or within the capacity and capability of the supply side within the time frame for the project. For these reasons, it is discounted as an option for further consideration in this business case but is retained for future consideration.

Service solution

Stakeholders agreed to consider the following three elements of service solution separately:

- **Volume of activity** – options around the numbers of energy efficiency upgrades to be delivered
- **Incentives** – the key mechanism available to stimulate the market and deliver a shift in market demand
- **Governance/oversight of delivery** – potential governance/oversight machinery to successfully deliver the housing programme

Volume of activity

The options relating to the volume of activity to improve housing energy efficiency are as follows:

- **Less ambitious: limited development:**
 - 1000 new units in the Swansea Bay City Region
 - 1200 partial retrofits
- **Intermediate development:**
 - 3300 new units in the Swansea Bay City Region
 - 7000 retrofits
- **More ambitious:** all housing and extensive retrofits:

- new homes
- Retrofitting of 33,000 existing homes

These options were considered by stakeholders and assessed as follows:

Service solution – volume of activity		Options		
		Less ambitious	Intermediate	More ambitious
<i>Status quo</i>				
n/a		Limited development	Intermediate development	All housing and extensive retrofits
Investment Objectives				
1	To future proof at least 10,300 properties (7,000 retrofit, 3,300 new build) within five years to increase ‘affordable warmth’ and reduce fuel poverty	Does not meet	Broadly meets	Strongly meets
2	To improve health and wellbeing and reduce the burden on health and social services	Weakly meets	Broadly meets	Strongly meets
3	To deliver a sustainable (commercially viable), cost effective and holistic housing programme	Does not meet	Broadly meets	Does not meet
4	To invest in the professional evaluation of the quality and experience of solutions and understanding of the application of new technologies	Weakly meets	Broadly meets	Strongly meets
5	To promote awareness of how key stakeholders (particularly energy users) optimise their interface with the technology	Weakly meets	Broadly meets	Strongly meets
6	To support measures to mitigate climate change by reducing CO ₂ emissions and energy consumption Predicted annual CO ₂ reduction figures: <ul style="list-style-type: none"> • Retrofit - 9,933 tonnes CO₂ annum • New build - 9,165 tonnes CO₂ annum Figures assume 100% rollout	Weakly meets	Broadly meets	Strongly meets
7	To create an energy system that is compatible with future smart developments, maximising benefits to the occupant/owner and reducing pressure on the grid by providing local energy generation and security	Weakly meets	Broadly meets	Strongly meets
Critical Success Factors				
1	Strategic fit	Does not meet	Broadly meets	Strongly meets
2	Value for money	Weakly meets	Strongly meets	Does not meet
3	Potential achievability	Strongly meets	Broadly meets	Does not meet
4	Supply side capacity and capability	Strongly meets	Broadly meets	Does not meet
5	Potential affordability	Strongly meets	Broadly meets	Does not meet
Conclusion >>		DISCOUNT	PREFERRED	DISCOUNT

Stakeholders agreed that retrofitting properties encompassed a range of solutions, depending on the circumstances and local need (i.e. not necessarily a ‘whole house’ retrofit for every dwelling).

The least ambitious option is the most achievable and affordable; however, it has poor strategic fit as it will not change the *status quo* and

deliver a sustainable and commercially viable and cost-effective housing programme by stimulating the market for energy efficient houses. For this reason, stakeholders agreed it should be discounted.

The intermediate option is considerably more ambitious and seeks to deliver 3300 new builds and 7000 retrofits of existing units. While the new units would include an increase in RSL and local authority housing, such an increase in units would require considerable private sector take up. When balanced with broad achievability and affordability, this option was considered to add considerable value by providing a stimulus to the housing market. For these reasons this option was preferred.

The most ambitious option has the strongest strategic fit but is clearly undeliverable within the five year investment period. While it is retained for future consideration, for the purposes of this business case, it is discounted.

Incentives

The options relating to the incentives to successfully deliver this initiative are as follows:

- **Provide financial incentives** – to stimulate delivery of energy efficiency measures
- **Do not provide any financial incentives** – to stimulate delivery of energy efficiency measures

These options were considered by stakeholders and assessed as follows:

Service solution – incentives		Options	
		Less ambitious	More ambitious
<i>Status quo</i>			
All existing programmes do to some extent, but not co-ordinated		Do not provide financial incentives	Provide financial incentives
Investment Objectives			
1	To future proof at least 10,300 properties (7,000 retrofit, 3,300 new build) within five years to increase 'affordable warmth' and reduce fuel poverty	n/a	n/a
2	To improve health and wellbeing and reduce the burden on health and social services	n/a	n/a
3	To deliver a sustainable (commercially viable), cost effective and holistic housing programme	Does not meet	Strongly meets
4	To invest in the professional evaluation of the quality and experience of solutions and understanding of the application of new technologies	n/a	n/a
5	To promote awareness of how key stakeholders (particularly energy users) optimise their interface with the technology	n/a	n/a
6	To support measures to mitigate climate change by reducing CO ₂ emissions and energy consumption Predicted annual CO ₂ reduction figures: <ul style="list-style-type: none"> Retrofit - 9,933 tonnes CO₂ annum New build - 9,165 tonnes CO₂ annum Figures assume 100% rollout	n/a	n/a
7	To create an energy system that is compatible with future smart developments, maximising benefits to the occupant/owner and reducing pressure on the grid by providing local energy generation and security	n/a	n/a
Critical Success Factors			
1	Strategic fit	Strongly meets	Strongly meets
2	Value for money	Weakly meets	Strongly meets
3	Potential achievability	Strongly meets	Broadly meets
4	Supply side capacity and capability	n/a	n/a
5	Potential affordability	Strongly meets	Weakly meets
Conclusion >>		DISCOUNT	PREFERRED

Stakeholders felt it was necessary to provide financial incentives to encourage home owners and wider stakeholders (landlords, RSLs, lenders, etc) to invest in energy efficient homes – either new or retrofitted, at least in the early stages of delivery as the demand and market for energy efficient property is stimulated. As the initiative progresses towards the end of the project, it was felt that any financial incentives could be tapered off as the market becomes more established and energy efficient homes become the 'norm'. For this reason, while over time this

will move to a position of not providing financial incentives, developing a suitable strategy to provide and taper financial support was considered essential, so this option was preferred.

Governance/oversight of delivery

The options in terms of governance/oversight of delivery relate to the range of tools that could be used to deliver energy efficient housing, including:

- **LA direct build programmes** – local authorities directly control the build and retrofit programmes for premises under their direct control
- **100% public sector owned housing companies** – local authorities develop new build and retrofit programmes through arms' length public sector owned housing companies
- **Registered Social Landlords** - influenced through the Social Housing Grant
- **Land banks** – publicly owned land is used for new build programmes, contributing to the project delivery
- **Private housing** – direct influence is limited. However, the intention is through the proof of concept and targeted marketing activity to influence owners to take up energy efficient solutions

These options were considered by stakeholders and it was agreed that they represented a selection of levers to deliver the service solution, depending on individual site circumstances and it was not therefore appropriate to discount any options at this stage.

Service delivery

The service delivery options relate to 'who' can deliver the required services. Options considered were as follows:

- **Less ambitious:** new build and upgrade programmes delivered by UK-wide companies
- **Intermediate:** investment in local companies – to upskill the supply chain and develop production, design, construction and maintenance expertise
- **More ambitious:** local authority led production design, construction and maintenance

These options were considered by stakeholders and assessed as follows:

Service delivery		Options		
Status quo		Less ambitious	Intermediate	More ambitious
n/a		New build and upgrade programmes delivered by UK-wide companies	Investment in local companies	LA led production design, construction and maintenance
Investment Objectives				
1	To future proof at least 10,300 properties (7,000 retrofit, 3,300 new build) within five years to increase 'affordable warmth' and reduce fuel poverty	Strongly meets	Weakly meets	Weakly meets
2	To improve health and wellbeing and reduce the burden on health and social services	n/a	n/a	n/a
3	To deliver a sustainable (commercially viable), cost effective and holistic housing programme	Broadly meets	Strongly meets	Broadly meets
4	To invest in the professional evaluation of the quality and experience of solutions and understanding of the application of new technologies	n/a	n/a	n/a
5	To promote awareness of how key stakeholders (particularly energy users) optimise their interface with the technology	n/a	n/a	n/a
6	To support measures to mitigate climate change by reducing CO ₂ emissions and energy consumption Predicted annual CO ₂ reduction figures: <ul style="list-style-type: none"> Retrofit - 9,933 tonnes CO₂ annum New build - 9,165 tonnes CO₂ annum Figures assume 100% rollout	n/a	n/a	n/a
7	To create an energy system that is compatible with future smart developments, maximising benefits to the occupant/owner and reducing pressure on the grid by providing local energy generation and security	n/a	n/a	n/a
Critical Success Factors				
1	Strategic fit	Broadly meets	Strongly meets	Weakly meets
2	Value for money	Broadly meets	Strongly meets	Weakly meets
3	Potential achievability	Strongly meet	Weakly meets	Weakly meets
4	Supply side capacity and capability	Broadly meets	Weakly meets	Weakly meets
5	Potential affordability	Broadly meets	Broadly meets	Weakly meets
Conclusion >>		CARRY FORWARD	CARRY FORWARD	CARRY FORWARD

Stakeholder discussion of these options clarified the key issue and a common theme throughout this options analysis – that the market for energy efficient homes needs to be developed – so it may not be immediately possible (even if desirable) to expect the private sector to drive this. It is much more likely to require public sector leadership in the short-term until the market develops. Realistically, this means the

intermediate and most ambitious options of local authority led development in the early stages, transitioning to a private sector-led market over the period of investment. All options are therefore carried forward at this stage.

Implementation

The Swansea Bay City Region 'Internet Coast' deal has determined that HAPS will be a five year project. Stakeholders agreed that the delivery profile of the investment was dependent on the 'proof of concept' i.e. monitoring and evaluation of the pilot scheme and developing the HAPS concept in line with the findings, so robust project management and tracking of benefits is essential.

It was considered that while a five year delivery period for the project was likely to be ambitious (in terms of developing the supply chain and taking account of lead times), it was important to build and maintain momentum.

Funding

The following options for the implementation of the investment were discussed:

- All public funding
- Mixed funding – including public and private sector funding
- All private sector funding

These options were considered by stakeholders and assessed as follows:

Service delivery		Options		
		Less ambitious	Intermediate	More ambitious
<i>Status quo</i>				
n/a		All public funding	Mixed funding	All private funding
Investment Objectives				
1	To future proof at least 10,300 properties (7,000 retrofit, 3,300 new build) within five years to increase 'affordable warmth' and reduce fuel poverty	n/a	n/a	n/a
2	To improve health and wellbeing and reduce the burden on health and social services	n/a	n/a	n/a
3	To deliver a sustainable (commercially viable), cost effective and holistic housing programme	Weakly meets	Strongly meets	Does not meet
4	To invest in the professional evaluation of the quality and experience of solutions and understanding of the application of new technologies	n/a	n/a	n/a
5	To promote awareness of how key stakeholders (particularly energy users) optimise their interface with the technology	n/a	n/a	n/a
6	To support measures to mitigate climate change by reducing CO ₂ emissions and energy consumption Predicted annual CO ₂ reduction figures: <ul style="list-style-type: none"> Retrofit - 9,933 tonnes CO₂ annum New build - 9,165 tonnes CO₂ annum Figures assume 100% rollout	n/a	n/a	n/a
7	To create an energy system that is compatible with future smart developments, maximising benefits to the occupant/owner and reducing pressure on the grid by providing local energy generation and security	n/a	n/a	n/a
Critical Success Factors				
1	Strategic fit	Does not meet	Strongly meets	Does not meet
2	Value for money	Does not meet	Strongly meets	Weakly meets
3	Potential achievability	Does not meet	Broadly meets	Does not meet
4	Supply side capacity and capability	n/a	n/a	Does not meet
5	Potential affordability	Does not meet	Broadly meets	Strongly meets
Conclusion >>		DISCOUNT	PREFERRED	DISCOUNT

The funding mechanism is closely linked to stimulating the market for energy efficient homes – early in the delivery of this initiative, more public funding will be required to stimulate the market; however, as it becomes established and the supply chain develops, less subsidy should be required. Therefore, the less ambitious and most ambitious options are discounted and the intermediate 'mixed economy' approach is preferred, particularly as considerable investment will be required from the private sector to build energy efficient homes for sale.

Short-listed options summary

The above analysis of each of the elements of choice clearly demonstrates a direction of travel for the Homes as Power Stations (HAPS) project. Some key issues remain unresolved, although these will be determined in due course as the proof of concept develops and the initial findings of the monitoring and evaluation are presented.

The complete direction of travel is presented in the Options Framework summary below:

		Options			
		Less ambitious	Intermediate	More ambitious	
Scope	Service scope	More effective coordination of existing initiatives	Extensive roll out of proven technologies	Targeted builds following HAPS concept	Every new build follows HAPS concept
	>>>	DISCOUNT	CARRY FORWARD	PREFERRED	DISCOUNT
	Target housing scope	Covers directly controlled properties only	Covers targeted penetration of the market	Covers all housing developments in the Swansea Bay City Region	
>>>	CARRY FORWARD	PREFERRED	DISCOUNT		
Service Solution	Volume of activity	Limited development	Intermediate development	All housing and extensive retrofits	
	>>>	DISCOUNT	PREFERRED	DISCOUNT	
	Incentives	Do not provide financial incentives		Provide financial incentives	
	>>>	DISCOUNT		PREFERRED	
	Governance/oversight of delivery	Range of mechanisms			
>>>	CARRY FORWARD				
Service Delivery		New build and upgrade programmes delivered by UK-wide companies	Investment in local companies	LA led production design, construction and maintenance	
	>>>	CARRY FORWARD	CARRY FORWARD	CARRY FORWARD	
Implementation	Delivery over five years				
>>>	PREFERRED				
Funding	All public funding	Mixed funding	All private funding		
>>>	DISCOUNT	PREFERRED	DISCOUNT		

This enables a direction of travel to be described from the remaining options as follows (short-list):

		Option			
		1: the status quo	Alternative: 2	Alternative: 3	4: preferred way forward
Scope			Coordinated roll out of proven technologies (smaller new build programme and opportunistic retrofitting) Covers directly controlled properties only (LA)	Extensive roll out of proven technologies (smaller new build programme and opportunistic retrofitting) Covers targeted penetration of the market (LA direct control + RSL only)	Targeted builds following HAPS concept (coordinated retro fit and new build programme) Covers targeted penetration of the market (direct control, RSL + targeted private sector)
			Pathfinder development (1000 new units, 1200 retrofits)	Intermediate development (3300 new units, 7000 retrofits)	Intermediate development (3300 new units, 7000 retrofits)
			Provide financial incentives to stimulate the market. Use range of delivery mechanisms depending on individual circumstances	Provide financial incentives to stimulate the market. Use range of delivery mechanisms depending on individual circumstances	Provide financial incentives to stimulate the market. Use range of delivery mechanisms depending on individual circumstances
Service Solution			Depends on individual circumstances. Mechanisms include: new build and upgrade programmes delivered by UK-wide companies; investment in local companies; LA led production, design, construction and maintenance	Depends on individual circumstances. Mechanisms include: new build and upgrade programmes delivered by UK-wide companies; investment in local companies; LA led production, design, construction and maintenance	Depends on individual circumstances. Mechanisms include: new build and upgrade programmes delivered by UK-wide companies; investment in local companies; LA led production, design, construction and maintenance
Service Delivery					
Implementation			Delivery over five years	Delivery over five years	Delivery over five years
Funding			Mixed funding	Mixed funding	Mixed funding

Text in red indicates where the alternative options differ from the preferred way forward.

This short-list represents the conclusions of the qualitative options analysis and has been constructed by combining preferred way forward (green) options from each category of choice and carry forward options (yellow).

Economic Case part 2 – cost benefit analysis

Key principles

The key assumptions relating to the costs of each of the short-listed options are as follows:

- A project life of 5 years is assumed (aligned with the agreed project period, although it is entirely possible to extend past this period and continue to deliver value). Direct costs associated with the project are recorded for the 5 year period with NPV calculations shown at 5, 15 and 30 years
- **Annual GVA benefits** – the main benefits are energy savings for householders, energy surplus (contribution to the grid) and new jobs:
 - **Energy saving** data is based on research undertaken by the Welsh School of Architecture, Cardiff University⁸³ for both new build and retrofit houses. The annual saving is multiplied with the expected number of each type of property for each option to provide quantified benefit
 - **Energy surplus** – while it is theoretically possible for energy positive housing to provide electricity back into the grid, for prudence, this has not been assumed to be a significant benefit
 - **New jobs** – the principal benefit for this proposal, the benefits of increased performance have been calculated by multiplying the expected number of new construction jobs per year (c19 per £1million invested) by the additional expected GVA added per job, to give total GVA expected per year. The assumption is that created jobs will have a degree of permanency and therefore each year, new jobs are added the duration of the project, which has a cumulative effect on the GVA for 5 years. This is a conservative estimate and jobs are likely to be created for a longer period than the 5 year project. This approach is used to model cumulative benefits throughout the project period, after which time the number of created jobs is considered to be static and the benefit fixed for the remainder of the appraisal period
- The **costs of the project** – include staffing costs, new housing costs (the difference between a new build HAPS house and a comparable

⁸³ Preparation for an Energy Positive Community in the UK Modelling-led innovative housing practice in Wales
Phil Jones, Xiaojun Li, Jo Patterson, Ester Coma, Simon Lannon

standard build, which is c£25k), retrofit housing costs and associated project costs (supply chain development and monitoring and evaluation)

- **Risk** – of higher costs or lower benefits delivery is incorporated into the expected ranges used in the calculations and is therefore part of the analysis

Assumptions, benefits and costs that apply to all options

- The project will be entirely funded by the Swansea Bay City Deal. £15million has been allocated to the HAPS project, however the HAPS project will lever in public and private sector funding to add value to the City Deal funds – see Financial Case.
- The benefit claimed for new job GVA is the difference between the average Welsh job GVA and a ‘construction of buildings’ GVA value (£23,572) to take account of displacement, in accordance with Green Book principles

Costs and benefits have been estimated by using ranges representing the ‘least’ expected cost/benefit; the ‘expected’ cost/benefit and the ‘maximum’ cost/benefit. Rather than using a single point estimate, the use of ranges and probabilistic Monte Carlo analysis provides output ranges. This allows a richer view of the potential value of each option and the expected costs of the preferred option and options’ sensitivity to change⁸⁴.

Option 1 – the status quo – costs and benefits

While the status quo undoubtedly delivers benefits, to simplify the analysis, no benefits or costs are recorded for the status quo as it represents the baseline or ‘counterfactual’ – all benefits and costs for ‘do something’ options are considered to be additional to this baseline.

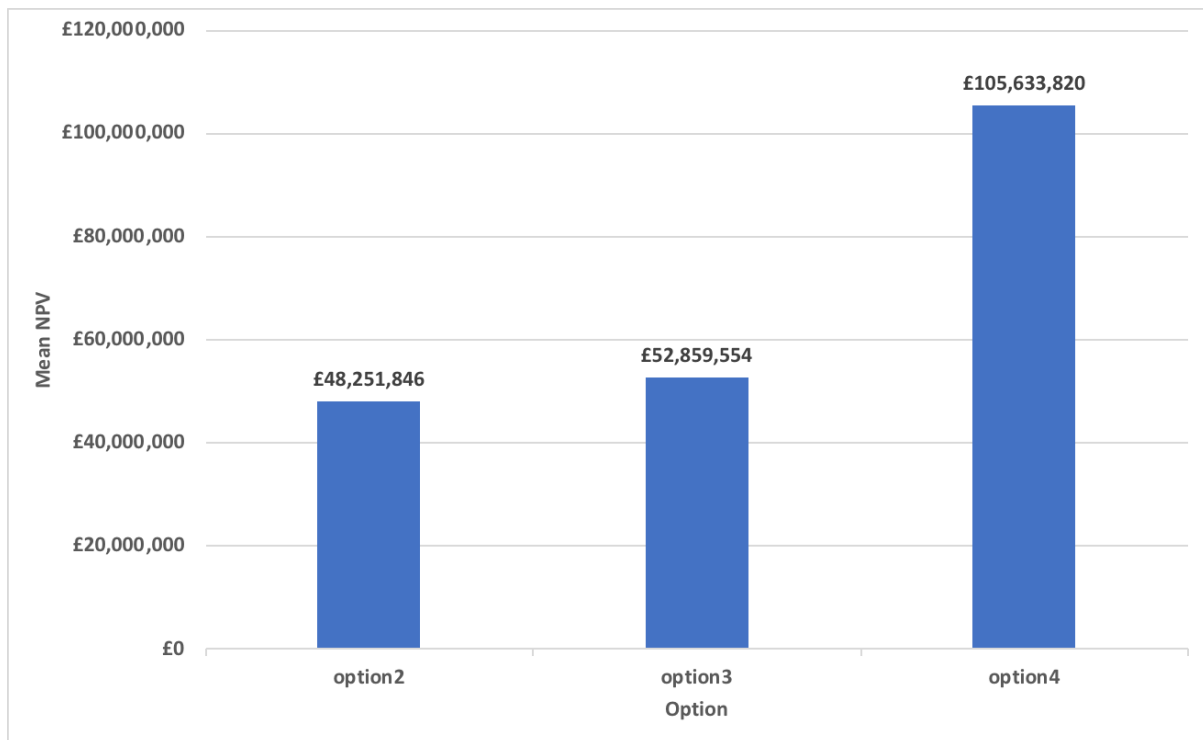
Options 2, 3 & 4 – costs and benefits

- **Costs** – have been estimated based on NPTCBC estimates for the project team and research from the Welsh School of Architecture for HAPS and retrofits
- **Benefits** – all benefits are linked to the expected number of new build HAPS and retrofitted houses. The less ambitious options assume fewer units and therefore deliver less benefit. The most ambitious option assumes more units (and consequently more investment), which delivers more benefit, but takes longer to do so

⁸⁴ See Microsoft Excel cost model for further details

Results

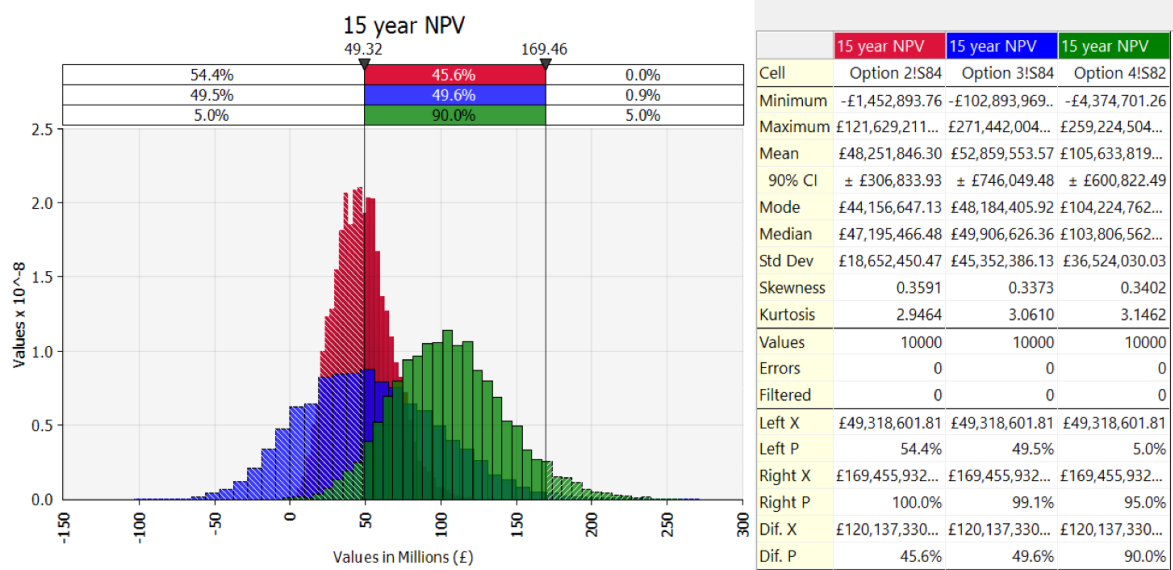
The costs and benefits of each option have been assessed to calculate the mean 15 year NPV as shown below:



This shows:

- All 'do something' options will deliver greater value than the status quo
- The option with the highest NPV is option 4

The calculated NPV distributions for options 2-4 are shown below:



These show that:

- option 2 (red distribution) has quite a narrow NPV range
- option 3 (blue) has a much wider distribution range and a probability of delivering both a higher and lower mean NPV than option 1
- option 4 (green) has a similarly wide distribution range to option 2 but with, overall, a significantly greater chance of delivering a higher NPV than both alternatives

Economic Case conclusion

Based on this analysis, option 4 is the preferred option.

The programme has concluded that option 4 should be progressed. The remainder of this business case (Commercial, Financial and Management cases) focus on option 4 as the preferred solution.

DRAFT

Commercial Case

This section of the Business Case outlines the proposed deal in relation to the preferred way forward described in the Economic Case. This includes procurement activity and agreements with other parts of the organisation/other organisations.

Procurement strategy

As lead local authority for the HAPS project, Neath Port Talbot County Borough Council will ensure compliance with public procurement policy i.e. directives, regulations, policies and guidance relating to the procurement of supplies, services and works for the public sector.

Each local authority has its own contracts procedure rules for the procurement of goods, services and works, addressing the requirements of best value. The rules are aligned to the Public Contracts Regulations 2015. The rules ensure a system of openness, transparency and non-discrimination where the accountability and probity of the procurement process will be beyond reproach.

Required services

The preferred way forward described in the Economic Case proposes a programme of activity across the Swansea Bay City Region focused on the following elements:

- Establish a programme team
- Facilitate the take up of the HAPS approach for new build developments
- Facilitate the take up of the HAPS approach for retrofit developments
- Regional financial incentives fund
- Regional supply chain development fund
- Marketing and dissemination
- Monitoring and evaluation

New build and retrofit projects financial incentives fund

A HAPS Project Manager will be appointed by the Lead Local Authority, to coordinate regional activity (funding has been allocated for this function). Each Local Authority partner will continue to lead on their own activities. The HAPS Regional Project Board will determine whether additional resource is required to deliver the objectives of the HAPS project.

A limited financial incentives fund will be established to fund the gap between standard build and energy positive to 'kick start' the adoption of the HAPS approach. The project team will align and add value to existing programmes such as the Welsh Government Innovative Housing Programme (IHP) and successor funding programmes.

The HAPS Regional Financial Incentives Fund will be advertised across the region, and a series of engagement events will be held with potential developers. These activities will be linked to other financial incentive funding programmes such as Innovative Housing Programme (IHP) and successor programmes.

It is proposed that the application process is aligned to existing regional funding schemes with regional endorsement for locally prioritised investment proposals. The process will involve:

1. Criteria to be established
2. Application form and guidance to be agreed regionally
3. Initial enquiry
4. Application form to be completed and assessed at a local level
5. Application to be assessed by the HAPS Regional Project Board
6. Client notified of outcome
7. Monitoring of funding

The funding will be awarded in line with State aid rules.

Regional supply chain development fund

Funding has been identified within the HAPS project to support the development of a sustainable and skilled regional supply chain to deliver the HAPS approach during the life of the project and beyond.

The first stage will be to map out renewable technology supply chain companies – this will be carried out in conjunction with the advisory group with industry partners.

The 'Regional Supply Chain Development Fund' will be established and scheme guidance will be developed in line with State aid guidelines.

The aim of the fund is to assist suppliers to grow, develop and diversify into renewable technologies. It will be managed by the HAPS project team, overseen by the SRO with regional decision making governance and will report to the HAPS Steering Group.

The HAPS project will work with the Skills and Talent project to identify the skill requirements for decarbonisation and the workforce is appropriately skilled or upskilled to take advantage of this growing industry.

The HAPS Regional Supply Chain Development Fund will be advertised across the region, and a series of engagement events will be held with potential suppliers from across the industry. These activities will be linked to other support programmes such as Business Wales.

It is proposed that the application process is aligned to existing regional funding schemes with regional endorsement for locally prioritised investment proposals. The process will involve:

1. Criteria to be established
2. Application form and guidance to be agreed regionally
3. Initial enquiry
4. Application form to be completed and assessed at a local level
5. Application to be assessed by the HAPS Regional Project Board
6. Client notified of outcome
7. Monitoring of funding

The funding will be awarded in line with State aid rules.

The intention is to ensure that the legacy of the HAPS project is a co-ordinated, robust and sustainable supply chain, capable of delivering and maintaining HAPS technologies across the region and beyond.

Cardiff University's Welsh School of Architecture is carrying out a supply chain development exercise with the City and County of Swansea. The HAPS project will review this and identify good practice/lessons learned with a view to developing the regional HAPS supply chain with key partners.

The HAPS project team will continue to liaise with key partners in relation to skills including but not solely, the City Deal Skills and Talent Programme, FE, HE and the Renewable Energy Skills Forum (Wales) to ensure the workforce is suitably skilled to take advantage of the opportunity of the HAPS project.

Market distortion

In terms of market distortion, the energy market is currently distorted through subsidies - fossil fuel is heavily subsidised at the moment and climate change is not adequately costed in relation to the cost of carbon. In addition, renewables and energy efficiency measures receive subsidies, although this is decreasing.

The HAPS project is a pioneering project to prove the 'homes as power stations' concept at scale in both new build and retrofit developments – moving away from one off demonstrators. It will provide evidence of the benefits of incorporating renewable technologies and design into new build developments and retrofit programmes to deliver smart, low carbon, energy efficient homes – leading to a reduction in fuel poverty and its impact on health and well-being, and contributing to carbon emission reduction targets in line with UK and Welsh Government policies.

The HAPS project aims to prove the concept that incorporating renewable technologies and design in housebuilding and retrofit programmes will produce energy positive homes / 'homes as power stations' i.e. homes which produce more energy than they use over a 12 month period.

Private sector house builders do not currently have to build energy positive homes and the current cost model does not make it a commercially attractive option, therefore the current demand is not there and the supply is not mature. However this is changing due to Welsh Government Building Regulations Part L requiring an uplift in energy efficiency standards for new build domestic buildings.

The aim of the HAPS project is to demonstrate initially through the public sector that by developing energy positive homes at scale, and carrying out retrofit programmes at scale will reduce the cost differential between a standard build and energy positive build or retrofit. The HAPS project will facilitate the take up of renewable technologies in the public sector and demonstrate the benefits to encourage the private sector to adopt the concept. There is market failure within the private sector due to the current cost differential and lack of evidence of the benefits of developing homes as power stations i.e. energy positive homes. HAPS will prove that developments at scale will reduce the cost differential and encourage the private sector to integrate design and technologies in new build developments, and retrofit programmes.

The HAPS project will be monitored and evaluated to provide evidence that the benefits will outweigh the additional cost. The monitoring and evaluation will cover three areas:

- Energy efficiency (including reduction in carbon emissions)
- Health and well-being (including tackling fuel poverty)
- Social science

The multiple benefits of energy positive housing and energy efficiency are not costed in the provision of affordable warmth and reducing fuel poverty. This has major health and well-being benefits, which have a positive impact on health services. Large scale adoption of homes as power stations type new build and retrofits will create major job opportunities and supply chain activity, which will deliver socio-economic benefits to the region including developing a sustainable indigenous supply chain.

The HAPS project will include an education / dissemination programme to identify good practice, lessons learned in terms of design and technologies permutations in relation to site location, tenure etc.

The HAPS project will therefore not distort the market:

- The project is key to delivering government policy in particular Prosperity for All: A Low Carbon Wales and Industrial Strategy Transforming Construction challenge area.
- The market is currently not delivering energy positive homes at scale.
- It will lead to a more mature and balanced supply and demand relationship.
- It will improve awareness of what technology can deliver.
- It will also identify and quantify multiple benefits.
- It will test financial models for new build and (more importantly) for retrofit.
- The technologies already exist - the innovation is in how the technologies are integrated and moving away from one off demonstrators to developments at scale.
- It will stimulate the growth in the innovation and technology market in line with government policy.
- The demand is currently not there at scale, and the supply is not mature enough

The HAPS project will deliver any incentives in line with State aid regulations e.g. supply chain development

Monitoring and Evaluation

The HAPS project will procure the services of an organisation to monitor and evaluate its activities. As the programme budget for monitoring and evaluation is £250,000 and NPTCBC's and the OJEU threshold for local authorities is £181,302, the contract will be procured via OJEU or a suitable framework. The Project Manager will scope the tender specification based on the HAPS Investment Objectives, and will be agreed by the HAPS Regional Steering Group.

Monitoring and evaluation will be in three phases across the five years of the project, including the social aspect and health and wellbeing benefits of HAPS:

- **Phase 1** – at the beginning of the project baseline data will be collated
- **Phase 2** – at the end of Tranche 1 (see outline project plan) an interim evaluation will be carried out. By this time, it is expected that the first 200 new build and 250 retrofit HAPS homes will have been completed
- **Phase 3** – toward the end of the project a full and final evaluation will be undertaken to inform decisions about future rollout of HAPS technologies

It is highly likely that the procurement exercise will be split into two separate tenders 1) Energy efficiency / CO₂ emissions 2) Health and wellbeing aspect of HAPS including social science / behaviour.

Requirements for the specification are already being discussed with Public Health Wales and a working group has been established to develop these. The monitoring and evaluation process will be carried out in a streamlined way with the least disruption for the residents.

The project team will record examples of good practice, risks, costs and benefits on an ongoing basis which will serve the dual purposes of ensuring that the HAPS project remains on track and delivering the anticipated benefits, as well as informing the more substantial interim and final evaluations. Recent research has found that investments in energy efficiency improvements in housing provide a wide range of benefits to the lives and wellbeing of residents and that, *“it is not unlikely that this may produce value in terms of benefits to the NHS and social services in the*

*longer term.*⁸⁵ It is intended that the evaluation will seek to define these additional health benefits more clearly.

Good practice examples of monitoring and evaluation specifications and exercises are currently being collated. In addition, the Welsh School of Architecture (Cardiff University) are currently undertaking a research project with Carmarthenshire County Council and findings from this will inform the monitoring and evaluation procurement for the HAPS project.

The HAPS path finder/pilot scheme is complete, and residents are due to move in. This is a collaborative project between Pobl (Registered Social Landlord), SPECIFIC (Swansea University) and Neath Port Talbot CBC. The monitoring and evaluation of this project is funded by UK Government (BEIS), with Welsh Government carrying out its own monitoring exercise as the development is part funded by the Welsh Government Innovation Housing Programme 2017/18.

Personnel implications (including TUPE)

It is anticipated that TUPE (Transfer of Undertakings (Protection of Employment) Regulations 1981)) – will not apply to this investment because the project will not have any impact on the employment of existing staff. The proposed operating model for the project is outlined in the Management Case and does not include the transfer of any staff.

FRS 5 Accountancy treatment

Neath Port Talbot CBC will not create any assets through the HAPS project. The City Deal funding will not be used to create assets, the City Deal funding will be used to fund the project management arrangements, provide financial incentives, develop the supply chain, marketing and fund the monitoring and evaluation.

For completeness, if any partners create assets, these will be logged on a HAPS project asset register and submitted with monitoring reports.

⁸⁵ Public Health Research 2018, Vol 6, No 5, page 77

Financial Case

Introduction

The Financial Case provides assurance that the short-listed options, with particular focus on the preferred way forward, are affordable, taking into account all potential funding sources. It should be noted that the costs are evidence based projections based on previous programmes and projects and will be refined during the implementation of the HAPS project. The City Deal funding envelope of £15 million is to establish the required infrastructure and develop the delivery model with a view to delivering the HAPS project over five years.

All of the costs will be finalised as part of project definition arrangements. The nature of the HAPS project is to scale up activity and therefore increase the affordability of the HAPS concept by refining the cost envelope. This will be reflected in regular financial forecast updates during the life of the project.

Financial Case – summary / overview

The HAPS project is requesting £15m (capital funding) from the City Deal to support delivery of the following activities:

1. Establish a project team (£1m)
 - a. To coordinate the regional programme of activity
 - b. Manage the regional supply chain development fund
 - c. Manage the regional financial incentives fund
2. Establish a regional targeted financial incentives fund (£10.5m)

This is a gap funding fund depending on the scheme – and the intervention rate will be determined to optimise investment. The financial incentives will not act as a subsidy for every development. It will be an incentive scheme at the start of the project to incentivise the adoption of the HAPS approach (similar to IHP). The fund will be State aid compliant.

3. Establish a regional supply chain development fund (£3m)
 - a. To support local companies to develop and diversify.
4. Marketing / education / dissemination activity (£250k)

- a. Promoting the benefits of the HAPS approach
 - b. To develop and communicate a tested, quality assured flexible design approach
 - c. Private sector engagement
5. Carry out an ongoing coordinated monitoring and evaluation programme (£250k)
- a. Energy efficiency
 - b. Health and wellbeing (in partnership with Public Health Wales)
 - c. Social science (in partnership with academia)

Overall affordability

The HAPS project has been prioritised as one of the eleven projects identified as necessary to deliver the Swansea Bay City Deal investment programme. The region has allocated £15 million from its £241 million City Deal fund to the HAPS project, subject to the submission and approval of a business case.

The £15 million will finance the following main activities: to establish a project team which will manage the new build and retrofit projects (including financial incentives); manage the supply chain development fund (including a business grant process); associated marketing activity; and procure an organisation to undertake monitoring and evaluation at key stages of the project.

The inflation⁸⁶ adjusted revenue requirement for this project will be funded through the City Deal as follows (note – only five years' appraisals are shown, consistent with the proposed programme duration) and the HAPS Regional Project Board will be responsible for ensuring that the project delivers within its agreed boundaries:⁸⁷

Yr	Project team	Financial incentives	Supply chain development	Marketing	Monitoring & evaluation	Total	Inflation Factor	Total
0	£200,000	£1,450,000	£250,000	£50,000	£50,000	£2,000,000	1	£2,000,000
1	£200,000	£2,950,000	£750,000	£50,000	£50,000	£4,000,000	1.028	£4,112,000
2	£200,000	£3,700,000	£1,000,000	£50,000	£50,000	£5,000,000	1.0609	£5,304,500
3	£200,000	£2,450,000	£1,000,000	£50,000	£50,000	£3,750,000	1.1087	£4,157,625
4	£200,000	-	-	£50,000	£50,000	£250,000	1.1475	£286,875

⁸⁶ The HAPS Regional Project Board will manage the programme within the £15 million City Deal funding allocation.

⁸⁷ Managing Successful Programmes best practice states that the Programme Board is responsible for ensuring that the programme delivers within its agreed boundaries (e.g. cost, impact, rate/scale of adoption, expected/actual benefits etc).

£1,000,000	£10,500,000	£3,000,000	£250,000	£250,000	£15,000,000	£15,861,000
------------	-------------	------------	----------	----------	-------------	-------------

Other sources of funding

The HAPS Regional Project Board have a budget of £15 million which will be to recruit a project manager and related resource, oversee the development of a regional supply chain investment fund and financial incentives fund, and procure the services of a professional organisation to undertake the monitoring and evaluation of the project. A substantial part of the funding will be used to ‘pump prime’ the adoption of the HAPS concept through funding elements of technology products in new build and retrofit properties.

The HAPS project will be working closely with a range of other publicly funded projects and projects which are already delivering energy efficient properties. HAPS funding will be used to add value to these initiatives and ensure that HAPS technologies are deployed to maximise the benefits of other energy efficient projects to ensure the best use of public funds.

The investment in project management will be used to ensure that there is a greater level of co-ordination and engagement across the region, enabling public funds to be used to the greatest effect. Local authorities are aiming to encourage the adoption of the HAPS concept for all new build developments and retrofit programmes through the targeted use of the HAPS financial incentives to plug the current gap between a ‘standard build’ and a ‘HAPS build’.

The ultimate aim of the HAPS project is to fully engage the private housing sector in adopting the HAPS concept in all future housing developments and retrofit programmes. Previous programmes have found that it can be difficult to engage the private sector due to commercial and operational barriers. As well as substantial marketing activity to engage the private sector, the benefits from HAPS technologies will be evidenced in the prototype and first tranche developments, together with reductions in costs through economies of scale working towards a cost neutral scenario, meaning that utilising HAPS technologies will be much more attractive to the private sector.

Engagement with the private sector has already started, and will increase over the 5 years of the project. The HAPS concept will be ‘proved’ during

the first few years and the cost envelope of the technology will be reduced, the concept 'de risked' and the substantial benefits such as improvements in health and wellbeing and reductions in fuel poverty will be demonstrated making it an attractive offer for the private sector to adopt. The private sector will be encouraged to adopt the HAPS concept and take advantage of the HAPS financial incentives, to bridge the current technology cost gap between a standard build and a HAPS build, will be an additional driver of change.

With financial incentives and land availability (not subsidised land) it would not be unreasonable to expect to see induced funding at the levels indicated in the following table:

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Total
City Deal	£2,000,000	£4,000,000	£5,000,000	£3,750,000	£250,000	£15,000,000
Private	£23,075,000	£47,675,000	£73,050,000	£102,600,000	£129,500,000	£375,900,000
Other programmes	£6,425,000	£14,075,000	£22,200,000	£31,400,000	£40,500,000	£114,600,000
Total	£31,500,000	£65,750,000	£100,250,000	£137,750,000	£170,250,000	£505,500,000

It **needs to be noted that** the HAPS project will not develop a stand-alone private sector house building programme, it will encourage the private sector to adopt the HAPS concept for planned developments. RSLs have private trading arms, and use private financial borrowing to fund developments, this is another way in which private sector funding will add value to the HAPS project.

See below table of identified public and private funding sources:

Funding source	Status
Public Funding	
WG Innovation Housing Programme (IHP)	Individual schemes to apply for IHP. IHP is a competitive annual programme to fund innovation in house building. To focus on viability, added value
Social Housing Grant (SHG)	SHG will fund up to 58% of RSL housing build costs. (Intervention rate to be revisited as take into account 'gap funding' model) The 4 local authorities agree a SHG programme for current and future years and will encourage RSLs to adopt the HAPS concept in their SHG new build programmes.
Housing Revenue Account (HRA)	C&C Swansea, Carmarthenshire CC and Pembrokeshire CC are local housing authorities with access to HRA, and the HAPS concept will be adopted for new build programmes where practicable.
Affordable Homes Guarantees Programme ⁸⁸ (AHG)	This is a financial mechanism available to deliver the HAPS project.
Arbed	HAPS project team to discuss maximising Arbed to deliver aims and objectives of HAPS project. The City Deal and HAPS project will add value to the Arbed programme.
Energy Company Obligation (ECO)	HAPS project to discuss maximising ECO to deliver aims and objectives of HAPS project.
UK Government Housing Funding Programmes Funds ⁸⁹	Project Team to explore opportunities to add value to existing and pipeline funding programmes
Local Authority land banks	Local authorities will make land available on a case by case basis to encourage housing developments to adopt the HAPS concept.
Private Sector funding	
Private sector finance	RSL borrowing will contribute to the private sector leverage in the HAPS project.
Private sector developer build costs	Linked to individual scheme funding packages.

Grant incentives	Private sector funding leverage into the HAPS project
Private sector contribution to retrofits (home owners / private rented sector)	Private sector funding leverage into the HAPS project.
Supply chain development	Sustainable supply chain development to increase private sector leverage into the HAPS project

Sustainability/exit strategy

The Homes as Power Stations exit strategy will be refined during the early stages of the project. There will be no financial incentives or business grants in the final year as it is anticipated that by year five the project will have developed and established a structured, well-coordinated, scaled up approach to ensure the long-term sustainability of the HAPS concept incorporating the following elements:

- Quality assured/building regulation compliant design and construction processes
- Proven and established affordable cost model
- Sustainable and skilled supply chain

Assessing affordability

The City Deal has determined that sufficient funds are affordable for the project and these are available subject to approval by the Swansea Bay City Deal Joint Committee.

Stakeholder/commissioner support

The HAPS project has been prioritised as one of the eleven projects within the Swansea Bay City Deal investment programme. The Welsh Government and UK Government will review the business case and advise the City Deal regional office when money can be released.

⁸⁸ <https://www.gov.uk/government/collections/affordable-homes-guarantees-programme-guidance-and-allocations>

⁸⁹ <https://www.gov.uk/topic/housing/funding-programmes>

Management case

Introduction

The Management Case addresses the achievability of the proposal and planning arrangements required to both ensure successful delivery and to manage project risks.

Programme and Project Management (PPM) arrangements

Programme management is a vital component in the delivery of change; whether change to public or customer services, or change within organisations. In the government context, Programme management is what the best policy makers have always done, though they may not have called it that; thinking through the end-to-end process to translate policy into delivery plans and into desired outcomes.⁹⁰ See Annex 2 for the benefits of programme and project management.

Programme plan

A phased introduction of the programme is envisaged over the first year with a programme team to be appointed following approval.

Over the course of the programme, the strategic intention is to scale up, from proof of concept in the public sector to a targeted roll out of the HAPS concept to the private sector. Through this scaling up of activity it is anticipated that the costs associated with HAPS innovation will move to a more affordable cost envelope and the concept will be de-risked. Therefore, the HAPS project is an evolving 'live' activity and the programme plan will be updated on a regular basis, with individual projects moving from proof of concept, to design, to funding secured.

The region has provided details of current and pipeline HAPS related activity across the public and private sector.

Critical timeline

The critical timeline is as follows:

- Neath Port Talbot CBC Director of Environment & Regeneration appointed as Senior Responsible Officer (complete)

⁹⁰ <https://www.gov.uk/government/publications/best-management-practice-portfolio/about-the-office-of-government-commerce>

- SBCD Joint Committee agreement of NPTCBC as lead authority (complete)
- Financial/legal considerations
- Complete Business Case
- Business case review process (see Annex 3)
- SBCD Joint Committee approval of Business Case
- Recruitment of project team
- Programme definition commences

Programme Management and Programme Initiation

Defining a programme in accordance with MSP involves the following activities, which now need to be undertaken:

1. Establish the infrastructure for defining a programme
2. Establish the team to define the programme
3. Identify and analyse the stakeholders (see Annex 4 for outline)
4. Refine the vision statement
5. Develop blueprint
6. Develop benefit profiles
7. Model the benefits and refine the profiles
8. Validate the benefits
9. Design the project dossier
10. Identify tranches
11. Design the programme organisation
12. Develop the governance arrangements
13. Develop the programme plan
14. Develop and confirm the business case
15. Consolidate programme definition
16. Prepare for the first tranche
17. Approval to proceed

Each stage will be briefly described:

1. Establish the infrastructure for defining a programme

Following review by the SRO, Neath Port Talbot CBC will submit this Business Case for approval to the Joint Committee and following the release of funds will establish a project team for the HAPS project.

2. Establish the team to define the programme

The SRO for the HAPS project will be Neath Port Talbot Director of Environment & Regeneration. A Project Manager will be recruited and additional resource will be determined by the regional HAPS Regional Project Board. The project team will have access to specialist advisers and subject matter experts and the technical / advisory group.

3. Identify and analyse the stakeholders

An outline stakeholder plan has already been prepared, see Annex 4.

4. Refine the vision statement

The City Deal have provided a vision for the HAPS project:

‘By 2030, South West Wales will be a confident, ambitious and connected City Region, recognised internationally for its emerging knowledge and innovation economy’

5. Develop blueprint

The City Deal have also set out a blueprint ‘Building on the capabilities of existing organisations and research facilities within the region that are developing new technologies to allow buildings to generate, store and release energy, this initiative seeks to undertake an extensive new house build and retrofit programme which integrates such technologies. Whilst this programme will help to generate sustainable and affordable homes and address fuel poverty, it will also develop and seek to attract new sector supply chains incorporating leading research and high value manufacturing and construction operations. The UK and Welsh Governments expect the Swansea Bay City Region’s proposals to be ambitious and additional to the existing innovation landscape.’

6. Develop benefit profiles

High level benefits are described in the Strategic Case and the project team will develop benefit profiles during the programme definition stage.

7. Model the benefits and refine the profiles

The project team will model the benefits from stage 6 and refine the profiles to ensure that the optimal level of benefit is delivered as the project progresses.

8. Validate the benefits

As the project progresses and the benefits start to be delivered, the process will be validated, measures tested, and the HAPS Regional Project Board advised if the project is delivering the expected level of benefit, so that remedial action can be taken if necessary.

9. Design the project dossier

At this stage it is envisaged that there will be four projects in the dossier:

- Regional financial incentives fund for new build and retrofit developments
- Supply chain development fund
- Marketing and dissemination

- Monitoring and evaluation project

These projects will be supported by a branding, marketing and communications strategy.

10. Identify tranches

At this stage it is envisaged that there will be three tranches within the five year project:

Tranche 1 – establish the project infrastructure, procure the independent organisation that will undertake the monitoring and evaluation, baseline the project, integrate existing / related project activity, ensure the uptake of the HAPS approach for 200 new builds and 250 retrofits in line with the HAPS flexible design approach and flexible technology solutions (see Annex 5).

It is important to note that the allocation of public housing in line with 'nomination rights' is the responsibility of the local authorities and housing associations and these organisations will be consulted by the project managers.

Tranche 2 – undertake an interim evaluation and ensure that any recommendations are integrated into the project, continue with facilitating the adoptions of the HAPS approach in new builds and retrofits (supported by financial incentives), initiate the supply chain development fund (including the business grant scheme) supported by business teams from partner local authorities.

Tranche 3 – continue with facilitating the adoption of the HAPS approach in new builds and retrofits through to the end of the project, ensure that the supply chain is robust and sustainable for the future, showcase the project to Welsh and UK interests, commence the final monitoring and evaluation and implement the exit strategy.

Throughout the project it is envisaged that there will be a co-ordinated approach to branding, communications and marketing to ensure:

- Stakeholder engagement, especially to encourage engagement from the private sector
- Industry awareness
- Public interest is raised to counter poor up take as described in Strategic Case
- The project is promoted regionally, nationally and internationally

11. Design the programme organisation

The programme will be organised as shown in the following Figure and integrated with the Swansea Bay City Deal governance arrangements:

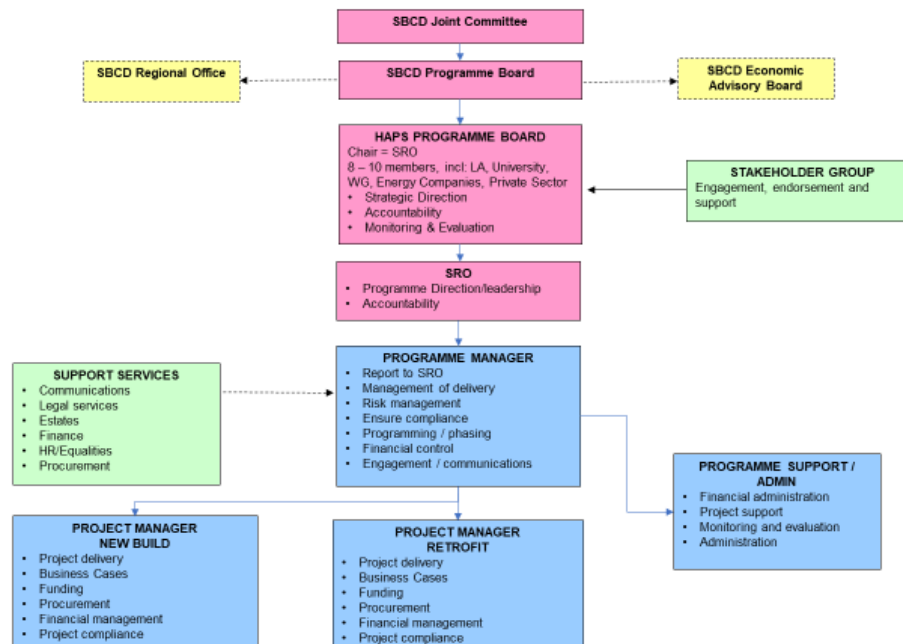


Figure 7 – HAPS project organisation

12. Develop the governance arrangements

See also Figure 7 above.

Corporate governance for this scheme will be provided by a HAPS Regional Project Board which will meet monthly. The HAPS Regional Project Board will be the regional decision making body for the financial incentive fund and regional supply chain fund. It will provide overall project management, co-ordination and links to other Swansea Bay City Deal programmes, particularly the Skills and Talent programme.

The HAPS Regional Project Board will agree the composition of the Project Team, initially appointing the HAPS Project Manager – which will have a regional coordination role.

13. Develop the project plan

The outline project plan is shown in the following Figure:

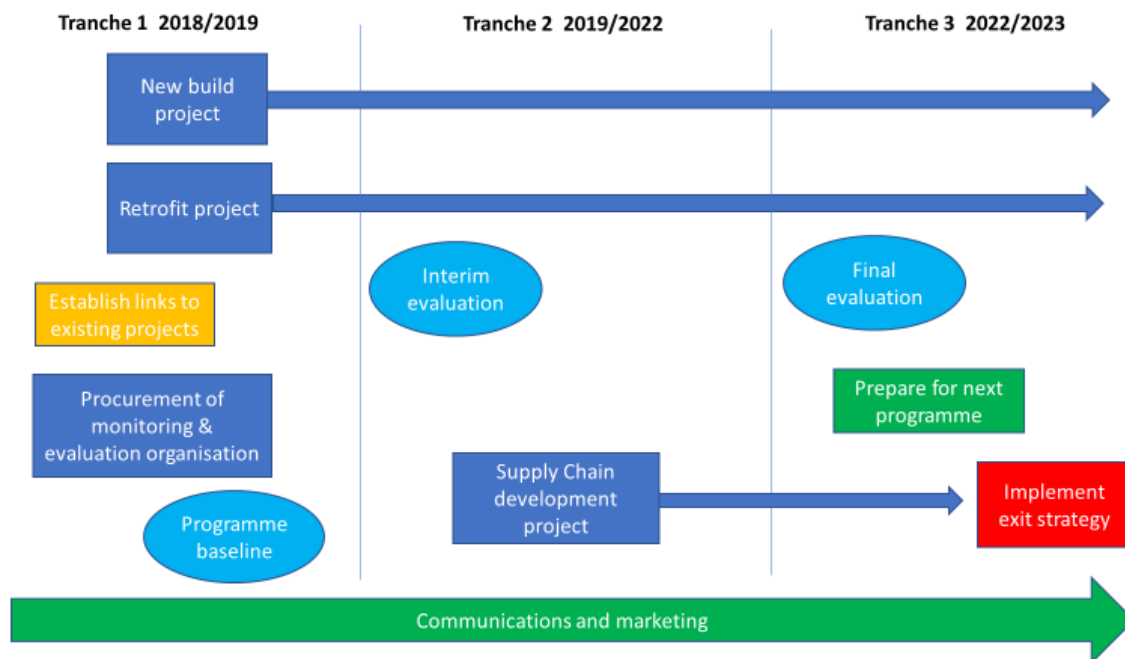


Figure 8 – outline project plan

14. Develop and confirm the business case

Constantly reviewing the business case and ensuring that the project is on track to deliver the expected benefits and value for money is a key task for the project team.

15. Consolidate project definition

The project team will generate appropriate logs, plans and policies.

16. Prepare for the first tranche

Prior to seeking approval of the HAPS Regional Project Board to proceed, the project team will ensure that all the key elements to deliver a successful project are in place. Choices will be made by the SRO on behalf of the region in consultation with the SBCD Project Board and the Project Manager to assess which combination of people, processes and technology (and locations) are most likely to realise the vision and achieve the outcomes described in the blueprint.

17. Approval to proceed

The HAPS Regional Project Board will authorise the project to commence when it is satisfied that the project is ready and organised to initiate a series of activities that will deliver transformational change and the expected benefits.

Benefits realisation strategy

The benefits for this scheme 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 focus and importance of benefits will change and will be actively managed as the project develops and is delivered.

The HAPS Regional Project Board will be responsible for owning benefits up to the point of completion of the project or until the formation of a new governance structure.

The benefits register will be maintained and owned by the HAPS Regional Project Board and reviewed and updated monthly.

Communication Strategy

Once the HAPS project team is in place, the benefits of adopting the HAPS concept will be disseminated across the region and wider.

This will lead to increased confidence with the public, private and third sector together with residents.

The aim of the HAPS project is to identify the optimum mix of technologies and design.

There is the potential for the HAPS project to become a Centre of Excellence for energy efficient homes, as the innovative aspect of the HAPS project is how the technologies are integrated and presented to the occupant and ease of use of technologies.

The project team in consultation with partners and key stakeholders will agree an official name for the project post approval.

Communicating the benefits of the HAPS project

The HAPS project will deliver a number of significant benefits, which will be communicated through the communication plan, including:

- Vehicle to mainstream energy positive homes across all sectors
- Reduce energy spend through reducing energy consumption for residents

- Reduced CO2 emissions through reduced energy consumption and improved renewables mix
- Uplift in property value from retrofit
- Reduction in fuel poverty
- Improve health and wellbeing through a reduction in respiratory and cardiovascular disease
- Reduction in costs for NHS
- Additional gross jobs created
- Businesses created through development of an integrated and sustainable local supply chain
- Overall improvement in domestic SAP/EPC ratings
- Increased security of supply through demand side response management
- Increase in energy contribution to national grid (on-going discussions)
- Increase in skills due to requirement for staff and training scheme

Communicating the commercial advantage of the HAPS approach

- The aim of the HAPS project is to demonstrate the commercial advantage of adopting the HAPS approach which is an incremental staged approach for the delivery of nearly and zero energy homes ultimately leading to the decarbonisation of the domestic housing sector.
- The HAPS project will develop a model to create a sustainable market for this approach future proofing as best as possible subject to the advancement of renewable and low carbon technologies.
- The HAPS project will develop different models for different tenures, e.g. Social housing, high income private home owners, low income private home owners and will demonstrate a range of models and design approaches
- The HAPS project will test a range of building models applicable to different types of tenure. This particularly applies to retrofit. There are also options for combining retrofit and new build in combination for various social groups, especially relating to downsizing for the elderly. It will provide a one stop shop approach to the technology within this range of tenure related business models.

- The HAPS project will go some way to develop an understanding and cost model of the lifetime payback of the homes as power stations (energy positive homes) approach. The affordability will also depend on the energy market

Building confidence in renewable technologies

There will be a linked education programme to build confidence in renewable technologies.

Key areas to be covered include:

- Building confidence via an education programme including ‘myth busting’
- The HAPS project will seek to encourage behavioural change with a focus on occupants and suppliers

Risk management strategy

High level risks associated with this scheme were identified in the Strategic Case. These are the core risks and form the initial risk register. The focus and importance of risks will change and will therefore receive active management as the scheme develops.

The approach will be to ensure that risks are:

- **Identified** – includes risks being considered that could affect the achievement of the project’s objectives, and then described to ensure that there is common understanding of these risks
- **Assessed** – includes ensuring that each risk can be ranked in terms of estimated likelihood, impact and immediacy, and understanding the overall level of risk associated with the project
- **Controlled** – includes identifying appropriate responses to risks, assigning risk owners, and then executing, monitoring and controlling these responses

The HAPS Regional Project Board will be responsible for managing and mitigating risks up to the point of completion of the project or until the formation of a new governance structure.

The risk register will be maintained and owned by the HAPS Regional Project Board which will be reviewed and updated as required monthly.

Reviews

Gateway Reviews will be undertaken for the City Deal Investment Fund as a whole, which will include the HAPS project.

At the end of each tranche of the HAPS project there should be a full review to assess the ongoing viability of the project and ensure that the delivery options and strategy remain optimal. The project's business case, benefits and benefits management approach must be reviewed at the end of each tranche.

The end of tranche review provides a go/no-go decision point for the project: it should only be allowed to continue to the next tranche if it is still viable. The SRO is accountable for ensuring that this review is undertaken formally, but it will need the authorisation of the SBCD Joint Committee to support the recommendations.⁹¹

Use of special advisors

Specialist advice has been sought for the development and production of this FBC from Value People Limited, in partnership with the Lead Authority Neath Port Talbot CBC on behalf of SBCR, to ensure that Neath Port Talbot CBC and SBCR maintains control and ownership of the scheme.

Technical input has been provided by Professor Phil Jones, Cardiff University.

Regional advisory / technical steering group

A regional advisory / technical steering group will be established to provide impartial advice to the project team and partner local authorities. The group will include industry experts, academia, housing developers and utility companies.

⁹¹ Managing Successful Programmes, 2011, page 207

DRAFT

Annex 1 – Letters of support
Active Building Centre – see attached

DRAFT

Annex 2: The benefits of Programme and Project Management

All organisations have business strategies that set out plans to deliver changes that will drive business objectives e.g. growth and performance.

By breaking a business plan into programmes and projects, senior management ensure a rigorous approach through a standard methodology and a set of techniques that ensure visibility through reporting, control mechanisms, management of risk, cost, quality and change.

A strategy is broken into a portfolio of programmes which deliver outcomes, the programmes are further broken down into projects which deliver outputs. The outputs from projects enable benefits or outcomes to be realised by programme management.

Why are programmes and projects so effective? OGC states that the successful management of change involves several activities which include:

The establishment of a formal programme to deliver the business change:

- Ensuring that key individuals have explicit roles and responsibilities within the programme
- The adoption of a structured project management approach
- Assurance that there are clear communication channels
- Assurance that projects are continually driven by the business case

Each of these activities are assured by programme and project management, because in using programmes and projects to deliver change organisations get access to widely recognised tools, methods, and techniques delivered by recognised and certified experts. For example:

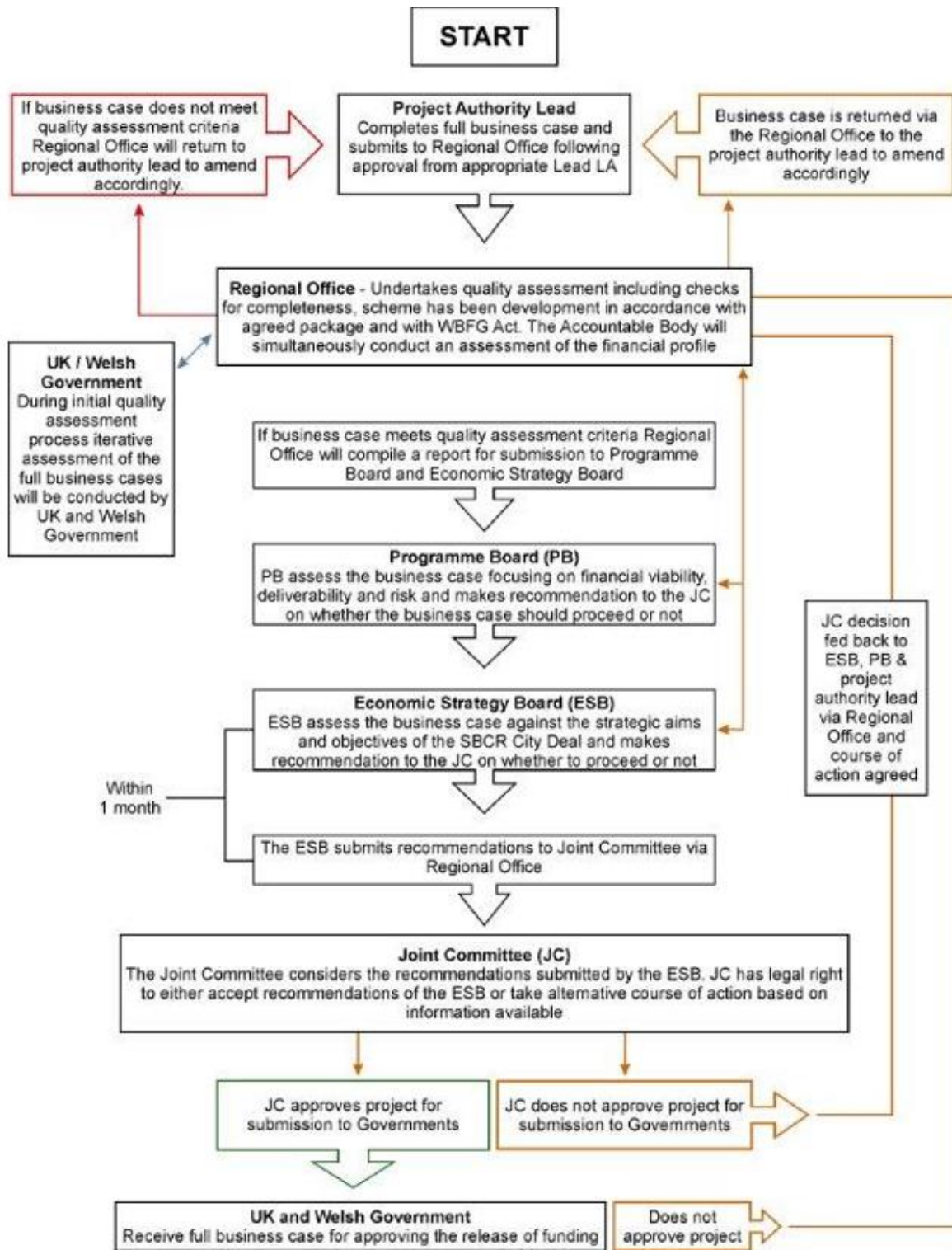
- Establishment of roles and responsibilities is built into project management lifecycles and supported by tools like the RACI Chart
- Project managers work to a structured approach be that a waterfall method like Prince2 or an agile method like Scrum
- These approaches are supported by guidance a body of knowledge, tools and templates. Alignment with the Business Case or strategic goals is built into project and programme methodologies.
- Business case alignment is a prerequisite to prevent white elephant and pet projects

OGC identify several factors for successful business change including: leadership, clear accountability, robust risk management, effective measurement and management of benefits, effective interaction with stakeholders, realistic timescales and sharing of lessons learned. All of these form the founding principles of effective programme and project management and it is not surprising that OGC also list "excellence in programme and project management skills" as a key factor in successfully delivering change.⁹²

DRAFT

⁹² Advantages of Project and Program management <https://www.stakeholdermap.com/project-management/advantages-projects-and-programs.html>

Annex 3 – Business case approval process



Annex 4 – Outline Stakeholder Plan

There are many partners and stakeholders within the HAPS project, with varying degrees of involvement and responsibility. The following table lists and categorises the various organisations and notes whether they are partners or key stakeholders. There are other potential stakeholders such as community groups and the media and these will be managed within the plan.

Programme Partner	Key Stakeholder
SBCR Local Authorities	Home owners
Registered social landlords (RSLs)	Mortgage lenders
SPECIFIC	Private sector house builders
Active Building Centre	Public sector house builders
Local Partnerships	Western Power Distribution (WPD)
Low carbon design consultants	Wales & Welsh Utilities
Flexis	Communications companies
Welsh School of Architecture (WSA)	Energy Catapult
Health Boards & Trusts	Welsh Government
Other City Deal interventions	Welsh Building Regulations
Public Health Wales	Planning Departments
	Building Control Departments
	Welsh Water
	Energy Suppliers
	National Grid
	Energy Saving Trust
	Resource Efficient Wales
	Battery providers
	Low carbon and renewable technology providers
	Tata Steel
	UK Government
	Innovate UK

It is essential to formulate an effective and robust communication and engagement strategy to ensure that all partners and stakeholders are informed of progress and developments of the HAPS project.

An engagement event will be held to update key stakeholders on developments and provide an opportunity to assess industry engagement and utility companies engagement. The partners and main stakeholders have been engaged in this programme since its inception. This demonstrates

industry awareness of this proposal and the programmes integration with the wider landscape. This is key to the successful delivery and sustainability of this programme. Detailed attention is required to ensure the further and ongoing engagement of mortgage providers, to ensure that there is adequate understanding of, and financial support for homeowners in, the HAPS project.

Table of stakeholder events

Stakeholder	Activity
Smart low carbon study project	Questionnaire
Smart low carbon study project	Workshop
Solcer House	Proof of concept demonstration project
NPT RSLs (19/05/17)	Innovation Funding
Regional Regeneration Directors	On-going engagement
Regional HAPS working group	Monthly meetings since 14.07.2017
Local Partnerships	On-going engagement
WPD	On-going engagement
Utilities companies incl. Wales and West	Ad-hoc when required
Private Sector construction companies	On-going engagement
Welsh Government	On-going engagement
Welsh Building Regulations	On-going engagement
Registered Social Landlords (RSLs	On-going engagement
Private sector house builders	On-going engagement
TATA	On-going engagement
Planning departments	On-going engagement
Flexis	On-going engagement
Welsh School of Architecture	On-going engagement

Welsh Water	Discussions to take place how to integrate water efficient services and devices into the HAPS project
Wider Public	An effective and structured engagement strategy will be formulated and implemented

DRAFT

Annex 5 - HAPS specifications

New Build

For new build there are two levels:

1. Intermediate 'elemental' approach. This focusses on particular aspects of the design, for example, specifying passive house standards (no renewables), or adding technology to an existing house type (for example, solar PV). This might be regarded as an intermediate step towards a higher standard, and something housing providers might feel more comfortable with as part of the transition to a higher standard.
2. Energy positive whole system approach. This will aim for SOLCER level of energy efficiency, combined with the integration of renewable energy and energy storage into the design. This has the potential to achieve an energy positive performance.

Retrofit

For retrofit there are two levels:

1. Elemental 'shallow' retrofits: One, or a few measures applied, for example, EWI, solar panels, etc. Typical of current (e.g. Arbed) programmes – costs around £10,000 per house.
2. Whole-house 'deep' retrofits: Integrating a multiple package of measures appropriate to specific house types. Typically includes fabric, renewables and energy storage, plus replacing heating system where appropriate – costs around £25,000 to £30,000.

Flexible design strategy

The HAPS approach will be tested and refined during the pilot/pathfinders developments and through the duration of the programme.

A flexible design strategy will be established to ensure the HAPS approach can be adapted to the variety of challenges and constraints associated with the mix of tenure and geography in the region.

Annex 6 – Housing need and demand

Housing need and demand in Wales 2006 - 2026					
http://gov.wales/docs/caecd/research/100707-housing-demand-need-2006-en.pdf					
	Market	Non Market		20 years	3.95 - thousand units per year
Swansea	13.1	9.7	22.8		3950 units per year
NPT	10	7.7	17.7		
Pembrokeshire	9.8	4.6	14.4		
Carmarthen	16	8.1	24.1		
			79 (thousands)		
Estimates of housing demand from Local Authority Development Plans					
https://swansea.jdi-consult.net/ldp/readdoc.php?docid=260&chapter=6&docelemid=d39841#d39841					
https://www.npt.gov.uk/media/7321/ldp_written_statement_jan16.pdf					
https://www.pembrokeshire.gov.uk/adopted-local-development-plan					
http://www.cartogold.co.uk/CarmarthenshireLDP/english/text/06_Specific-Policies.html#Ch6_2					
	No of units	Time	Years	no per year	
Swansea	20106	2010 - 2025	15	1340	3692 units per year
NPT	8760	2011 - 2026	15	584	
Pembrokeshire	5724	2013 - 2021	8	716	
Carmarthen	15778	2006 - 2021	15	1052	
				3692	

Agenda Item 11



Swansea Bay City Region Joint Committee – 11 June 2020

Appointment of Senior Responsible Owner (SRO)

Purpose:	To appoint a Senior Responsible Owner (SRO) who is accountable to the Swansea Bay City Region Joint Committee for ensuring the Swansea Bay City Deal (SBCD) programme has appropriate governance in place
Policy Framework:	Swansea Bay City Deal (SBCD) Joint Committee Agreement (JCA)
Consultation:	Programme Board
Recommendation(s):	It is recommended that Joint Committee: 1) Approves that the Chair of the SBCD Programme Board is appointed as the Senior Responsible Owner (SRO) for the SBCD Programme
Report Author:	Jonathan Burnes, SBCD Programme Director
Finance Officer:	Chris Moore, Section 151 Officer, SBCD
Legal Officer:	Tracey Meredith, Monitoring Officer, SBCD

1. Introduction

- 1.1 The Joint Committee is ultimately accountable for the delivery of the Swansea Bay City Deal objectives, delivering the projected outcomes and realising the required benefits. The Senior Responsible Owner (SRO) will work with the Joint Committee to ensure that the governance and assurance arrangements are in a place to meet these accountabilities.
- 1.2 Appointing a Swansea Bay City Deal SRO is a requirement of both the UK Government and Welsh Government. Although the City Deal's Programme Director is responsible for the day-to-day management of the City Deal's Programme Management Office, the SRO will provide the PMO with leadership and direction.
- 1.3 The SRO will ensure solutions are delivered to meet the needs of the City Deal programme, while engaging key stakeholders and assuring on-going viability and escalations to the Joint Committee. The SRO will also be the owner of the City Deal's Programme Business Case.
- 1.4 More detail on the need for, the role and the responsibilities of the SRO is included in appendix one of this report.

2. Financial Implications

- 2.1. There is no financial cost to the programme in respect of the appointment of the SRO.

3. Legal Implications

- 3.1. The SRO is accountable for ensuring that the programme has in place a governance and assurance regime that is effective, proportionate and appropriate. This will enable the programme to deliver successfully.

4. Alignment with the Well-being of Future Generations (Wales) Act 2015

- 4.1 As a programme which provides an opportunity to address persistent challenges such as climate change, poverty, inequality, jobs and skills in a transformational and preventative way, the City Deal is in keeping with the approach and ambitions of the Well-being of Future Generations (Wales) Act 2015. Given the breadth of the Swansea Bay City Deal programme, it also has a significant impact across the seven well-being goals for Wales.

Background Papers:

None

Appendices:

Appendix 1 - SRO Letter of appointment, roles and responsibilities

Appendix 1 - SRO Letter of appointment, roles and responsibilities

Swansea Bay City Deal Senior Responsible Owner (SRO) Letter of Appointment

The Swansea Bay City Deal is seeking to appoint a regional SRO to be directly accountable for the independent assurance and to mediate initial opportunities and challenges proposed by key stakeholders. This position will be in addition to the post holder's substantive role and responsibilities and therefore requires dedicated time to fulfil the responsibilities set out below.

The tenure of position is ongoing from appointment with a periodic review by Joint Committee taking place regarding the post holder and associated roles and responsibilities.

The SRO will have accountability for ensuring that the Swansea Bay City Deal programme is governed appropriately with transparent progress updates in an environment that enables stakeholders to constructively challenge and escalate issues to achieve regional ambitions and City Deal targets.

The Joint Committee is ultimately accountable for the delivery of the Swansea Bay City Deal objectives, delivering the projected outcomes and realising the required benefits. The Senior Responsible Owner (SRO) will work with the Joint Committee to ensure that arrangements, governance and assurances are in a place to meet these accountabilities. In doing so the SRO will ensure that key decisions and communications are appropriate and timely with all regional stakeholders and Welsh and UK government officials and Ministers.

The necessity to escalate risks and issues will be through the Joint Committee Chair.

There is a mandatory requirement for the post holder to attend an SRO training course irrespective of whether this is their first SRO role. Opportunities will be identified and supported by the Regional Programme Management Office (PMO).

The Swansea Bay City Deal and its associated projects are required to complete a Risk Potential Assessment (RPA) form and submit it to the WG Integrated Assurance Hub via the Regional PMO. The SRO is required to adhere to this requirement and provide the necessary information.

The SRO is also responsible for change control of the Swansea Bay City Deal. Proposed changes to the scope that could impact on the vision, objectives or benefits realisation of the programme must be authorised by the Swansea Bay City Deal Joint Committee and may be subject to further levels of approval at Welsh and UK Government. This responsibility would also include the potential for recommending, in a timely manner, to the Joint Committee, the need to either pause or terminate the Programme or specific projects where necessary.

SRO Role and Responsibilities

The Role of the Senior Responsible Owner (SRO)

The SRO is responsible for securing the resources necessary for the success of the Programme. In doing so, the SRO must ensure that individuals are appointed with both suitable skills and experience for undertaking the roles identified – particularly when recruiting the Programme Management Office (PMO) staff, as this office could become a single point of programme failure.

The SRO is responsible for ensuring that the related implementation and transition activities realise the agreed objectives and benefits.

The SRO will be expected to account for and explain the decisions and actions they have taken. This could include where a Minister has intervened to change the Programme during the implementation phase in a way which has implications for the cost or timescales – in which case disclosure of any advice regarding such changes may be required.

The SRO must ensure the effectiveness of the governance, assurance and programme management arrangements and maintain them throughout the life of the programme.

The SRO should adopt best practice approaches and be prepared to justify any deviation from the same.

An SRO will:

- Be a visible, engaged and active project leader, not a figurehead;
- Deliver the agreed outcomes and benefits;
- Create an open, honest and positive culture committed to delivering at pace;
- Challenge senior officials and Ministers when appropriate and escalate quickly;
- Provide appropriate support, steer and strategic focus to the Programme Director and ensure that they have a clear and current letter of appointment; and
- Have sufficient time, experience and the right skills to carry the full responsibilities of the role.

Specific SRO accountabilities

The SRO is accountable for setting the Programme up for success. In particular, the SRO is expected to:

- Ensure that the project is set-up to make an unambiguous and demonstrable link to strategic policy;
- Translate policy intent into clear deliverables which are established and agreed with senior stakeholders;
- Carry out a robust and commercially viable options appraisal, which balances risk with opportunity, as part of the Programme Business Case feasibility;
- Establish a firm Programme Business Case during the initiation phase and ensure that any planned change continues to be aligned with the Programme;
- Identify and secure the necessary investment for the Programme Business Case, including budget and operational resource;
- Design and implement robust, appropriate and transparent governance;
- Build strong and effective relationships with key stakeholders, justifying their trust and retaining their confidence, and obtain their commitment to benefits realisation.

The Joint Committee is ultimately accountable for the delivery of the Swansea Bay City Deal objectives, delivering the projected outcomes and realising the required benefits. The Senior Responsible Owner (SRO) will work with the Joint Committee to ensure that arrangements, governance and assurances are in a place to meet these accountabilities. In doing so, the SRO must:

- Gain agreement to the Programme objectives and benefits amongst stakeholders, including Ministers where appropriate;

- Understand the broader government perspective and its impact on the Programme;
- Ensure the strategic fit of the Programme objectives and benefits;
- Agree a clear and simple approach to performance management and monitor delivery of the objectives and benefits, taking appropriate action where necessary to ensure their successful delivery.

The SRO must oversee the development of the Programme Management Office and Implementation Plan with the Programme Director. As part of this activity, the SRO must:

- Ensure that there is a coherent organisation structure and appropriately detailed Programme Implementation Plan;
- Build the right team, securing necessary resources and skills and providing clear lines of accountability;
- Provide appropriate support, steer and strategic focus to the Programme Director;
- Provide appropriate authority to the Programme Director to allow them to undertake the duties of their role, including decision-making within defined tolerances.

In conjunction with the Programme Director, the SRO must monitor and take control of progress. In so doing, the SRO must:

- Monitor and control the progress of the Programme at a strategic level, being honest and frank about Programme progress, decisions, actions, risks and issues;
- Ensure that any changes to agreed Programme benefits are flagged appropriately within Programme governance and that the Programme Business Case is updated accordingly throughout project lifecycle;
- Ensure that the integrity of the Programme is maintained, especially when asked to account for decisions;
- Communicate effectively with senior stakeholders regarding Programme progress;
- Provide clear, appropriate and delivery-focused decisions and advice to the Programme Director.
- Ensure that the Programme Director has the appropriate authority to manage the Programme on a day-to-day basis;
- Monitor the progress of the business change at a strategic level. The Programme Director and the PMO is responsible for this at an operational level, who are responsible for providing regular reports to the SRO, Programme Board and Joint Committee on progress.

The SRO must ensure problem resolution and referral processes are appropriate and effective. In particular, the SRO must:

- Identify, understand and drive the successful mitigation of Programme risks;
- Escalate serious issues quickly and with confidence to Programme Board and Joint Committee and/or Welsh/UK Government officers and Ministers;
- Develop strong and effective engagement between the Programme team and its stakeholders and sponsors;
- Ensure that communication processes are effective;
- Ensure that the Programme objectives and deliverables continue to be consistent with the regional strategic direction.

The SRO must ensure that the Programme is subject to assurance at appropriate stages. In particular, the SRO must:

- Work with the PMO to complete the Risk Potential Assessment (RPA) form and return it to the Integrated Assurance Hub via the Regional PMO at the earliest opportunity (N.B. completion of this form is mandatory on all WG programmes and projects);
- Recognise the value of robust Programme assurance and ensure it occurs at key points in the Programme lifecycle, particularly at the start-up (feasibility) and initiation stages;
- Ensure that an Integrated Assurance and Approval Plan (IAAP) is produced as part of the overall planning for the Programme and Project level;
- Ensure that where assurance is identified in the Programme Implementation Plan, appropriate finance is available to pay for the same;
- Undertake assurance that is proportionate to the needs of the Programme;
- Ensure that administrative requirements for assurance reviews are properly resourced;
- Ensure their availability during assurance reviews;
- Make certain that any recommendations or concerns from reviews are met or addressed in a timely manner;
- In the event of a “red” or “amber-red” gateway review outcome, ensure that key stakeholders are made aware of the situation and briefed accordingly.

The SRO must manage formal Programme closure. In so doing, the SRO must:

- Ensure that the Programme Director oversees the day-to-day management of formal closure activities;
- Hold a ‘lessons learned’ workshop with key stakeholders;
- Formally close the Programme and ensure that the lessons learned are documented within the final evaluation report and disseminated to key stakeholders;
- Ensure that the post implementation review takes place and that the output is communicated to the appropriate stakeholders;
- Ensure a plan for both long-term benefits realisation and on-going sustainability is agreed, and properly handed over to the appropriate benefits owners within the business.

Agenda Item 12



Swansea Bay City Region Joint Committee – 11 June 2020

Programme Management Office Structure

Purpose:	To approve the Programme Management Office Structure
Policy Framework:	Swansea Bay City Deal (SBCD) Joint Committee Agreement (JCA)
Consultation:	Programme Board
Recommendation(s):	It is recommended that the Joint Committee: 1. Approves Option B2 as set out in Appendix A for the Programme Management Office (PMO) Structure to enable recruitment to the PMO 2. Reviews the PMO structure within 12 months
Report Author:	Jonathan Burnes, SBCD Programme Director
Finance Officer:	Chris Moore, SBCD S151 Officer
Legal Officer:	Tracey Meredith, SBCD Monitoring Officer

1. Introduction

- 1.1. There are currently four recruited posts in the Swansea Bay City Deal PMO. Namely, the Programme Director, Finance Manager, Business Engagement Manager and Communications and Marketing Officer. There are five Options within this document, where the current PMO staffing compliment is Option A, and a further four PMO structure options.
- 1.2. The SBCD Programme Board on the 19th May and 2nd June were consulted as to options for the PMO structure.
- 1.3. Joint Committee Members should note, however, that only three of the four regional Local Authority heads of paid service were present at the Programme Board meetings on May 19th and June 2nd.
- 1.4. Programme Board felt that Option B2 presented a compromise of the Programme Director's recommendation to proceed with Option C and PB Members' feedback to recruit Option C minus one post. Namely one of the Senior Support Officers. This Option balances the capacity and capability requirements of the PMO with the affordability of the PMO based on City Deal funding drawdown and stakeholder contributions.

- 1.5. Programme Board also considered that the recommended Option B2 should be reviewed within 12 months to determine whether a second phase of recruitment is required and affordable.
- 1.6. The PMO staff budget allocation is based on the previously agreed assumption that there is a £50k p.a. commitment from each key SBCD partner for five years (commencing in 2018/19) and 1.5% top slicing of the City Deal Government grant to be funded over the fifteen-year period (whilst utilised in the 5 year). All new roles have been included in the budget analysis at the maximum costs of the suggested grades to allow flexibility in appointment, although the Job Evaluation of the grades is yet to be confirmed and may be different.
- 1.7. As highlighted throughout the options, there is a dependency and risk involved with the contributions and top slicing of the City Deal funds to resource the PMO team. This is an acknowledged and managed risk, but all stakeholders need to be made aware of the potential shortfall for the PMO resource if a SBCD partner exits the agreement or the region does not draw down the City Deal funds. This risk will feature in the Programme Risk Register and will be monitored and mitigated accordingly. Further risk is inherent should funding not be considered for the potential redundancy costs of those currently employed or recruited into the City Deal staffing establishment.
- 1.8. The Programme Board is seeking Joint Committee approval for Option B2 so that the Programme Director can commence the recruitment process of the new roles. These roles will manage the day to day operations of the PMO, particularly around the governance and assurance requirements for the programme; and support the development of strategic business cases and strategies for the region.
- 1.9. The governance part to the structure streamlines the roles traditionally found in a PMO, such as programme manager and staff responsible for areas such as risk, assurance, planning, reporting, resource, portfolio analysis, monitoring, benefits and administrative support.
- 1.10. The Project Development Manager, aligned to the Green Book five-case model, will:
 - Guide a project manager/business case writer through the business case development process i.e. what does good look like
 - Critique all stages of Business Case developments (Strategic Outline Case, Outline Business Case and Full Business Case)
 - Develop and co-ordinate (where required) business cases or sections of a business case such as the strategy and management cases
- 1.11. The recruitment process is under way, where the posts are currently with job evaluation prior to being advertised. It is envisaged that the process to recruit will take between 3-6 months, depending on the successful applicants' availability to commence.

2. Financial Implications

- 2.1. The PMO budget is derived from 1.5% City Deal top slice over the full fifteen years of the programme and partner contributions of £50k p.a. (from each of the eight partners) over five years (which commenced in financial year 2018/19). Based on the assumption that all partners remain in the City Deal and that the region draws down the full City Deal funds, the cost of the proposed structure falls within the allocated

budget for staff recruitment. However, constituent authorities will need to support the upfront funding of top slice due to government grants being over a fifteen-year period. Joint Committee needs to be made aware that if circumstances change relating to these assumptions, there could be a funding gap to operate the programme. The contingency put in place by the Programme Director will be to review and monitor the situation, review and reallocate funds between pay, non-pay and supporting services over the five-year period, and to consider other funding streams during the programme delivery of the City Deal projects.

- 2.2. The previously proposed staffing budget for 2020/21 was £591k as per the draft budget agreed by the Joint Committee (JC - 30 July 2019). With the proposed new structure the required budget is £539k. The existing four roles cost £288k and the new four roles £250k. All new roles have been costed at the top of the scale with the expectation that appointments would be made below this level, creating further savings in the staffing budget. These new roles will be subjected to Carmarthenshire County Council's job evaluation policy prior to recruitment. Future recruitment will be reviewed once the proposed structure is in place.
- 2.3. The proposed structure is anticipated to be required for up to five years and therefore there is likely to be redundancy costs accruing during this term. Currently no redundancy costs have been included within the budgets, however as the full budget is considered moving forward the JC needs to consider setting aside a fund to provide for this potential liability.
- 2.4. Joint Committee previously agreed a provisional budget up to 2022/23. Now that the PMO structure is being agreed, a revised budget will now be brought forward to the next Joint Committee.

3. Legal implications

- 3.1. The Regional PMO staff will be recruited through Carmarthenshire County Council's recruitment processes.

4. Alignment to the Well-being of Future Generations (Wales) Act 2015

- 4.1. As a programme which provides an opportunity to address persistent challenges such as climate change, poverty, inequality, jobs and skills in a transformational and preventative way, the City Deal programme is in keeping with the approach and ambitions of the Well-being of Future Generations (Wales) Act 2015. Given the breadth of the Swansea Bay City Deal programme, it also has a significant impact across the seven well-being goals for Wales.

Background Papers:

None

Appendices:

Appendix A SBCD PMO Structure Options Appraisal
Appendix B: SBCD PMO Proposed Job Descriptions

Appendix A - Programme Management Office (PMO) Structure Options Appraisal

The SBCD Programme Board on the 19th May and 2nd June were consulted on the following options appraisal in order to recommend a course of action to the Joint Committee regarding the PMO team structure on the 11th June 2020.

The PMO staff budget allocation is based on the previously agreed assumption that there is a £50k (from each of the eight partners) over five years (which commenced in financial year 2018/19) and 1.5% top slicing of the City Deal Government over a fifteen year period, managed over a five year term. All new roles have been included at the higher of the possible grades and at top of grade with on costs to allow flexibility in appointment. New roles will be subject to Carmarthenshire County Councils job evaluation policy.

As highlighted throughout the options, there is a dependency and risk involved with the contributions and top slicing of the City Deal funds to resource the PMO team. This is an acknowledged and managed risk, but all stakeholders need to be made aware of the potential shortfall for the PMO resource if a SBCD partner exits the agreement or the region does not draw down the City Deal funds. This risk will feature in the Programme Risk Register and will be monitored and mitigated accordingly.

The Finance Manager, who is currently in post, will be directly responsible to the Programme Section 151 Officer for all options.

There are four options presented below:

Option A – Do Nothing

Description	Do not recruit any further members of staff into the Regional PMO.
Option outline	<p>All PMO functions would be undertaken by the four currently recruited posts in the Swansea Bay City Deal PMO. Namely, the Programme Director, Finance Manager, Business Engagement Manager and Communications and Marketing Officer.</p> <pre> graph TD PD[Programme Director] -.-> FM[Finance Manager] PD --> BEM[Business Engagement Manager] PD --> CMO[Communications and Marketing Officer] </pre>
Benefits	<ol style="list-style-type: none"> 1. Within budget due to minimal staffing costs. This will result in a variance of £660k over the five-year operating period, assuming no further contribution from partners beyond 2022/23. 2. No requirement for a recruitment process
Drawbacks	<ol style="list-style-type: none"> 1. Does not adhere to robust PMO roles and practices 2. Limited governance and assurance framework for the £1.3bn City Deal programme 3. Limited co-ordination at a programme level involving the nine SBCD Project Managers and SROs 4. Limited capacity to support project development and approval process in order to achieve programme milestones

	<ol style="list-style-type: none"> 5. The current roles, experience and skills are not in place to deliver what is required of a PMO 6. Current staff will be put under unnecessary stress and pressure 7. Minimal support and guidance provided to projects within the programme 8. Reliance on Local Authority resource to support programme governance 																																																																																																			
Risks	<ol style="list-style-type: none"> 1. The SBCD will not satisfy the WG/UKG requirements for robust programme assurance and governance framework 2. Not delivering successful programme outputs and outcomes, which could result in claw back and reputational damage 3. Existing post holders will not be able to effectively fulfil their substantive duties of directing the programme and regional opportunities, finance, communications and business engagement 4. Delay to funding being secured due to lack of resources for assurance and management of processes to conduct internal and external reviews 5. Lack of funding if City Deal partners withdraw or City Deal projects not approved 6. Unable to communicate effectively to all key stakeholders 7. Unable to make informed decisions based on project and programme level management information, in a timely manner 8. Unable to prioritise other regional opportunities 																																																																																																			
Dependencies	<ol style="list-style-type: none"> 1. Approval of the SBCD JC 2. The SBCR SRO requires programme progress and risks/issues in a robust, timely and appropriate format 3. Aligned to Actica external review recommendations 4. The WG/UKG requires a level of confidence that the programme is being appropriately managed 5. Funding from key stakeholders and draw down of City Deal funds for existing posts (£50k contributions and 1.5% top slice) to run the PMO over a five-year period 																																																																																																			
Timeline	None, as staff are already recruited and in post.																																																																																																			
Cost	<p>Existing staff budget for 2020/21 £288k with no additional costs.</p> <table border="1"> <thead> <tr> <th colspan="9">Option A - Current Establishment</th> </tr> <tr> <th>Position Title</th> <th>Grade</th> <th>FTE</th> <th>Year 3 2020/21</th> <th>Year 4 2021/22</th> <th>Year 5 2022/23</th> <th>Year 6 2023/24</th> <th>Year 7 2024/25</th> <th></th> </tr> </thead> <tbody> <tr> <td>SBCD Regional Programme Director</td> <td>HOS1</td> <td>1</td> <td>125,488</td> <td>127,997</td> <td>130,557</td> <td>133,168</td> <td>135,832</td> <td></td> </tr> <tr> <td>Business Engagement Manager</td> <td>K</td> <td>1</td> <td>56,103</td> <td>57,225</td> <td>58,370</td> <td>59,537</td> <td>60,728</td> <td></td> </tr> <tr> <td>Finance Manager</td> <td>K</td> <td>1</td> <td>56,103</td> <td>57,225</td> <td>58,370</td> <td>59,537</td> <td>60,728</td> <td></td> </tr> <tr> <td>Communications & Marketing Officer</td> <td>J</td> <td>1</td> <td>50,908</td> <td>51,926</td> <td>52,965</td> <td>54,024</td> <td>55,105</td> <td></td> </tr> <tr> <td>Current PMO Salary Expenditure</td> <td></td> <td>4</td> <td>288,602</td> <td>294,374</td> <td>300,261</td> <td>306,267</td> <td>312,392</td> <td></td> </tr> <tr> <td>Additional Salary Expenditure</td> <td></td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Total Salary Expenditure</td> <td></td> <td>4</td> <td>288,602</td> <td>294,374</td> <td>300,261</td> <td>306,267</td> <td>312,392</td> <td></td> </tr> <tr> <td>Agreed Staffing Budget (JC-30 July 2019)</td> <td></td> <td>11</td> <td>591,058</td> <td>616,012</td> <td>640,566</td> <td>0</td> <td>0</td> <td></td> </tr> <tr> <td>Variance</td> <td></td> <td>7</td> <td>302,457</td> <td>321,638</td> <td>340,304</td> <td>-306,267</td> <td>-312,392</td> <td></td> </tr> </tbody> </table>	Option A - Current Establishment									Position Title	Grade	FTE	Year 3 2020/21	Year 4 2021/22	Year 5 2022/23	Year 6 2023/24	Year 7 2024/25		SBCD Regional Programme Director	HOS1	1	125,488	127,997	130,557	133,168	135,832		Business Engagement Manager	K	1	56,103	57,225	58,370	59,537	60,728		Finance Manager	K	1	56,103	57,225	58,370	59,537	60,728		Communications & Marketing Officer	J	1	50,908	51,926	52,965	54,024	55,105		Current PMO Salary Expenditure		4	288,602	294,374	300,261	306,267	312,392		Additional Salary Expenditure		0	0	0	0	0	0	0	Total Salary Expenditure		4	288,602	294,374	300,261	306,267	312,392		Agreed Staffing Budget (JC-30 July 2019)		11	591,058	616,012	640,566	0	0		Variance		7	302,457	321,638	340,304	-306,267	-312,392	
Option A - Current Establishment																																																																																																				
Position Title	Grade	FTE	Year 3 2020/21	Year 4 2021/22	Year 5 2022/23	Year 6 2023/24	Year 7 2024/25																																																																																													
SBCD Regional Programme Director	HOS1	1	125,488	127,997	130,557	133,168	135,832																																																																																													
Business Engagement Manager	K	1	56,103	57,225	58,370	59,537	60,728																																																																																													
Finance Manager	K	1	56,103	57,225	58,370	59,537	60,728																																																																																													
Communications & Marketing Officer	J	1	50,908	51,926	52,965	54,024	55,105																																																																																													
Current PMO Salary Expenditure		4	288,602	294,374	300,261	306,267	312,392																																																																																													
Additional Salary Expenditure		0	0	0	0	0	0	0																																																																																												
Total Salary Expenditure		4	288,602	294,374	300,261	306,267	312,392																																																																																													
Agreed Staffing Budget (JC-30 July 2019)		11	591,058	616,012	640,566	0	0																																																																																													
Variance		7	302,457	321,638	340,304	-306,267	-312,392																																																																																													

Option B1 – Do minimum (Bronze Standard)

Description	Recruit three additional roles in the Regional PMO to support the governance and assurance aspects of the PMO.
Option outline	Retain the existing roles in Option A and recruit three roles to oversee the PMO governance and assurance function. Namely, the PMO manager, Programme support officer and PMO assistant.

	<pre> graph TD PD[Programme Director] PMO[PMO Manager] BEM[Business Engagement Manager] CMO[Communications and Marketing Officer] FM[Finance Manager] SPSO[Senior Programme Support Officer] PA[PMO assistant] PD --> PMO PD --> BEM PD --> CMO PD --> FM PD -.-> FM PMO --> SPSO PMO --> PA </pre>
Benefits	<ol style="list-style-type: none"> 1. Within budget for 3 years to 2022/23 with a cumulative surplus variance of £366k, which will contribute towards the shortfall in the years 6 & 7, which will require further contribution from partners, as noted in the report. 2. Provides more and appropriate support to manage the PMO governance and assurance functions
Drawbacks	<ol style="list-style-type: none"> 1. Partially adheres to robust PMO roles and practices 2. Limited governance and assurance framework for the £1.3bn City Deal programme 3. Better but limited co-ordination at a programme level involving the nine SBCD Project Managers and SROs 4. Limited capacity to support programme and project development 5. Limited reliance on Local Authority resource to support programme governance 6. Need to prioritise workload so that support and guidance is limited to all stakeholders
Risks	<ol style="list-style-type: none"> 1. Not delivering successful programme outputs and outcomes, which could result in claw back and reputational damage 2. Existing post holders will still be required to undertake PMO duties which will limit their ability to effectively fulfil their substantive duties of directing the programme and regional opportunities, finance, communications and business engagement 3. Delay to funding being secured due to limited resource to assurance and manage processes to conduct internal and external reviews 4. Unable to communicate effectively to all key stakeholders 5. Lack of funding if City Deal partners withdraw or City Deal projects not approved 6. Unable to make informed decisions based on project and programme level management information, in a timely manner 7. Limited capacity to prioritise other regional opportunities
Dependencies	<ol style="list-style-type: none"> 1. Approval of the SBCD JC 2. The SBCR SRO requires programme progress and risks/issues in a robust, timely and appropriate format 3. Aligned to Actica external review recommendations 4. The WG/UKG requires a level of confidence that the programme is being appropriately managed 5. Funding from key stakeholders and draw down of City Deal funds for existing posts (£50k contributions and 1.5% top slice) to run the PMO over a five-year period
Timeline	3-6 months to recruit staff.
Cost	Total staffing budget for 2020/21 £461k (comprising of Existing staff £288k and New staff £172k). There has been no draw on the top slice

of government component of funding in year one and two of the programme, and as such this will be applied for five years to year seven of the programme. A funding gap is acknowledged in years six and seven, if partners fail to commit to contributions beyond year five, which is the last year of their obligated commitment.

Option B1 - Minimum Establishment Required								
Position Title	Grade	FTE	Year 3 2020/21	Year 4 2021/22	Year 5 2022/23	Year 6 2023/24	Year 7 2024/25	
SBCD Regional Programme Director	HOS1	1	125,488	127,997	130,557	133,168	135,832	
Business Engagement Manager	K	1	56,103	57,225	58,370	59,537	60,728	
Finance Manager	K	1	56,103	57,225	58,370	59,537	60,728	
Communications & Marketing Officer	J	1	50,908	51,926	52,965	54,024	55,105	
Current PMO Salary Expenditure		4	288,602	294,374	300,261	306,267	312,392	
PMO Manager	O	1	97,846	99,803	101,799	103,835	105,912	
Senior Programme Support Officer	H	1	41,802	42,638	43,491	44,361	45,248	
PMO Office Assistant	F	1	32,763	33,418	34,086	34,768	35,463	
Additional Salary Expenditure		3	172,411	175,859	179,377	182,964	186,623	
Total Salary Expenditure		7	461,013	470,233	479,638	489,231	499,015	
Agreed Staffing Budget (JC-30 July 2019)		11	591,058	616,012	640,566	0	0	
Variance		4	130,045	145,778	160,928	-489,231	-499,015	

Option B2 Do a bit more (Bronze, moving to Silver standard via phased recruitment)

Description	Recruit four additional roles/posts in the Regional PMO to support the governance, assurance and strategic development opportunities for the Region. With potential to recruit in a second phase within the next 12 months.
Option outline	<p>Retain existing roles as detailed in Option A and recruit four posts to oversee the PMO governance, assurance and strategic development functions. Namely, the PMO manager, Strategic Development Manager, Senior Programme Support Officer and PMO assistant.</p> <div data-bbox="422 1254 1404 1556" data-label="Diagram"> <pre> graph TD PD[Programme Director] --- PMO[PMO Manager] PD --- BEM[Business Engagement Manager] PD --- PDM[Project Development Manager] PD --- CMO[Communications and Marketing Officer] PD --- FM[Finance Manager] PMO --- SPSO[Senior Programme Support Officer] PMO --- PA[PMO assistant] </pre> </div> <p>There is potential for further recruitment into the PMO with the planned underspend and mitigation of current risks will be reviewed within the next 12 months.</p>
Benefits	<ol style="list-style-type: none"> 1. Within budget for 3 years to 2022/23 with a cumulative surplus variance of £127k, which will contribute towards the shortfall in the years 6 & 7, which will require further contribution from partners, as noted in the report. 2. Satisfies the external review recommendations 3. Provides adequate assurance and governance processes 4. Improves the likelihood of success for the City Deal projects in terms of timescales and output/outcome deliverables 5. Provides more capacity and roles to support and manage the PMO governance and assurance functions

	<ol style="list-style-type: none"> 6. Provides capacity to develop strategic opportunities and business cases for City Deal and other Regional opportunities 7. Adheres to PMO good practice in terms of roles and practices 8. Existing post holders will be able to focus more on their substantive duties of directing the programme and regional opportunities, finance, communications and business engagement 9. Enhances the business cases and secures future strategic opportunities 10. Experts cascading best practice into all City Deal projects 11. Improving the governance, assurance and strategic business case developments will lead to saving time and effort in the approval and monitoring processes 12. Co-ordination at programme level involving and supporting project level Project Managers and SROs 13. Requires less reliance on Local Authority resource to support programme governance
Drawbacks	<ol style="list-style-type: none"> 1. Utilises most of the allocated budget for PMO staffing 2. Time to recruit
Risks	<ol style="list-style-type: none"> 1. Not delivering successful programme outputs and outcomes, which could result in claw back and reputational damage 2. Delay to funding being secured due to limited resource to assurance and manage processes to conduct internal and external reviews 3. Unable to communicate effectively to all key stakeholders 4. Unable to make informed decisions based on project and programme level management information, in a timely manner 5. Lack of funding if City Deal partners withdraw or City Deal projects not approved 6. Limited capacity to prioritise other regional opportunities
Dependencies	<ol style="list-style-type: none"> 1. Approval of the SBCD JC 2. The SBCR SRO requires programme progress and risks/issues in a robust, timely and appropriate format 3. Aligned to Actica external review recommendations 4. The WG/UKG requires a level of confidence that the programme is being appropriately managed 5. Funding from key stakeholders and draw down of City Deal funds for existing posts (£50k contributions and 1.5% top slice) to run the PMO over a five-year period
Timeline	3-6 months to recruit staff.
Cost	Total staffing budget for 2020/21 £581k (comprising of Existing staff £288k and New staff £250k). There has been no draw on the top slice of government component of funding in year one and two of the programme, and as such this will be applied for five years to year seven of the programme. A funding gap is acknowledged in years six and seven, if partners fail to commit to contributions beyond year five, which is the last year of their obligated commitment.

Option B2 - Minimum Establishment Required			Year 3	Year 4	Year 5	Year 6	Year 7
Position Title	Grade	FTE	2020/21	2021/22	2022/23	2023/24	2024/25
SBCD Regional Programme Director	HOS1	1	125,488	127,997	130,557	133,168	135,832
Business Engagement Manager	K	1	56,103	57,225	58,370	59,537	60,728
Finance Manager	K	1	56,103	57,225	58,370	59,537	60,728
Communications & Marketing Officer	J	1	50,908	51,926	52,965	54,024	55,105
Current PMO Salary Expenditure		4	288,602	294,374	300,261	306,267	312,392
PMO Manager	O	1	97,846	99,803	101,799	103,835	105,912
Senior Programme Support Officer	H	1	41,802	42,638	43,491	44,361	45,248
PMO Office Assistant	F	1	32,763	33,418	34,086	34,768	35,463
Project Development Manager	N	1	78,120	79,682	81,276	82,901	84,559
Additional Salary Expenditure		4	250,531	255,542	260,652	265,865	271,183
Total Salary Expenditure		8	539,133	549,915	560,914	572,132	583,575
Agreed Staffing Budget (JC-30 July 2019)		11	591,058	616,012	640,566	0	0
Variance		3	51,926	66,096	79,652	-572,132	-583,575

Option C – Functional PMO with combined roles (Silver Standard)

Description	Recruit four additional roles (five posts) in the Regional PMO to support the governance, assurance and strategic development opportunities for the Region.
Option outline	<p>Retain existing roles as detailed in Option A and recruit five posts to oversee the PMO governance, assurance and strategic development functions. Namely, the PMO manager, Strategic Development Manager, 2 x Programme support officers and PMO assistant.</p> <pre> graph TD PD[Programme Director] PM[PMO Manager] BEM[Business Engagement Manager] PDM[Project Development Manager] CMO[Communications and Marketing Officer] FM[Finance Manager] SPSO1[Senior Programme Support Officer] SPSO2[Senior Programme Support Officer] PA[PMO assistant] PD --- PM PD --- BEM PD --- PDM PD --- CMO PD --- FM PM --- SPSO1 PM --- SPSO2 PM --- PA </pre>
Benefits	<ol style="list-style-type: none"> Over the first 3 years (2022/21 – 2022/23) budgets break even with the original budget allocation that has previously agreed by JC. Additional funding will be required for years 6 & 7 (2023/24 – 2024/25) which in the main could be supported by further partner contributions. Satisfies the external review recommendations Provides robust assurance and governance processes Improves the likelihood of success for the City Deal projects in terms of timescales and output/outcome deliverables Provides appropriate capacity and roles to support and manage the PMO governance and assurance functions Provides capacity to develop strategic opportunities and business cases for City Deal and other Regional opportunities

	<ol style="list-style-type: none"> 8. Adheres to PMO good practice in terms of roles and practices 9. Existing post holders will be able to focus on their substantive duties of directing the programme and regional opportunities, finance, communications and business engagement 10. Enhances the business cases and secures future strategic opportunities 11. Experts cascading best practice into all City Deal projects 12. Improving the governance, assurance and strategic business case developments will lead to saving time and effort in the approval and monitoring processes 13. Co-ordination at programme level involving and supporting project level Project Managers and SROs 14. Requires less reliance on Local Authority resource to support programme governance
Drawbacks	<ol style="list-style-type: none"> 1. Utilises most of the allocated budget for PMO staffing 2. Time to recruit
Risks	<ol style="list-style-type: none"> 1. Not delivering successful programme outputs and outcomes, which could result in claw back and reputational damage 2. Delay to funding being secured due to limited resource to assurance and manage processes to conduct internal and external reviews 3. Unable to communicate effectively to all key stakeholders 4. Unable to make informed decisions based on project and programme level management information, in a timely manner 5. Lack of funding if City Deal partners withdraw or City Deal projects not approved 6. Limited capacity to prioritise other regional opportunities
Dependencies	<ol style="list-style-type: none"> 1. Approval of the SBCD JC 2. The SBCR SRO requires programme progress and risks/issues in a robust, timely and appropriate format 3. Aligned to Actica external review recommendations 4. The WG/UKG requires a level of confidence that the programme is being appropriately managed 5. Funding from key stakeholders and draw down of City Deal funds for existing posts (£50k contributions and 1.5% top slice) to run the PMO over a five-year period
Timeline	3-6 months to recruit staff.

Cost	Total staffing budget for 2020/21 £581k (comprising of Existing staff £288k and New staff £292k). There has been no draw on the top slice of government component of funding in year one and two of the programme, and as such this will be applied for five years to year seven of the programme. A funding gap is acknowledged in years six and seven, if partners fail to commit to contributions beyond year five, which it the last year of their obligated commitment.								
	Option C - Recommended Establishment								
	Position Title	Grade	FTE	Year 3 2020/21	Year 4 2021/22	Year 5 2022/23	Year 6 2023/24	Year 7 2024/25	
	SBCD Regional Programme Director	HOS1	1	125,488	127,997	130,557	133,168	135,832	
	Business Engagement Manager	K	1	56,103	57,225	58,370	59,537	60,728	
	Finance Manager	K	1	56,103	57,225	58,370	59,537	60,728	
	Communications & Marketing Officer	J	1	50,908	51,926	52,965	54,024	55,105	
	Current PMO Salary Expenditure		4	288,602	294,374	300,261	306,267	312,392	
	PMO Manager	O	1	97,846	99,803	101,799	103,835	105,912	
	Strategic Development Manager	N	1	78,120	79,682	81,276	82,901	84,559	
Senior Programme Support Officer	H	1	41,802	42,638	43,491	44,361	45,248		
Senior Programme Support Officer	H	1	41,802	42,638	43,491	44,361	45,248		
PMO Office Assistant	F	1	32,763	33,418	34,086	34,768	35,463		
Additional Salary Expenditure		5	292,333	298,180	304,143	310,226	316,431		
Total Salary Expenditure		9	580,935	592,553	604,405	616,493	628,822		
Agreed Staffing Budget (JC-30 July 2019)			11	591,058	616,012	640,566	0	0	
Variance			2	10,124	23,458	36,161	-616,493	-628,822	

Option D – Fully functional PMO with separate roles (Gold Standard)

Description	Recruit eight additional posts to manage a fully functional regional PMO that supports the governance, assurance and strategic development opportunities for the Region.
Option outline	Retain existing roles as detailed in Option A and recruit eight posts to oversee the PMO governance, assurance and strategic development functions. Namely, the PMO manager, Strategic Development Manager, 2 x Programme support officers and PMO assistant. <div style="text-align: center; margin: 10px 0;"> <pre> graph TD PD[Programme Director] --> PMM[PMO Manager] PD --> BEM[Business Engagement Manager] PD --> PDM[Project Development Manager] PD --> CMO[Communications and Marketing Officer] PD --> FM[Finance Manager] PMM --> SPSO[Senior Programme Support Officer] PMM --> PA[PMO assistant] PMM --> RAM[Risk and Assurance Manager] PMM --> PRM[Planning and Reporting Manager] PMM --> PAn[Programme analyst] PMM --> MMB[Monitoring and Benefits Manager] </pre> </div>
Benefits	<ol style="list-style-type: none"> 1. Goes over and above requirements for the external review recommendations 2. Will provide the highest quality assurance and governance processes 3. Maximises the likelihood of success for the City Deal projects in terms of timescales and output/outcome deliverables from a governance and assurance perspective 4. Able to make informed decisions based on project and programme level management information, in a timely manner 5. Provides maximum capacity and roles to support and manage the PMO governance and assurance functions 6. Creates capacity to prioritise other regional priorities and strategic cases

	<ol style="list-style-type: none"> 7. Provides capacity to develop strategic opportunities and business cases for City Deal and other Regional opportunities 8. Adheres to PMO gold standard in terms of roles and practices 9. Existing post holders will be able to focus on their substantive duties of directing the programme and regional opportunities, finance, communications and business engagement 10. Enhances the business cases and secures future strategic opportunities 11. Experts cascading best practice into all City Deal projects 12. Improves the governance, assurance and strategic business case developments will lead to saving time and effort in the approval and monitoring processes 13. Co-ordination at programme level involving and supporting project level Project Managers and SROs 14. Requires no reliance on Local Authority resource to support programme governance 																																																																																																																																																																																																					
Drawbacks	<ol style="list-style-type: none"> 1. Insufficient funding available for this proposed structure. This option would require reprofiling the non-pay and support service budgets in addition to seeking further funding. 2. Time to recruit 3. Time to on board staff 																																																																																																																																																																																																					
Risks	<ol style="list-style-type: none"> 1. Lack of funding if City Deal partners withdraw or City Deal projects not approved 2. Sustainability of the PMO once the City Deal funding ends 																																																																																																																																																																																																					
Dependencies	<ol style="list-style-type: none"> 1. Approval of the SBCD JC 2. The SBCR SRO requires programme progress and risks/issues in a robust, timely and appropriate format 3. Aligned to Actica external review recommendations 4. The WG/UKG requires a level of confidence that the programme is being appropriately managed 5. Funding from key stakeholders and draw down of City Deal funds for existing posts (£50k contributions and 1.5% top slice) to run the PMO over a five year period 																																																																																																																																																																																																					
Timeline	3-6 months to recruit staff.																																																																																																																																																																																																					
Cost	<p>Total staffing budget for 2020/21 £721k (comprising of Existing staff £288k and New staff £432k). There has been no draw on the top slice of government component of funding in year one and two of the programme, and as such this will be applied for five years to year seven of the programme. A funding gap is acknowledged in years six and seven, if partners fail to commit to contributions beyond year five, which it the last year of their obligated commitment.</p> <table border="1"> <thead> <tr> <th colspan="10">Option D - Full Establishment</th> </tr> <tr> <th rowspan="2">Position Title</th> <th rowspan="2">Grade</th> <th rowspan="2">FTE</th> <th>Year 3</th> <th>Year 4</th> <th>Year 5</th> <th>Year 6</th> <th>Year 7</th> <th colspan="2"></th> </tr> <tr> <th>2020/21</th> <th>2021/22</th> <th>2022/23</th> <th>2023/24</th> <th>2024/25</th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>SBCD Regional Programme Director</td> <td>HOS1</td> <td>1</td> <td>125,488</td> <td>127,997</td> <td>130,557</td> <td>133,168</td> <td>135,832</td> <td></td> <td></td> </tr> <tr> <td>Business Engagement Manager</td> <td>K</td> <td>1</td> <td>56,103</td> <td>57,225</td> <td>58,370</td> <td>59,537</td> <td>60,728</td> <td></td> <td></td> </tr> <tr> <td>Finance Manager</td> <td>K</td> <td>1</td> <td>56,103</td> <td>57,225</td> <td>58,370</td> <td>59,537</td> <td>60,728</td> <td></td> <td></td> </tr> <tr> <td>Communications & Marketing Officer</td> <td>J</td> <td>1</td> <td>50,908</td> <td>51,926</td> <td>52,965</td> <td>54,024</td> <td>55,105</td> <td></td> <td></td> </tr> <tr> <td>Current PMO Salary Expenditure</td> <td></td> <td>4</td> <td>288,602</td> <td>294,374</td> <td>300,261</td> <td>306,267</td> <td>312,392</td> <td></td> <td></td> </tr> <tr> <td>PMO Manager</td> <td>O</td> <td>1</td> <td>97,846</td> <td>99,803</td> <td>101,799</td> <td>103,835</td> <td>105,912</td> <td></td> <td></td> </tr> <tr> <td>Strategic Development Manager</td> <td>N</td> <td>1</td> <td>78,120</td> <td>79,682</td> <td>81,276</td> <td>82,901</td> <td>84,559</td> <td></td> <td></td> </tr> <tr> <td>Senior Programme Support Officer</td> <td>H</td> <td>1</td> <td>41,802</td> <td>42,638</td> <td>43,491</td> <td>44,361</td> <td>45,248</td> <td></td> <td></td> </tr> <tr> <td>PMO Office Assistant</td> <td>F</td> <td>1</td> <td>32,763</td> <td>33,418</td> <td>34,086</td> <td>34,768</td> <td>35,463</td> <td></td> <td></td> </tr> <tr> <td>Risk & Assurance Manager</td> <td>I</td> <td>1</td> <td>45,505</td> <td>46,416</td> <td>47,344</td> <td>48,291</td> <td>49,257</td> <td></td> <td></td> </tr> <tr> <td>Planning and Reporting Manager</td> <td>I</td> <td>1</td> <td>45,505</td> <td>46,416</td> <td>47,344</td> <td>48,291</td> <td>49,257</td> <td></td> <td></td> </tr> <tr> <td>Portfolio Analyst</td> <td>I</td> <td>1</td> <td>45,505</td> <td>46,416</td> <td>47,344</td> <td>48,291</td> <td>49,257</td> <td></td> <td></td> </tr> <tr> <td>Monitoring and Benefits Manager</td> <td>I</td> <td>1</td> <td>45,505</td> <td>46,416</td> <td>47,344</td> <td>48,291</td> <td>49,257</td> <td></td> <td></td> </tr> <tr> <td>Additional Salary Expenditure</td> <td></td> <td>8</td> <td>432,553</td> <td>441,204</td> <td>450,028</td> <td>459,028</td> <td>468,209</td> <td></td> <td></td> </tr> <tr> <td>Total Salary Expenditure</td> <td></td> <td>12</td> <td>721,154</td> <td>735,578</td> <td>750,289</td> <td>765,295</td> <td>780,601</td> <td></td> <td></td> </tr> <tr> <td>Agreed Staffing Budget (JC-30 July 2019)</td> <td></td> <td>11</td> <td>591,058</td> <td>616,012</td> <td>640,566</td> <td>0</td> <td>0</td> <td></td> <td></td> </tr> <tr> <td>Variance</td> <td></td> <td>-1</td> <td>-130,096</td> <td>-119,566</td> <td>-109,724</td> <td>-765,295</td> <td>-780,601</td> <td></td> <td></td> </tr> </tbody> </table>	Option D - Full Establishment										Position Title	Grade	FTE	Year 3	Year 4	Year 5	Year 6	Year 7			2020/21	2021/22	2022/23	2023/24	2024/25			SBCD Regional Programme Director	HOS1	1	125,488	127,997	130,557	133,168	135,832			Business Engagement Manager	K	1	56,103	57,225	58,370	59,537	60,728			Finance Manager	K	1	56,103	57,225	58,370	59,537	60,728			Communications & Marketing Officer	J	1	50,908	51,926	52,965	54,024	55,105			Current PMO Salary Expenditure		4	288,602	294,374	300,261	306,267	312,392			PMO Manager	O	1	97,846	99,803	101,799	103,835	105,912			Strategic Development Manager	N	1	78,120	79,682	81,276	82,901	84,559			Senior Programme Support Officer	H	1	41,802	42,638	43,491	44,361	45,248			PMO Office Assistant	F	1	32,763	33,418	34,086	34,768	35,463			Risk & Assurance Manager	I	1	45,505	46,416	47,344	48,291	49,257			Planning and Reporting Manager	I	1	45,505	46,416	47,344	48,291	49,257			Portfolio Analyst	I	1	45,505	46,416	47,344	48,291	49,257			Monitoring and Benefits Manager	I	1	45,505	46,416	47,344	48,291	49,257			Additional Salary Expenditure		8	432,553	441,204	450,028	459,028	468,209			Total Salary Expenditure		12	721,154	735,578	750,289	765,295	780,601			Agreed Staffing Budget (JC-30 July 2019)		11	591,058	616,012	640,566	0	0			Variance		-1	-130,096	-119,566	-109,724	-765,295	-780,601		
Option D - Full Establishment																																																																																																																																																																																																						
Position Title	Grade	FTE	Year 3	Year 4	Year 5	Year 6	Year 7																																																																																																																																																																																															
			2020/21	2021/22	2022/23	2023/24	2024/25																																																																																																																																																																																															
SBCD Regional Programme Director	HOS1	1	125,488	127,997	130,557	133,168	135,832																																																																																																																																																																																															
Business Engagement Manager	K	1	56,103	57,225	58,370	59,537	60,728																																																																																																																																																																																															
Finance Manager	K	1	56,103	57,225	58,370	59,537	60,728																																																																																																																																																																																															
Communications & Marketing Officer	J	1	50,908	51,926	52,965	54,024	55,105																																																																																																																																																																																															
Current PMO Salary Expenditure		4	288,602	294,374	300,261	306,267	312,392																																																																																																																																																																																															
PMO Manager	O	1	97,846	99,803	101,799	103,835	105,912																																																																																																																																																																																															
Strategic Development Manager	N	1	78,120	79,682	81,276	82,901	84,559																																																																																																																																																																																															
Senior Programme Support Officer	H	1	41,802	42,638	43,491	44,361	45,248																																																																																																																																																																																															
PMO Office Assistant	F	1	32,763	33,418	34,086	34,768	35,463																																																																																																																																																																																															
Risk & Assurance Manager	I	1	45,505	46,416	47,344	48,291	49,257																																																																																																																																																																																															
Planning and Reporting Manager	I	1	45,505	46,416	47,344	48,291	49,257																																																																																																																																																																																															
Portfolio Analyst	I	1	45,505	46,416	47,344	48,291	49,257																																																																																																																																																																																															
Monitoring and Benefits Manager	I	1	45,505	46,416	47,344	48,291	49,257																																																																																																																																																																																															
Additional Salary Expenditure		8	432,553	441,204	450,028	459,028	468,209																																																																																																																																																																																															
Total Salary Expenditure		12	721,154	735,578	750,289	765,295	780,601																																																																																																																																																																																															
Agreed Staffing Budget (JC-30 July 2019)		11	591,058	616,012	640,566	0	0																																																																																																																																																																																															
Variance		-1	-130,096	-119,566	-109,724	-765,295	-780,601																																																																																																																																																																																															

Further considerations

1. The Joint Committee will need to discuss the future role and funding for the PMO beyond five years of PMO operations at suitable future date.
2. The PMO staff budget agreement is currently for a five-year period from 2020/21. To mitigate any potential financial risk of staffing beyond this period, redundancy costs will be factored into the PMO budget from any underspends. Consideration of the JC also needs to be given to partner contribution 23/24 onwards, as the current commitment is for 5 years to 2022/23.

Appendix B - SBCD PMO Proposed Job Descriptions

The roles were identified, developed and informed using the following sources/input:

- Previous experience of the Programme Director
- Feedback from key stakeholders involved in the Swansea Bay City Deal
- [The UK Government Project Delivery Capability Framework \(PDCF\)](#)
- Best practice, including other City deal regional offices

Below are the Job Descriptions and Person Specifications for the proposed new roles. Details include the purpose, key roles and responsibilities and person specification for each new role.

Programme Management Office (PMO) Manager

Anticipated grade

- TBC via job evaluation

Purpose

The PMO Manager will manage the day-to-day operations and assurance functions of the regional programme project office and team. Reporting to the Programme Director, the PMO Manager is responsible for leading the delivery of the regional Swansea Bay City Deal programme to ensure that the objectives are clearly defined and achieved within the agreed time, cost and quality constraints. The PMO Manager has a key role in project governance and working with stakeholders, to ensure the agreed project outputs are delivered to enable benefits to be realised.

The Swansea Bay City Deal (SBCD) programme has an ambitious yet realistic vision with large scale projects, working in a politically sensitive environment with often technically complex initiatives and large numbers of stakeholders. The Senior Programme Support Officer role is therefore pivotal to provide the region with appropriate strategic leadership and robust programme management and compliance practices to govern, monitor and evaluate the success of the programme. Business continuity is vital and may require the post holder to work with ambiguity and adapt to specific situations, using one's own initiative, to navigate through the complexities to satisfy or manage stakeholder expectations.

Key roles and responsibilities

1. Delivery and leadership
 - a. Lead the PMO to support the project in the delivery of Business Case benefits and outcomes. Champion the use of best practice project management standards and processes
 - b. Oversees secretariat arrangements for governance boards (directly or indirectly)
 - c. Deputise for the Programme Director
 - d. Provides expert guidance, support and insight on the programme, and acts as the source of all project management information and metrics
2. Business case
 - a. Support the Programme Director in the development of the Programme Business Case with input from specialists and stakeholders as necessary
3. Budget
 - a. Working with the Finance Manager, ensure budgets are agreed and monitored for projects and/or programmes and forecast actual costs against them.
4. Resources
 - a. Manage the PMO team and support the Project Manager in the identification, recruitment, development, deployment and reassignment of resources throughout the project lifecycle
5. Stakeholder management
 - a. Advise the project team on appropriate tools and techniques for managing stakeholder relationships. Provide assurance to the project manager on the effectiveness of stakeholder management arrangements
 - b. Manage and influence senior relationships across projects, the department and across government. Build strategic relationships with internal and external suppliers.
6. Risks and issues

- a. Establish the project processes and standards for managing risks and issues. Provide assurance to the project manager on the effectiveness of Risk and Issue management arrangements
- 7. Governance and assurance
 - a. Ensure appropriate governance is in place and arrange external reviews e.g. Gateway Reviews at appropriate points in the project lifecycle. Monitor the effectiveness of controls and ensure that recommendations from external reviews are acted upon.
- 8. Change management
 - a. Establish and implement protocols to change the scope of projects and/or programmes and update configuration documents, such as the Programme Business Case, as required
- 9. Programme performance, controls and analysis
 - a. Establish and operate project controls and programme analysis on behalf of the Programme Director, reporting on programme progress, evaluation and status to appropriate committees and bodies.
 - b. Identify common capabilities and opportunities for linking up, re-using and sharing of methods and resources between projects and programmes. Ensure learning from experience is disseminated across the organisation
 - c. Identify and categorise existing and new projects
 - d. Co-ordinate reporting from projects and provide analysis of performance
 - e. Maintain a programme delivery map and critical path to monitor progress – identifying interdependencies and opportunities across the programme
- 10. Guidance and support
 - a. Identify, develop and share best practice project management processes, tools and templates and benchmarks against industry standard. Provides direction and guidance to the project team.
- 11. Programme planning
 - a. Work with project managers to deliver the business case benefits and outcomes
 - b. Build strong networks regionally and more widely, whilst adopting and share programme management best practice
 - c. Working with all stakeholders to ensure that all aspects of the project are defined
 - d. Development and application of project procedures, tools and techniques in order to provide assurance, share key information, adopt best practice and standardise methodologies

PMO Manager Person Specification

Essential

Education/Professional qualifications

- Educated to degree level or significant relevant work experience
- Project qualification e.g. APM Project Management Qualification or PRINCE2 Practitioner

Experience

- Significant experience of leading large scale, complex projects and programmes, including the provision for planning, resource management, risk and issue management, quality management, development and application of frameworks and methodologies, business change and assurance
- Experience of providing executive leadership in a complex and political environment
- Experience of working on collaborative initiatives with multiple stakeholders
- Experience of leading a programme management office
- Experience of leading business case developments
- Experience and a proven track record of benefits management and realisation

Knowledge and skills

- Visible leadership with the ability to inspire others
- Ability to lead with influence
- Ability to facilitate conflict resolution
- Resilient when working with ambiguity
- Robust understanding and application of Portfolio, Programme and Project Management principles and practices
- Understanding of monitoring, evaluation and reporting frameworks and processes
- ICT literate, particularly with desktop applications (Word, Excel, databases) and communication platforms (Email, video conferencing and social media)

Desirable

- Experience of working in local or national government.
- An understanding of local and central government policies and structures.
- An understanding of Welsh and UK government Green Book appraisal process and OGC Gateway™ review process.
- An understanding of the Swansea Bay City Region including priorities and key stakeholders.
- Welsh language.

Programme Development Manager

Anticipated grade

- TBC via job evaluation

Purpose

The Programme Development Manager will lead and prepare business and strategic cases on behalf of the Swansea Bay City Region. The post requires a highly skilful and talented individual with a proven and successful track record of developing business cases. Ideally experienced in the Green Book five case model and qualified as an APMG Better Business Cases practitioner. Reporting directly to the Programme Director, the post holder will be required to prioritise key projects and programmes as directed, along with supporting project and programme managers through the process of developing business cases.

The Swansea Bay City Deal (SBCD) programme has an ambitious yet realistic vision with large scale projects, working in a politically sensitive environment with often technically complex initiatives and large numbers of stakeholders. The Programme Development Manager role is therefore pivotal to provide the region with appropriate strategic leadership in developing robust strategic and business cases. Business continuity is vital and may require the post holder to work with ambiguity and adapt to specific situations, using one's own initiative, to navigate through the complexities to satisfy or manage stakeholder expectations.

Key roles and responsibilities

Strategic and business case writing

- Leads the planning, development and drafting of strategic plans and business cases.
- Prepared to challenge expert input.
- Responsible for ensuring the business complies with Swansea Bay City Deal and Treasury requirements.
- Use lessons learned from similar projects to inform Business Case preparation.

Business case support

- Provide guidance and support to project teams and subject matter experts on the requirements to develop Business Cases, using City Deal templates and the HMT 5 case model. This will require the development of specific templates aligned to business need

Business case governance

- Oversee robust Business Case governance and presenting rationales to senior managers and project governance committees.

Strategic perspectives

- Feed regional factors into comprehensive business cases developments, ensuring a clear rationale for preferred options/s and interconnectivities with other projects and initiatives

Configuration management

- Adopt configuration management techniques to ensure that the Business Case retains validity throughout the project lifecycle, updating project sponsors as required

Benefits

- Leads engagement with stakeholders to identify, define and quantify benefits, negotiating with stakeholders to agree the key benefits, and work with senior sponsors to ensure the expectations of their needs are articulated and met.

Stakeholder Management

- Manage and engage with key stakeholders to support the production of Business Cases and ensure linkage with benefits realisation.

Programme Development Manager Person Specification

Essential

Education/Professional qualifications

- Educated to degree level or significant relevant work experience
- Business Case and Project qualifications e.g. APMG Better Business Cases Practitioner and APM Project Management Qualification/PRINCE2 Practitioner

Experience

- Experience developing Business Cases for large scale, complex projects and programmes
- Experience of providing executive leadership and guidance in a complex and political environment
- Experience of working on collaborative initiatives with multiple stakeholders
- Experience of governance processes to manage risks, issues and maximise benefits.

Knowledge and skills

- A robust understanding of the Treasury Green Book appraisal process and OGC Gateway™ review process.
- Effective leadership, interpersonal and communication skills
- Ability to influence and collaborate to a common purpose
- Ability to work in ambiguity and challenge where appropriate
- Ability to provide innovative solutions through credible action to overcome complex problems
- Robust understanding and application of Portfolio, Programme and Project Management principles and practices

Desirable

- Experience of working in local or national government.
- An understanding of local and central government policies and structures.
- An understanding of the Swansea Bay City Region including priorities and key stakeholders.
- Welsh language.

Senior Programme Support Officer

Anticipated grade

- TBC via job evaluation

Purpose of the post

The role of the Senior Programme Support Officer covers a diverse range of activities to support the delivery of the Swansea Bay City Deal (SBCD) programme objectives. Reporting to the PMO Manager, the role enables the smooth running of the programme by supporting the Programme Director, Project Managers and governance committees through the operation of project management processes and the co-ordination of business management actions and activities on their behalf.

The SBCD programme has an ambitious yet realistic vision with large scale projects, working in a politically sensitive environment with often technically complex initiatives and large numbers of stakeholders. The Senior Programme Support Officer role is therefore pivotal to provide the region with appropriate and standardised procedures and methodologies along with robust approaches to ensure effective communications and engagement. Business continuity is therefore vital and may require the post holder to adapt to specific situations, using one's own initiative, to navigate through the complexities to satisfy or manage stakeholder expectations.

Key roles and responsibilities

12. Planning and scheduling

- Ensure systems are in place to enable effective planning and scheduling of the programme deliverables.
- Contribute to the development and delivery of the SBCD vision and key PMO documents and processes such as the Programme Business Case, Implementation Plan, Monitoring and Evaluation Plan, Integrated Assurance and Approval Plan, Stage Gate reviews and Project Business Cases.
- Oversee specified projects as required to support the Programme Director and SBCD governance committees, including proposal development, events and research.

13. Monitoring and reporting

- Manage project controls and reporting to the PMO and governance committees.
- Prepare reports for the Joint Committee, Programme Board, Economic Strategy Board, sponsoring Governments, partners and key stakeholders.
- Develop programme performance reports to support the monitoring, evaluation and assurance of the SBCD programme.

14. Administration

- Ensure PMO tasks are carried out efficiently.
- Provide executive support to the co-ordination of governance committees for the SBCD and be responsible for the co-ordination and quality of key documents and processes.
- Manage compliance of the project aligned to health and safety, equality and diversity, business continuity and business planning.
- Work closely with the support services functions of the local authorities (e.g. finance, HR, legal, auditing, etc) to meet the needs of the PMO.
- Demonstrating the highest standards of professional behaviours and values.
- Deputise for the PMO Manager

15. Resources

- a. Lead teams responsible for identifying, developing and deploying resources. Manage workforce planning, providing information for effective decision making to the Programme Director, PMO Manager or Project Manager.
- b. Procurement of PMO supplies and services related to project support within the delegated financial authority limits.

16. Stakeholder

- a. Manage and engage with a wide range of internal and external stakeholders. Draft and sign-off correspondence.
- b. Work collaboratively with external bodies seeking to engage with the SBCD, including key Welsh Government and UK Government officers, Local Authorities, businesses, networks and community groups
- c. Act as an advocate for the SBCD and the region.

17. Risks and issues

- a. Lead potential risk areas, working with the PMO Manager and escalating as appropriate

Senior Programme Support Officer Person Specification

Essential

Education/Professional qualifications

- Educated to degree level or significant relevant work experience
- Project qualification e.g. APM Project Management Qualification or PRINCE2 Practitioner

Experience

- Experience of working on large scale, complex projects and programmes
- Experience of providing executive support in a complex and political environment
- Experience of working on collaborative initiatives with multiple stakeholders
- Experience of working within a programme management office environment

Knowledge and skills

- Effective leadership, interpersonal and communication skills
- Robust understanding and application of Portfolio, Programme and Project Management principles and practices
- Understanding of monitoring, evaluation and reporting frameworks and processes
- ICT literate, particularly with desktop applications (Word, Excel, databases) and communication platforms (Email, video conferencing and social media)

Desirable

- Experience of working in local or national government.
- An understanding of local and central government policies and structures.
- An understanding of Welsh and UK government Green Book appraisal process and OGC Gateway™ review process.
- An understanding of the Swansea Bay City Region including priorities and key stakeholders.
- Welsh language.

PMO Assistant

Anticipated grade

- TBC via job evaluation

Purpose of the post

The role of the PMO Assistant is to be the central point of contact for the Swansea Bay City Deal (SBCD) PMO and to ensure it is a highly effective in supporting the delivery of the programme. The role will report directly to the PMO Manager and require supporting the project management team with the operation of the regional PMO by controlling documents, facilitating communication and collecting data to meet reporting requirements. The SBCD programme has an ambitious yet realistic vision with large scale projects, working in a politically sensitive environment with often technically complex initiatives and large numbers of stakeholders. The PMO assistant is therefore pivotal to provide the region with appropriate and standardised procedures and methodologies along with robust approaches to ensure effective communications and engagement. Business continuity is therefore vital and may require the post holder to adapt to specific situations, using one's own initiative, to navigate through the complexities to satisfy or manage stakeholder expectations.

Key roles and responsibilities

PMO administration

- Assist the Programme Manager in the co-ordination of the functional running of the regional PMO.
- Administer the PMO Director and Managers diaries and take minutes for meetings as appropriate
- Administer and co-ordinate team meetings, schedules, governance meetings and committees.
- Making sure that activity is progressed to meet tight deadlines and of a requisite standard.
- Track programme actions and activity on behalf of the PMO from meetings, resolution of risks, issues and dependencies.
- Assist the PMO Director and Manager in staff and people management.
- Financial administrative tasks such as placing orders and ensuring invoices are paid.
- Provide ad hoc support to other PMO team members, as required.

Document management

- Establish and maintain the electronic and physical filing system.
- Manage and control documents, such as templates, meeting minutes, reports, plans and schedules.
- Ensure the latest versions are available for use by the PMO team members.
- Manage the office document management system to keep the content organised and user friendly.

Organising event and training

- Co-ordinate the logistics and arrangements to host City Deal related events and engagement activity.

- Co-ordinate and schedule training sessions to advance the skills and capabilities of project teams and educate regional stakeholders about processes for the regional PMO.

Communication

- Provide effective communications with all internal and external stakeholders.
- Distribute information to programme team members and SBCD stakeholders, including Local Government leaders, Chief Executives, industry leaders and Welsh and UK Government officials.
- Liaise where appropriate with the programme leads to obtain or provide information.

Reporting

- Support the creation and distribution of key reports.
- Responsible for collecting data from computer systems, updating reports and releasing information to meet schedules.

PMO Assistant Person Specification

Essential

Education/Professional qualifications

- Educated to degree level or significant relevant work experience

Experience

- Experience of working in an administration or junior project management role, preferably as part of a strongly business focused programme or PMO.
- Experience of working in a matrix management environment.
- Experience of developing successful working relationships with a wide range of stakeholders and organisations, including contact with executive team members.
- Experience of providing administrative support in a complex and political environment.

Knowledge and skills

- Good organisational and planning skills.
- High level of self-motivation and able to work as part of a team.
- Understanding of Portfolio, Programme and Project Management principles and practices.
- Excellent communication (verbal, written and listening) skills.
- Consistently delivers to agreed deadlines, delegating tasks where required.
- Numerate and able to distil key messages from large amounts of data quickly
- ICT literate, particularly with desktop applications (Word, Excel, databases) and communication platforms (Email, video conferencing and social media)

Desirable

- Experience of working in local or national government.
- An understanding of local and central government policies and structures.
- An understanding of the Swansea Bay City Region including priorities and key stakeholders.
- Welsh language.

Agenda Item 13



Swansea Bay City Region Joint Committee – 11 June 2020

Programme Risk Register and Project Issues Log

Purpose:	To consider current project issues and immediate SBCD programme risks
Policy Framework:	Swansea Bay City Deal (SBCD) Joint Committee Agreement (JCA)
Consultation:	Project Leads and Programme Board
Recommendation(s):	It is recommended that Joint Committee: 1) Note the latest project issues and programme risks
Report Author:	Jonathan Burnes, SBCD Programme Director
Finance Officer:	Chris Moore, Section 151 Officer, SBCD
Legal Officer:	Tracey Meredith, Monitoring Officer, SBCD

1. Introduction

- 1.1 The Joint Committee requested that project issue logs and SBCD programme risks be submitted to meetings of the Joint Committee for consideration.

2. SBCD Project Issues Log

- 2.1 Any risks which pose a potentially significant or immediate risk to the overall City Deal programme and/or project delivery will be highlighted and escalated to the Joint Committee via a project issues log (attached). The issues log captures the most current position and will be updated and submitted to Programme Board and Joint Committee on a monthly basis.

3. SBCD Programme Risk Register

- 3.1 A detailed Programme Risk Register has been developed for the Swansea Bay City Deal Programme and will be managed, revised and updated by the Regional Programme Management Office. The risk register will be updated on a quarterly basis or as otherwise required. The Programme Board will review the risk register at each Programme Board meeting and escalate key risks to the attention of Joint Committee via a risk register summary (attached) which will be tabled at every Joint Committee meeting.

3.2 Each Swansea Bay City Deal project will carry its associated risks which will be mitigated throughout the application and delivery process. A detailed risk analysis will be undertaken for all projects by the Project Delivery Lead as part of the development of the five-case business model process, with a project specific Risk Register established to assist in the on-going management and mitigation of all risks. These will be available to Joint Committee as project business cases develop.

4. Financial Implications

4.1 Financial Implications are specifically outlined within the supporting appendix.

5. Legal Implications

5.1 There are no legal implications associated with this report.

6. Alignment with the Well-being of Future Generations (Wales) Act 2015

6.1 As a programme which provides an opportunity to address persistent challenges such as climate change, poverty, inequality, jobs and skills in a transformational and preventative way, the City Deal is in keeping with the approach and ambitions of the Well-being of Future Generations (Wales) Act 2015. Given the breadth of the Swansea Bay City Deal programme, it also has a significant impact across the seven well-being goals for Wales.

Background Papers:

None

Appendices:

Appendix A - Summary risk register

Appendix B - Project issues log

Swansea Bay City Deal Programme Risk Register - Appendix A
Summary: Immediate Risks

Original Assessment: March 2018
Latest Review: May 2020

This summary details the risks which pose the most pressing potential challenges to delivery of the City Deal Programme. The summary provides a snapshot in time. Full details of all programme risks are detailed in the individual tabs and should be considered alongside this summary

Risk Group	Risk Description	Category	Owner	Potential Consequence	Inherent Probability	Inherent Impact	Inherent Rank	Latest Review Date	Latest Update/Control Actions	Current Probability	Current Impact	Current Rank
All	Potential impact of Covid-19	C6 C14	JC	Overarching external risk to programme scope, costs management and programme deliverability	5	5		14 May 20	Covid-19 impact assessment being undertaken for report to Programme Board and Joint Committee in June. The potential impact of each risk is being assessed, along with the identification of corrective action and the level of intervention needed. Impact assessment criteria includes scope, targets, timescale and costs.	5	5	
Page 280 Implementation	Slippage in delivery of programme	C6 C14	JC	City Deal doesn't achieve the outcomes intended within the timescales agreed. Borrowing and recuperation does not accurately reflect spend	4	4		14 May 20	Both independent and internal reviews have been completed and an action plan has been agreed to take forward their recommendations. This has been accepted by Joint Committee. Implementation of the recommendations is now at an advanced stage but this will require changes to existing procedures, which may result in delays to programme delivery and project approvals for tranche two projects. Both Governments have confirmed that no project approvals, beyond those for Yr Egin and the Swansea City and Waterfront Digital District, will be granted until the Actica review recommendations have been implemented. A City Deal Programme Director started in post in March 2020. The new Programme Director has started the process of establishing a Programme Management Office. The revised JCA has been approved by all four regional Local Authorities and sent to both Governments for information. Two specialist advisers to the Economic Strategy Board have also now been appointed. Work on developing an IAAP and an updated Programme Business Case is continuing at pace.	3	4	
	Business case is not approved / project falls	C3 C11	RPAL / Delivery Lead	Project unable to proceed	3	5		14 May 20	Further to findings of the SBCD reviews a number of projects have been reviewed and substituted for an alternative scheme. The revised Neath Port Talbot programme of projects has now been approved by internal City Deal governance. This revised projects align to recommendations of the reviews to increase flexibility of the programme, and for it to be managed as a portfolio, as opposed to as a set of pre-determined, immutable projects. In addition, outstanding issues around NNDR & the Pembroke Dock Marine project, in particular, are on-going. If this continues to be unresolved the project may not be able to meet the required start date of their match funders. This may result in the project being unable to deliver certain elements as planned / at all. Control actions are as previous update.	3	5	
	Change in project scope pre-business case approval	C11 C6	Delivery lead	Project no longer requires same amount of funding. Project no longer achieves the necessary outcomes required for City Deal funding. Project is not approved and therefore unable to proceed / proceed as planned.	4	4		14 May 20	Programme Business Case is under review, and will be shared with PB and JC once finalised. Part of this review process will be to review project scope and deliverables across the SBCD programme. Project progress updates highlight any risks and issues that deviate from programme scope. The Covid-19 impact assessment is also in place to identify potential changes in scope.	4	4	
	Delay in development of business plans	C11 C14	RPAL / Delivery Lead	Delay in project start. Depending on critical timescale, this could impact on the ability of projects to deliver proposed outcomes. Potential knock-on affect for the ability of other projects to deliver and achieve outcomes.	5	3		14 May 20	Two projects have been approved - Swansea Waterfront and Yr Egin - subject to terms and conditions being met. A second tranche of projects is currently being progressed. In addition it has been agreed with both Governments that an independent peer review be undertaken at a regional level prior to formal submission of business cases to Governments. This will provide a quicker and more effective process for all parties going forward, which should reduce time required to develop business cases to an appropriate standard. Two further projects have now been submitted to both Governments for final approval, with several other business cases expected to be submitted in coming months. There are early indications that Covid-19 is not significantly impacting the timescales and focus of business case development.	4	3	
	Delay in approval of business plans	C11	PAL / RO / JC / Govs	Delay in project start. Depending on critical timescale, this could impact the ability of projects to deliver proposed outcomes. Potential knock-on affect for the ability of other projects to deliver and achieve outcomes.	3	4		14 May 20	Further to findings of the SBCD reviews, changes are required to the processes by which business cases are approved. This does not deviate from the agreed business case development and approval process in the JCA. The Economic Strategy Board carry out an internal, regional peer review on business cases. Engagement sessions between both governments and project leads are also underway. IAAP and Programme Business Case being developed for June target to meet government terms and conditions.	3	4	

Failure to agree NNDR (rates retention flexibility)	C3	LAs	Local authorities unable to borrow sums required for projects	2	5		14 May 20	Swansea Council's Cabinet authorised the budget for the arena/digital square elements of the Swansea City and Waterfront Digital District on November 19, 2019.. In-principle agreement with WG but further discussions delayed due to Covid-19. Final confirmation to be sought.	2	5	
Private sector funding contribution/s not in line with initial business case projections	C3	Delivery lead	Overall impact of the City Deal not realised. Projects cannot deliver full schemes. Projects are unsustainable	3	4		14 May 20	Quarterly financial monitoring now in place with report to Programme Board and JC in June. Private sector contributions evidenced in project business cases. Covid-19 impact assessment with project leads for completion.	3	4	
Failure to identify / secure revenue funding	C3	Acc Body	Four projects, including one regional project, unable to proceed.	3	5		14 May 20	WG confirmation that LAs can be flexible with capital receipts. Discussions with partners on-going.	3	5	
Failure to achieve full funding package	C3	All	Project potentially unable to deliver or to deliver full scale of anticipated project outcomes	3	4		14 May 20	Programme Business Case being developed for June target. Discussions on-going with Welsh Government and other key stakeholders.	3	4	
EU match funding contributions not in line with initial business case projections	C3	Delivery lead	Unable to deliver full funding package at both project and programme level.	3	4		14 May 20	PDM business case formally submitted to both Governments. NPT revised programme also submitted. Awaiting update from WEFO on EU funding timescales as a result of Covid -19.	3	4	
Timeframe for end of current EU funding programmes	C3	All	Unable to deliver funding package at both project and programme level	3	4		14 May 20	First £18 million of City Deal funding secured, based on the approval of two projects - Yr Egin, and the Swansea City and Waterfront Digital District. Further releases of City Deal funding anticipated in coming months. PDM business case formally submitted to both Governments. NPT revised programme also submitted. Awaiting update from WEFO on EU funding timescales as a result of Covid -19.	3	4	

Swansea Bay City Deal Programme Risk Register - Categories

The Swansea Bay City Deal programme risk register captures and monitors key programme level risks to the delivery of the City Deal and achievement of its aims and objectives. It will be monitored by Joint Committee and Programme Board via circulation prior to each meeting and issues tabled for discussion as necessary.

Category	Ref. No	Description
Contractual	C1	Ineffective use or management of contacts leads to increased costs
Environmental	C2	Environmental incidents
Financial	C3	Financial risks facing the Councils
Health & Safety	C4	Harm to employees / public
IT	C5	Failure of systems / cyber attack
Objectives	C6	Threat to achieving programme objectives
People / Social	C7	Threat to / from society / groups / public
Physical / Assets	C8	Damage to organisational property
Political	C9	Adverse actions caused by changes in local, regional or national governments
Professional	C10	Lack or loss of qualified employees
Projects	C11	Threat to / from individual projects
Regulatory / Legal	C12	Changes to regulations / law
Reputation	C13	Negative publicity
Schedule / Timescales	C14	Threats to timelines / critical path(s)

Swansea Bay City Deal Programme Risk Register - Scoring

Risk Assessment Matrix		Impact				
		Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Fundamental (5)
Probability	Almost Certain (5)					
	Likely (4)					
	Possible (3)					
	Unlikely (2)					
	Extremely Unlikely (1)					

		Percentage	Description
Probability	Almost Certain (5)	> 80%	Will occur in most circumstances
	Likely (4)	51 - 80%	Strong possibility
	Possible (3)	26 - 50%	Reasonable chance of occurring - has occurred before on occasion
	Unlikely (2)	10 - 25%	Unlikely to occur but potential definitely exists
	Extremely Unlikely (1)	<10%	Will only occur in exceptional circumstances

Impact	Insignificant (1)	No impact on programme success - minimal delay or interruption. No adverse interest from the media / stakeholder groups
	Minor (2)	Little impact on ability to deliver. Adverse comments confined to local media / stakeholder groups
	Moderate (3)	Moderate impact on the success of programme.
	Major (4)	Potential to damage success of programme and prevent achievement of key outputs / outcomes. Significant delays or changes to programme occur as a result of risk being realised. Adverse comments
	Fundamental (5)	Potential to prevent programme from delivering at all. Prevent outputs / outcomes from being achieved. Adverse comments from national press / stakeholder groups.

Swansea Bay City Deal Project Issues Log

Joint Committee – June 2020 – Appendix B



Key
New Issue
Resolved since last update
Ongoing Issues

The project issue log highlights pressing issues and risks which currently or potentially have a significant or immediate affect to overall City Deal programme and/or project delivery. These include delays to project development, implementation or achievement of outcomes, for example. The issue log should be considered alongside the wider project risk register (where available) and the SBCD programme risk register.

Skills and Talent				
Issue	Description	Owner	Implications	Action / Update
Business Case Development	Working with new government officials on a revised approach to business planning	WG / UKG	Delay in business case / funding approval will mean that the skills training required for other projects which have received approval may either not be progressed or progressed at risk.	Policy days with WG/UKG Business Plan will be submitted to ESB in June 2020.
Covid-19	Potential impact on ability of education providers to deliver skills and training proposed	Project lead authority	Shortage of skilled workforce for City Deal projects	Project lead to seek clarity/assurances

Digital Infrastructure				
Issue	Description	Owner	Implications	Action / Update
Senior project representatives	Identified senior project leads required in each of the partner organisations.	Project lead authority	May not obtain the necessary awareness, understanding and commitment from regional partners without this	Project board being created with senior representation requested from each of the partner organisations and other relevant stakeholders
Business Case Development	Working with government officials on a revised approach to business planning.	WG / UKG	Delay in business case / funding approval will impact project delivery dates and timescales	WG/UK Government policy days being rearranged following delays as a result of Covid-19
Covid-19 / Economic Downturn	A number of potential risks to the project as a result of Covid-19 and the inevitable economic impact.	All partners and stakeholders	Numerous	Clarity and assurances required regarding project/deal funding.

Swansea Waterfront and Digital District				
Issue	Description	Owner	Implications	Action / Update
Funding approval	Approval of Council funding is dependent on Government sign-off of City Deal business case.	SBCD / UKG / WG	Delay to approval of City Deal funding will impact on the delivery timescales for the projects	Terms and Conditions issued by WG, first £18m has been released to the Accountable Body
Covid-19	Implications of economic slowdown on construction projects.	SBCD, UK/WG, Project Lead	Project delay due to construction slowdown caused by Covid-19	Deed of variation to construction contracts and proactive approach to lettings.
Business Plan outputs	Requirement for projects to deliver outputs	SBCD, Project Lead	There could be difficulties in meeting the stated outputs due to Covid-19	Construction is maximising work on arena site but there are less workers there due to social distancing rules. Other outputs likely to be impacted are being reviewed.

Yr Egin - Creative Digital Cluster				
Issue	Description	Owner	Implications	Action / Update
Funding approval	Yr Egin phase one has been completed and is fully occupied	SBCD / UKG / WG	Delay in approval of City Deal funding will increasingly impact on project delivery timetable for phase 2.	Terms and Conditions issued by WG. First £18m has been released to the Accountable Body

Life Science and Well-being Campuses				
Issue	Description	Owner	Implications	Action / Update
None reported	No issues for escalation at this stage	Swansea University	None at this stage	Continue to monitor project issues

Life Science and Well-being Development				
Issue	Description	Owner	Implications	Action / Update

Delay in zone 1 funding	Funding for zone 1 will need to be confirmed in line with procurement of a construction contractor.	Project lead	Potential delay to project aim of opening in line with academic term	Business case re-draft complete W/C 18th May. Ecology work commissioned to enable contractor to commence on site Q1 2021
Negative perception of project	Reputational risks owing to sustained media coverage linking to the on-going investigation	Project lead / SBCD	Potential decline in interest by investors, service providers and general public	Project rebranding complete

Homes as Power Stations

Issue	Description	Owner	Implications	Action / Update
Funding approval	Funding assurance required to support match-funding bids for ERDF and IHP funding	SBCD / UKG / WG	Until formal approval of City Deal business case is received, project can only provide assurance in principle which may pose a risk to securing match-funding	Homes as Power Stations due for decision by Joint Committee in June, 2020
Funding approval	City Deal funding assurance required to appoint project team and commence project	SBCD / UKG / WG	Region needs to address decarbonisation agenda, tackle fuel poverty, and develop a regional supply chain	ESB and Programme Board endorsed project. All 4 local authorities to endorse the project prior to Joint Committee review. Project endorsed by CCC, NPTC and SCC. Pembrokeshire CC to review project on 18 th May 2020

Pembroke Dock Marine

Issue	Description	Owner	Implications	Action / Update
NNDR	Clarity required on NNDR arrangements - specifically how NNDR will be apportioned	Acc. Body / Project authority lead	Project viability is subject to discussions relating to NNDR	SBCD Section 151 in discussion with UK and Welsh Government. Meeting to be convened between Leaders and Chief Executives to discuss.
Project delivery timescale	Clarity required on when the five-year delivery period begins	JC	Will ensure project implementation and benefits realisation timescales are accurate.	To be considered by Joint Committee.
Funding approvals / terms and conditions	Number of interdependencies relating to spend / securing of ERDF match funding which require project start date of July 2019.	SBCD / UKG / WG	If funding approvals are not received the project may miss the required start date which poses a risk to project delivery and potentially some elements not proceeding as currently planned. Until formal approval of City Deal business case is received project can only provide assurance of funding in principle which may pose a risk to match-funding and/or overall project delivery.	Pembroke Dock Marine project approved by Joint Committee in October, 2019. Business case now with UKG and WG for final approval.
Capital/revenue split	Capital/revenue split and its affordability to PCC	Project authority lead/MHPA	Project delay	Solution to be agreed between PCC and MHPA

Supporting Innovation and Low Carbon Growth

Issue	Description	Owner	Implications	Action / Update
Project Review	Business Plan has been reviewed by NPT Council, ESB and City Deal governance structures	NPT Council/SBCD Regional Office	Delay to securing funding	ESB and Joint Committee approved the Business Plan in January 2020
Business demand for space	Assurance needed that there is enough demand for business space due to form part of the 'Industrial Futures' element of the programme	NPT Council	This will affect successful delivery of the programme's 'Industrial Futures' project	Evidence of demand has been supplied for consideration by ESB and JC
Funding approval	Swansea Bay Technology Centre has secured ERDF match-funding. Contractor approved at risk pending City Deal funding assurance.	SBCD / UKG / WG	Until funding approval is received the project can only provide in principle funding assurance to WEFO. NPTCBC to enter into contract by the end of July 2020 (two-stage design and build contract). City Deal funding assurance needs to be in place by July 2020 to enable F20 Tender Construction Acceptance to be signed and contracts to be exchanged.	Business case formally submitted to regional office in February 2020. Awaiting feedback from UKG and WG for final approval.

Agenda Item 14



Swansea Bay City Region Joint Committee – 11 June 2020

Integrated Assurance and Approval Plan (IAAP) (For information)

Purpose:	To update the Joint Committee on the development of an Integrated Assurance and Approval Plan (IAAP) for the Swansea Bay City Deal Programme
Policy Framework:	Swansea Bay City Deal (SBCD) Joint Committee Agreement (JCA)
Consultation:	Programme Board
Recommendation(s):	It is recommended that Joint Committee: 1) Notes the progress being made on developing an Integrated Assurance and Approval Plan (IAAP) for the City Deal programme
Report Author:	Jonathan Burnes, SBCD Programme Director
Finance Officer:	Chris Moore, Section 151 Officer, SBCD
Legal Officer:	Tracey Meredith, Monitoring Officer, SBCD

1. Introduction

- 1.1 One of the recommendations arising from the external review into the City Deal was for the City Deal's Regional Programme Management Office to develop an Integrated Assurance and Approval Plan (IAAP) for the City Deal programme.
- 1.2 This plan will ensure the planning, coordination and provision of assurance activities and approval points throughout the City Deal programme, proportionate to levels of project cost and risk. As well as a programme 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 programme.
- 1.3 The City Deal's Regional Programme Management Office is working closely alongside the Welsh Government's Assurance Hub in developing the IAAP – the latest version of which is appended for reference
- 1.4 Input to the plan is expected from all City Deal Project Leads. The Regional Programme Management Office organised a virtual presentation/overview about the IAAP with Project Leads on Tuesday May 19, 2020.

2. Financial Implications

- 2.1 The IAAP is a recommendation arising from the external review into the Swansea Bay City Deal, which was carried out by Actica consulting. The implementation of the IAAP will support the release of further City Deal funding by the UK and Welsh Governments.

3. Legal implications

- 3.1 There are no legal implications.

4. Alignment to the Well-being of Future Generations (Wales) Act 2015

- 4.1 The City Deal programme and its constituent projects are aligned to the Well-being of Future Generations (Wales) Act 2015 and the seven goals contained within. This is outlined in a Programme Business Case being updated for the City Deal, as well as within the Full Business Cases of the City Deal's constituent projects.

Background Papers:

None

Appendices:

Appendix A - Latest version of the Integrated Assurance and Approval Plan (IAAP) for the Swansea Bay City Deal programme.

Name of Programme		Swansea Bay City Region Deal	
Version Number	5	Last Updated	20/05/20
SRO Name			
Programme/Project Manager		Programme Manager	
RPA - date submitted to IAH		RPA - Outcome	
WG Major Programme/Project Portfolio		IAH Ref	

Guidance

An Integrated Assurance and Approvals Plan is a tool to plan assurance and approval points from discovery to the final stage of delivery of the Programme/Project lifecycle. Each programme and Programme/Project should have an IAAP that covers independent assurance reviews.

An IAAP should be developed using a risk-based approach to ensure that the assurance provision is both proportionate and meets the needs of all those parties requiring an assurance. It should take into account Programme/Project milestones and planned assurance activities. A programme IAAP should take into account the assurance coverage of its constituent Programme/Projects.

1st Line Assurance will be provided by the Programme/Project itself through its governance. The IAAP covers 2nd Line Assurance, which refers to independent assurance provided within the Organisation and 3rd Line Assurance, which refers to assurance or scrutiny provided by external organisations.

This IAAP has been developed in line with the WG Integrated Assurance Strategy and is a living document. It should be periodically reviewed and updated and if appropriate, after each assurance review, change in scope or in the risk potential of the Programme/Project. The IAAP should be maintained until the Programme/Project is closed and delivery responsibility passes to the operational business.

The IAH offer support in the completion of the IAAP tailoring it to suit the specific needs of the Programme/Project.

The Risk Potential Assessment should be completed as soon as possible in consultation with the IAH (assurance@gov.wales) so that they can consider how to advise on the necessary assurance reviews in time to keep the initiative on track.

Glossary

AAP - Assurance of Action Plan	PMO - Programme Management Office
AB - Accountable Body	Proc -
CFR - Critical Friend Review	PVR - Programme/Project Validation Review
ESB - Economic Strategy Board	RPA - Risk Potential Assessment
IA - Internal Audit	SRO - Senior Responsible Owner
IAH - Integrated Assurance Hub	WAO - Wales Audit Office
JC - Joint Committee	
JSC - Joint Scrutiny Committee	
LAs - Local Authorities	
NAO - National Audit Office	
OGC Gateway (0 to 5)	
PAC - Public Accounts Committee	
PAR - Programme/Project Assessment Review	
PB - Programme Board	
PMO - Programme Management Office	

Assurance / approval / Reporting	Activity/Product	Primary client	Last review date	2020/2021												Comments
				Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
Governance																
Programme Level																
Joint Committee	Meetings	SRO, JC, PMO	Apr-20			x	x	x	x	x	x	x	x	x	x	Monthly meeting
Programme Board	Meetings	SRO, PB, PMO	Apr-20		x	x	x	x	x	x	x	x	x	x	x	Monthly meeting
Economic Strategy Board	Meetings	SRO, ESB, PMO	Apr-20			x	x	x	x	x	x	x	x	x	x	Monthly meeting
Joint Scrutiny Committee	Meetings	SRO, JSC, PMO	Apr-20				x		x		x		x		x	Meetings every two months
Regional S151 officers	Meetings	AB, PMO	Apr-20			x			x				x		x	Quarterly meeting
WG/UKG/PMO briefing	Meetings	SRO, PMO, WG, UKG	Apr-20	x	x	x	x	x	x	x	x	x	x	x	x	Monthly meetings
SBOD/WG PMO briefing	Meetings	SRO, PMO, WG	Apr-20	x	x	x	x	x	x	x	x	x	x	x	x	Meetings twice a week
PMO Team	Meetings	SRO, PMO	Apr-20	x	x	x	x	x	x	x	x	x	x	x	x	Weekly meeting
WLGA Regional City Deal Directors	Meetings	SRO, WLGA, WG	Apr-20	x		x		x		x		x		x		Meetings every two months
Project level																
Swansea District & Waterfront Digital District	Live document															
Life Science & Well Being Campus	Live document															
Low Carbon Growth Project	Live document															
Yr Egin - Phase 1	Live document															
Yr Egin - Phase 2	Live document															
Life Science and Well being Village	Live document															
Regional Skills and talent initiative	Live document															
Regional Digital infrastructure	Live document															
Pembroke Dock Marine	Live document															
Assurance																
Programme Level																
OGC Gateway Process	Risk Potential Assessment	SRO, PB, PMO			x											SRO appointment in May. RPA developed
OGC Gateway Process	Gate 0 Programme Strategic Assessment	SRO, PB, PMO, JC				x										June target. Working with Assurance Hub
Programme business case	Live document	SRO, PB, PMO, JC				x										June target
Implementation Plan	Live document	SRO, PMO, PB, JC, JSC	Apr-20		x		x			x				x		Annual review at Joint Committee
Programme issues log	Live document	SRO, PMO, PB, JC, JSC	Apr-20			x	x		x		x	x	x	x		Quarterly to JC/PB. Every 2 months to JSC
Programme risk reg	Live document	SRO, PMO, PB, JC, JSC	Apr-20			x	x		x		x	x	x	x		Quarterly to JC/PB. Every 2 months to JSC
M & E plan	Live document	SRO, PMO	Apr-20			x										June target. Plan being redrafted.
Covid-19 Impact Assessment	Live document	SRO, PMO	Apr-20			x										June target
Project level																
Swansea District & Waterfront Digital District	Live document															
Life Science & Well Being Campus	Live document															
Low Carbon Growth Project	Live document															
Yr Egin - Phase 1	Live document															
Yr Egin - Phase 2	Live document															
Life Science and Well being Village	Live document															
Regional Skills and talent initiative	Live document															
Regional Digital infrastructure	Live document															
Pembroke Dock Marine	Live document															
Audit and Risk																
Programme Level																
External Audit	Audit	AB, PMO	Apr-20			x	x	x								Wales Audit Office
Internal Audit	Audit	AB, PMO	Apr-20								x	x	x			Pembrokeshire Council Internal Audit
Risk critical friends group	Meetings	PMO, IA, Proc, Risk	Apr-20				x		x		x		x		x	Review of programme risk register
Project level																
Swansea District & Waterfront Digital District	Live document															
Life Science & Well Being Campus	Live document															
Low Carbon Growth Project	Live document															
Yr Egin - Phase 1	Live document															
Yr Egin - Phase 2	Live document															
Life Science and Well being Village	Live document															
Regional Skills and talent initiative	Live document															
Regional Digital infrastructure	Live document															
Pembroke Dock Marine	Live document															