

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

**Lleoliad:** O bell drwy Microsoft Teams

**Dyddiad:** Dydd Iau, 9 Gorffennaf 2020

**Amser:** 10.30 am

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

**Aelodaeth:**

Cyngorwyr:

Emlyn Dole	Cyngor Sir Gar
Rob Jones	Cyngor Castell-nedd Port Talbot
David Simpson	Cyngor Sir Benfro

Cynrychiolwyr Cyfetholedig Heb bleidlais:

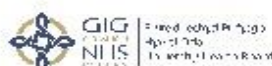
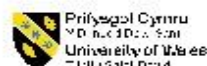
Maria Battle	Bwrdd Iechyd Prifysgol Hywel Dda
Yr Athro Medwin Hughes	Prifysgol Cymru y Drindod Dewi Sant
Edward Tomp	Cadeirydd y Bwrdd Strategaeth Economaidd
Steve Wilks	Prif Ysgol Abertawe
Emma Woollett	Bwrdd Iechyd Prifysgol Bae Abertawe

Geylio ar-lein: <https://bit.ly/2YJxLeB>

### **Agenda**

**Rhif y Dudalen**

- 1 Ymddiheuriadau am absenoldeb.**
- 2 Datgeliadau o fuddiannau personol a rhagfarnol.**  
[www.abertawe.gov.uk/DatgeluCysylltiadau](http://www.abertawe.gov.uk/DatgeluCysylltiadau)
- 3 Cofnodion.** **1 - 5**  
Cymeradwyo a llofnodi, fel cofnod cywir, gofnodion y cyfarfod blaenorol.
- 4 Cyhoeddiad/Cyhoeddiadau'r Cadeirydd.**



**5 Cwestiynau gan y Cyhoedd**

Rhaid cyflwyno cwestiynau'n ysgrifenedig, cyn hanner dydd ar y diwrnod gwaith cyn y cyfarfod fan bellaf. Rhaid i gwestiynau ymwneud ag eitemau ar yr agenda. Ymdrinnir â chwestiynau o fewn cyfnod 10 munud.

<b>6 Dyfarnu Amodau Ariannu.</b>	<b>6 - 14</b>
<b>7 Cynllun Monitro a Gwerthuso.</b>	<b>15 - 38</b>
<b>8 Achos Busnes y Rhaglen.</b>	<b>39 - 123</b>
<b>9 Cynllun Gweithredu.</b>	<b>124 - 183</b>
<b>10 Cyllideb Ddiwygiedig y Cyd-bwyllgor 2010/2021.</b>	<b>184 - 190</b>
<b>11 Asesiad Effaith Covid-19.</b>	<b>191 - 195</b>
<b>12 Cyd-bwyllgor Craffu - Newidiadau i'r Cylch Gorchwyl.</b>	<b>196 - 197</b>
<b>13 Diweddariad Prosiectau. (Llafar)</b>	

**Cyfarfod nesaf:** Dydd Iau, 13 Awst 2020 ar 10.30 am



**Huw Evans**

**Pennaeth Gwasanaethau Democraidd**

**Dydd Gwener, 3 Gorffennaf 2020**

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**Cyswllt: Gwasanaethau Democraidd - 01792 636923**

# Agenda Item 3

City and County of Swansea



## Minutes of the Swansea Bay City Region Joint Committee

Remotely via Microsoft Teams

Thursday, 11 June 2020 at 10.30 am

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

### Councillors:

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

### Co-opted Non-Voting Representatives:

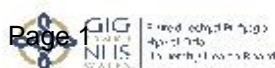
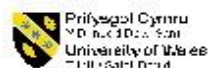
Medwin Hughes University of Wales Trinity Saint David  
Edward Tomp Chair of Economic Strategy Board  
Steve Wilks Swansea University  
Emma Woollett Swansea Bay University Health Board

### Officers:

Richard Arnold Swansea City Region Finance Manager (Swansea Bay City Region)  
Jonathan Burnes Swansea Bay City Region  
Huw Evans Head of Democratic Services (Swansea Council)  
Jason Garcia Team Leader (Audit Wales)  
Jon Haswell S151 Officer (Pembrokeshire Council)  
Greg Jones Communications & Marketing Officer - City Deal (Carmarthenshire Council)  
Tracey Meredith Joint Committee Monitoring Officer (Swansea Council)  
Chris Moore Joint S151 Officer (Carmarthenshire Council)  
Nicola Pearce Director of Environment (Neath Port Talbot Council)  
Phil Roberts Chief Executive (Swansea Council)  
Debbie Smith Deputy Monitoring Officer (Swansea Council)  
Wendy Walters Chief Executive (Carmarthenshire Council)

### Apologies for Absence:

Councillor(s)  
Maria Battle (Hywel Dda University Health Board)  
Steve Phillips (Chief Executive (Neath Port Talbot Council)) and Ian Westley (Chief Executive (Pembrokeshire Council))



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

In accordance with the Code of Conduct adopted by the City & County of Swansea, the following interest(s) were declared:

- 1) Wendy Walters (Chief Executive of Carmarthenshire Council) declared a Personal & Prejudicial Interest in Minute 64 "Appointment of Senior Responsible Officer (SRO) and withdrew from the meeting prior to its discussion.

**56 Minutes.**

**Resolved** that the Minutes of the Swansea Bay City Region Joint Committee held on 28 January 2020 be signed and approved as a correct record.

**57 Announcement(s) of the Chair.**

**1) First Remote Meeting of the Swansea Bay City Region Joint Committee**

Councillor Rob Stewart (Chair) welcomes everybody to the first Remote Meeting of the Swansea Bay City Region Joint Committee.

**2) Pembroke Dock Marine**

Councillor David Simpson stated that the Pembroke Dock Marine project had received the support of both the Welsh and UK Government. He stated that this would great prosperity to Pembrokeshire. He thanked all involved.

**58 Public Questions**

There were no public questions.

**59 Audit Wales 2020 Audit Plan.**

Jason Garcia (Audit Wales) presented the Audit Wales 2020 Audit Plan. The report informed the Joint Committee of the plan and scope in respect of the external audit of the Swansea Bay City Region Joint Committee's Statement of Accounts.

**Resolved** that the proposed plan and scope of the external audit of the Swansea Bay City Region Joint Committee's Statement of Accounts undertaken by the Wales Audit Office be reviewed and agreed.

**60 Funding Agreements.**

The Joint Committee Section 151 Officer (Chris Moore) submitted a report which set out the Funding Arrangements to be utilised in the management of the release of City Deal Funding to Delivery Partners.

**Resolved that:**

- 1) The template funding agreements set out in Appendix A & B of the report be approved and adopted to manage the release of funding from the Programme to the Councils and to delivery partners:
  - i) Appendix A being a standard agreement between the Accountable Body and the Project Lead Authority;
  - ii) Appendix B being a template agreement for amendment by the Project Lead Authority to suit the agreement with the delivery party;
- 2) Authority be delegated to the Swansea Bay City Region Joint Committee Section 151 Officer and Monitoring Officer to make any essential and necessary amendments to the template agreement within Appendix A of the report.

**61 Distribution of Investment Interest.**

The Joint Committee Section 151 Officer (Chris Moore) submitted a report which set out recommendations in respect of the treatment of interest earned through the investment of programme cash balances.

**Resolved** that Option 2 as set out in the report be agreed in respect of the treatment of interest earned as a result of the investment of programme cash balances. Option 2 being:

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

**62 Swansea Bay City Deal Projects Update.**

The Swansea Bay City Region Programme Director (Jonathan Burnes) provided an update on the projects forming part of the City Deal Programme. Those projects 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.

**Resolved** that the updates and the progress be noted.

**63 Homes as Power Stations Business Case.**

The Chair of the Economic Strategy Board (ESB) (Ed Tomp) provided feedback from the ESB in relation to the Homes as Power Stations project. He thanked Neath Port Talbot Council for their work in relation to the project. He stated that he recommended the project to the Joint Committee.

Councillor Rob Jones and Nicola Pearce submitted a report which provided feedback from the Economic Strategy Board and also sought approval to formally submit the five-case model business case to the UK Government and Welsh Government for approval.

**Resolved** that:

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

**64 Appointment of Senior Responsible Owner (SRO).**

The Swansea Bay City Region Programme Director (Jonathan Burnes) submitted a report which sought 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.

**Resolved** that the Chair of the Swansea Bay City Region Programme Board be appointed as the Senior Responsible Owner (SRO) for the Swansea Bay City Deal programme.

**65 Programme Management Office Structure.**

The Swansea Bay City Region Programme Director (Jonathan Burnes) submitted a report which sought approval for the Programme Management Office Structure.

**Resolved** that:

- 1) Option B2 as set out in Appendix A of the report be approved as the Programme Management Office (PMO) Structure to enable recruitment to the PMO;
- 2) The Programme Management Office structure be reviewed within 12 months.

**66 Programme Risk Register and Project Issues Log.**

The Swansea Bay City Region Programme Director (Jonathan Burnes) submitted a report which considered current project issues and immediate Swansea Bay City Deal risks.

**Resolved** that the latest project issues and programme risks be noted.

**67 Integrated Assurance and Approval Plan (IAAP). (For Information)**

The Swansea Bay City Region Programme Director (Jonathan Burnes) submitted a report which provided an update on the development of an Integrated Assurance and Approval Plan (IAAP) for the Swansea Bay City Deal programme.

**Resolved** that the progress being made on developing an Integrated Assurance and Approval Plan (IAAP) for the Swansea Bay City Deal programme be noted.

**68 Feedback from Economic Strategy Board (ESB). (Verbal)**

The Chair of the Economic Strategy Board (ESB) (Ed Tomp) stated that he had provided the ESB feedback earlier in the meeting under Minute 63 "Homes as Power Stations Business Case".

The meeting ended at 11.40 am

**Chair**

# Agenda Item 6



Swansea Bay City Region Joint Committee – 9 July 2020

## Award of Funding Conditions

<b>Purpose:</b>	To inform Joint Committee of the status of SBCD Award of Funding conditions
<b>Policy Framework:</b>	Swansea Bay City Deal
<b>Consultation:</b>	Programme Board
<b>Recommendation(s):</b>	It is recommended that Joint Committee:  1) Approves the submission of the status report to the UK Government and Welsh Government
<b>Report Author:</b>	Jonathan Burnes, SBCD Programme Director
<b>Finance Officer:</b>	Chris Moore, Section 151 Officer, SBCD
<b>Legal Officer:</b>	Tracey Meredith, Monitoring Officer, SBCD

### 1. Introduction

- 1.1 The Welsh and UK Governments provided the Swansea Bay City Deal a release of funding letter to the SBCD S151 Officer on October 24<sup>th</sup>, 2019.
- 1.2 This letter - which stipulated the conditions that had to be met in order to draw down further City Deal funds and seek approval for City Deal projects – was shared with Joint Committee on November 26<sup>th</sup>, 2019.

### 2. Background

- 2.1. Eleven targets for the SBCD programme are included within the Award of Funding letter. Among the targets is a requirement for the SBCD to meet all recommendations arising from an external review into the City Deal. Published in March 2019, the external review was carried out by Actica Consulting.
- 2.2. Dialogue has been taking place on a monthly basis between Welsh Government and SBCD officers to update on the planning, governance and delivery requirements, along with other conditions in the Award of Funding letter through a Welsh Government target update form and SBCD schedule.



2.3. Once approved by Joint Committee, this report will be submitted to the Welsh and UK Governments for confirmation that they are satisfied with the progress and completion of the targets.

### **3. Financial Implications**

3.1 Meeting the terms and conditions stipulated in the Award of Funding letter will support the drawing down of further funding to the SBCD programme, along with the consideration of further SBCD project business cases for approval.

3.2 The terms and conditions of the first phase of programme funding outlined specific targets for achievement by the Project Lead Authorities to satisfy the Welsh and UK Governments and to support the release of phase two funding.

3.3 The projects consist of a number of components which result in a staged delivery approach. Those elements of business cases that have been procured have progressed to full business case status in accordance with the project delivery plan.

3.4 The outlined targets do not reflect a staged approach to delivery and as such are being actively managed in consultation with both UKG and WG. This could result in a delay to the release of further funding to the programme. The first funding instalment to the SBCD programme (£18 million) was released in December 2019 in respect of the 2018/2019 financial year.

### **4. Legal Implications**

4.1 Carmarthenshire County Council as the Accountable Body is obliged to comply with the terms and conditions within the Award of Funding letter. Carmarthenshire County Council will enter into funding agreements with all other Councils to ensure that responsibility for compliance with the funding conditions is passed to each Council receiving the benefit of government funding.

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

5.1 The Swansea Bay City Deal programme and its constituent projects are closely aligned to the Well-being of Future Generations (Wales) Act 2015 and the seven well-being goals for Wales. These alignments are outlined in a Programme Business Case for the SBCD, as well as in individual project business cases.

**Background Papers:** None

**Appendices:**

- Appendix A - Award of Funding Conditions status report
- Appendix B - External review status update report

# Appendix A (Swansea Bay City Deal Award of funding conditions status report)

## 1. Introduction

The Welsh and UK Governments provided the Swansea Bay City Deal a release of funding letter to Mr Chris Moore (SBCD S151 Officer) on October 24, 2019. This letter was shared with the [Joint Committee](#) on November 26, 2019, where it stipulated the conditions that had to be met in order to draw down further City Deal funds and seek approval for City Deal projects. Dialogue has been taking place on a monthly basis between the Welsh Government and SBCD officers to update on the planning, governance and delivery requirements, along with other conditions in the Award of Funding letter through a WG target update form and SBCD schedule. Once approved by the Joint Committee, this report will be submitted to the Welsh and UK Governments for them to confirm that they are satisfied with the progress and completion of the targets.

## 2. Target status update

### 2.1. Target 1: Delivery of a clear plan for addressing the remaining recommendations from the independent review led by Actica Consulting

Update summary	Status
<p>A schedule of activity was updated on a fortnightly basis since March 2020 and shared with the chairs of the Joint Committee and Programme Board and with Welsh and UK Government officials.</p> <p>The SBCD Project Plan was first presented at Programme Board in July 2019, with monthly progress updates following.</p>	Complete

### 2.2. Target 2: An Integrated Assurance and Approval Plan and a report of the stocktake findings

Update summary	Status
<p>The SBCD Regional PMO programme level IAAP is complete and has been shared with Programme Board and Joint Committee in May/June 2020. The IAAP was developed in consultation with the WG's Integrated Assurance Hub and feedback on the most recent draft has been incorporated. In addition, and outside of the required conditions, a workshop took place with the SBCD project managers in June 2020 to embed the IAAP at project level. The IAAP is a live document and therefore will continue to evolve and be reported through the SBCD governance structures.</p> <p>The IAAP will be shared with the SBCD programme external Stage Gate Review taking place on the 15-17 July 2020.</p>	Complete

A stocktake of the Programme was produced and submitted in April 2020. The up to date stocktake can now be found in the updated Programme Business Case and Implementation Plan.	
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**2.3. Target 3: A complete and up-to-date Implementation Plan and a complete and up-to-date Monitoring and Evaluation Plan for the Programme reflecting the composition of the Programme.**

<b>Update summary</b>	<b>Status</b>
<p>The Implementation Plan is current. Version 25 was shared with Programme Board on 25 June and will be shared with Joint Committee on 9 July, 2020. This and the previous version (March 2020) have been shared with the Welsh Government via the Programme Board.</p> <p>The Monitoring &amp; Evaluation (M&amp;E) Plan has been developed in consultation with the SBCD project leads and key stakeholders. The M&amp;E Plan was presented at Programme Board on June 25 and will be considered for approval at Joint Committee on July 9. The outputs/outcome targets are currently in the Programme Business Case and Implementation Plan and once signed off will form part of the M&amp;E plan moving forward.</p> <p>The Implementation and M&amp;E plans are live documents and therefore will continue to evolve and be reported through the SBCD governance structures.</p> <p>The Implementation and M&amp;E plans will be shared with the Stage Gate 0 External Review between 15-17 July 2020.</p>	Complete

**2.4. Target 4: The successful delivery of the recommendations of the Independent Review ahead of any further project business cases being formally submitted for approval.**

<b>Update summary</b>	<b>Status</b>
<p>Actica Consulting, who were appointed by the UK Government and Welsh Government to carry out an external review into the City Deal, published their findings in March, 2019. These findings included a series of recommendations. A delivery plan to meet these recommendations was first presented at Programme Board in July 2019, with monthly progress updates following.</p> <p>Please see Appendix B for further details.</p>	Complete

**2.5. Target 5: Complete, up-to-date Full Business Cases which meet HM Treasury Green Book business case standards to the satisfaction of the Welsh Cities & Growth Implementation Board for the Yr Egin and Swansea City and Waterfront Digital District projects. Each business case must be approved**

**before submission by the Joint Committee and/or the external party responsible under the Joint Committee Agreement.**

<b>Update summary</b>	<b>Status</b>
<p>The WG have confirmed that this requirement is not as it's stipulated. Each of the two projects had an action list which were given a RAG status (Red, Amber, Green). The actions associated with each are now complete.</p> <p>Programme Board (3 July) and Joint Committee (9 July) will receive a business case status and update report for each project.</p>	Complete

- 2.6. Target 6: Yr Egin – confirmation in writing that appropriate due diligence has been completed to provide assurance that the University of Wales Trinity Saint David (UWTSD) is able to make its financial contribution and/or access the necessary levels of borrowing over the 15-year lifespan of the Programme.**

<b>Update summary</b>	<b>Status</b>
<p>Due diligence completed by Carmarthenshire County Council. In addition, SBCD <a href="#">Funding agreement templates</a> have been approved at Joint Committee on 11 June, 2020. Financial arrangements between Carmarthenshire County Council and UWTSD will be initiated upon signing of a funding agreement by both parties.</p>	Complete

- 2.7. Target 7: Yr Egin – confirmation in writing that appropriate due diligence provides assurance that S4C is expected to remain financially viable over the lifetime of the project and that the project is designed to achieve optimal value for money for the public funds invested.**

<b>Update summary</b>	<b>Status</b>
<p>In February 2020, UWTSD confirmed in writing that:</p> <p>Appropriate financial due diligence was undertaken when the engagement with S4C was brokered in 2014/15, and subsequently tested during the finalisation of lease negotiations in 2015/16. Optimisation with regards to value for money for the public funds invested was a key component of all lease negotiations for S4C and other tenants (and continues to be the case for new tenants). This optimisation includes associated benefits for the University's core business, such as work experience for students, which is over and above the economic and commercial benefits of the creative cluster that was set out in the business case approved by Government.</p>	Complete

As far as the University was able to establish the financial viability of S4C, this was done and comprehensively so. The University does not have any reason to expect that S4C's 25-year commitment to the project will not be financially sustainable. Existing tenants in the building have been procured on market terms following a full commercial marketing exercise and all external service providers have been, and will continue to be, selected through public procurement procedures.	
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**2.8. Target 8: Yr Egin – confirmation in writing that due diligence has been carried out on the third-party management company for Phase 2 when appointed.**

<b>Update summary</b>	<b>Status</b>
<p>Further information: In February 2020, UWTSO confirmed in writing that:</p> <p>At the time of completing its business case submission, the University stated that whilst its preferred approach was to manage the facility from internal resources, it would not rule out the appointment of a third-party management company in the future. The facility is now being successfully managed by a wholly-owned subsidiary of the University (achieving c95% occupancy). If that was to change in the future, then a full public procurement and due diligence exercise would be undertaken in the selection of any third-party management company. No third-party management company currently operating facility.</p>	Complete

**2.9. Target 9: Swansea City and Waterfront Digital District – confirmation in writing that the local authority financial contribution for the Project is committed as set out in the Business Case.**

<b>Update summary</b>	<b>Status</b>
<p>The S151 Officer at Swansea Council has confirmed that the project is contained within the overall capital programme and anticipated borrowing as part of the £180m envelope approved by Council in both the 2020-21 budget and the medium term financial plan. Half of the £180m funding has already been drawn down. The work-up costs of £2.6m to take the Digital Village scheme to planning approval have been fully funded and it would be normal practice to await costs certainty following the tender process to inform a final FPR formally committing the exact amount required. As such, it will be a future Cabinet decision at Swansea Council to formally commit to the scheme but the council's S151 Officer is satisfied that the scheme is fully funded.</p>	Complete

- 2.10. Target 10: Swansea City and Waterfront Digital District – confirmation in writing that due diligence has been completed to provide assurance that UWTSD is able to make its financial contribution and/or access the necessary levels of borrowing over the 15-year lifespan of the Programme.**

Update summary	Status
As outlined in target 9 the City and County of Swansea are satisfied that the project is fully funded subject to ongoing discussions and development to full business case.	Complete

- 2.11. Target 11: Swansea City and Waterfront Digital District – confirmation in writing that due diligence provides assurance that the Project is designed to achieve optimal value for money for the public funds invested.**

Update summary	Status
<p>Two accompanying reports were attached to the <a href="#">Swansea Council Cabinet</a> approval on November 29, 2019, for the indoor arena:</p> <ol style="list-style-type: none"> <li>1. A review of economic benefits, provided by AMION Consulting</li> <li>2. A review of the business case, provided by RivingtonHark</li> </ol>	Complete

## Appendix B - Independent Government Review

The UK Government and Welsh Government jointly commissioned an independent review in January 2019. This review was to provide assurance that the City Deal will deliver full economic benefits for the region. Actica Consulting - who undertook the review - outlined seven key recommendations to be adopted by the City Deal programme. These recommendations are demonstrated below, along with progress in reaching them.

ID	Recommendation	Update
1	Pre-scrutiny should be encouraged but direct and regular face to face contact between those writing the business cases and those providing comment upon them and advising those who will grant approval is essential.	Regular face to face contact has been engaged through workshops and feedback from governments and assurance partners to develop constructive and robust business cases, meeting the required standard of the HMRC Green Book.
2	The Regional Office should be designed as a Portfolio Management Office, leveraging their skills with experienced Portfolio/ Programme/ Project Management (P3M) specialists.	An <a href="#">SBCD Programme Director</a> has been appointed, and started in post in March 2020. A PMO structure was approved at <a href="#">Joint Committee</a> in June 2020, and recruitment is now under way.
3	The City Team should (with the support of the Welsh Government Assurance hub and IPA as necessary) put in place a best practice Integrated Assurance and Approval Plan (IAAP) for the portfolio. All parties should especially consider the OCG Gateway™ Review process as a key part of that plan.	IAAP approved at Programme Board and <a href="#">Joint Committee</a> . Assurance Gateways are being implemented on a programme and project basis and will be part of the ongoing assurance framework. External reviews for Homes as Power Stations and Supporting Innovation & Low Carbon Growth have been undertaken. An external programme stage gate review is planned for 15-17 July 2020.
4	Under the chair of the JSC each SBCD board should consider their Terms of References and ways of working to ensure that they will work as intended. In doing so they should take account of this review and of the outcome of the audits currently being undertaken.	ToRs have been implemented and embedded to ensure best practice is achieved. The programme has undertaken an internal audit to review processes and all relevant assurance and risk documentation. ToRs will be reviewed periodically to ensure they are up to date.
5	A Portfolio Director should be appointed before May 2019 to ensure continuity of Swansea Bay City Deal leadership and independent advice to the Boards.	Programme Director has been appointed for the City Deal and started in post in March 2020.
6	The SBCD should be managed as a portfolio not as a set of predetermined and immutable projects.	The SBCD programme is being managed as a portfolio, embedding the P3M management principles of portfolio, programme and project.

<b>7</b>	For Yr Egin and Swansea Waterfront, the two businesses cases which we consider are close to final approval, senior UK Government and Welsh Government and Local Authority officials should aim to reach a swift conclusion to ensure that funding can flow as needed.	Both business cases in respect of Swansea and Yr Egin have been approved and updated, and subsequent funding has been released to the SBCD programme.
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# Agenda Item 7



Swansea Bay City Region Joint Committee – 9 July 2020

## Monitoring and Evaluation Plan

<b>Purpose:</b>	To approve the Swansea Bay City Deal Monitoring & Evaluation Plan aligned to an external review recommendation. It is also recognised as good Programme Management practice.
<b>Policy Framework:</b>	Swansea Bay City Deal (SBCD) Joint Committee Agreement (JCA)
<b>Consultation:</b>	Programme Board SBCD Project Leads
<b>Recommendation(s):</b>	It is recommended that:  Joint Committee approves the City Deal's Monitoring & Evaluation Plan for submission to the UK Government and Welsh Government for consideration
<b>Report Author:</b>	Jonathan Burnes, SBCD Programme Director
<b>Finance Officer:</b>	Chris Moore, SBCD S151 Officer
<b>Legal Officer:</b>	Tracey Meredith, SBCD Monitoring Officer

### 1. Introduction

- 1.1. The M&E Plan aims to provide structure and set expectations for the SBCD project teams when undertaking project monitoring and evaluation.
- 1.2. The M&E Plan is one of the targets set by the Welsh Government and UK Government that resulted from the external review recommendations. The SBCD needs to satisfy this target (in amongst other targets) in order to approve future projects and draw down further City Deal funds.
- 1.3. The M&E Plan will form part of the forthcoming Regional PMO Knowledge Hub that contains project related support, training, guidance and templates for the M&E Plan and other PMO related assurance, governance and good practice.

- 1.4. This Plan is targeted at Senior Responsible Owners (SROs), the Regional PMO and SBCD Project Managers and their teams, in conjunction with providing assurances to the Welsh Government and UK Government that progress, performance and impact of the £1.3bn SBCD is considered and implemented in a robust manner.
- 1.5. The approach to monitoring and evaluation at programme and project level is detailed below:
- Principles and good practice to ensure the performance and impact is managed and maximised
  - How monitoring and evaluation fits within the SBCD assurance framework and the guidance set out in the HM Treasury’s Green and Magenta Books
  - A suggested RACI (Responsible, Accountable, Consulted and Informed) matrix for the key roles involved in the monitoring and evaluation of the programme
- 1.6. The tools and templates will form part of the forthcoming SBCD Programme Knowledge Hub that contains project related support, training, guidance and templates. The M&E plan will include the following M&E activity:

<b>Document</b>	<b>Frequency</b>
1. Highlight report	Monthly
2. Monitoring report	Quarterly
3. Performance report	Annually
4. Benefits realisation plan	Continually updated and reported annually
5. Milestone evaluations (mid-term and final)	Year 3, 5, 10 and final

- 1.7. Once the M&E Plan is approved by Joint Committee, the appendices such as reporting templates, processes, guidance will be completed in coming weeks/months. The baseline targets are set out in the Programme Business Case and Implementation Plan and will feature as an appendix for the M&E plan.

## **2. Background**

- 2.1. The City Deal is made up of nine projects estimated to deliver £1.8bn GVA and over 9,000 high-value jobs to the Swansea Bay City Region over the course of the 15-year programme. It is therefore vital to monitor and evaluate the programme and its associated projects so that they are delivered successfully in order to realise the intended benefits.
- 2.2. The appended Monitoring & Evaluation (M&E) Plan has been written by the Regional Programme Management Office (PMO) in consultation with the Project Leads to communicate to all stakeholders the intent and mechanisms of monitoring and evaluation for the SBCD.
- 2.3. A vital component of this is ensuring that projects are initiated in the right way. The establishment of projects through strategic, outline and full business case developments will heighten the chances of successful delivery. The most common causes of project failure include unclear objectives, insufficient

resources, and over ambitious timescales and scope, among others. All these factors can affect the deliverability and impact associated with a project and therefore must be considered from the outset of the project or programme.

2.4. The M&E Plan will be applied at programme and project level, where a two-way cascade of outputs and outcomes will be required to understand performance and impact of the SBCD programme.

2.5. Allocating dedicated time to determining the appropriate monitoring and evaluation of projects early on in their lifecycle helps to ensure that clear objectives are shaped and that there is an agreed understanding of the needs and wants of all primary stakeholders.

2.6. As a result, effective monitoring and evaluation will lead to:

- Coordinated measurement of programme and project performance
- Alignment to SBCD objectives
- Determining if the programme or project worked
- Quality information that leads to informed decision making
- Visible and improved planning, risk and issue management
- Collaborative and supportive mechanisms for project and programme success
- Delivery of the widest possible benefits to the region
- Demonstrable value for money to the public and key stakeholders
- Creating a culture of learning and sharing across the region and beyond

2.7. The M&E Plan aligns with the revised HM Treasury [Green](#) and [Magenta](#) books, UK Government [Project Delivery guidance](#) and recognised Project Management bodies such as the [Association of Project Managers](#). The Green Book sets out the economic principles that should be applied to both programme and project appraisal and evaluation.

2.8. The plan will be shared with the Welsh Government's Office for Project Delivery for awareness and input to evolve regional practices.

### **3. Financial Implications**

3.1. Approval of the Monitoring & Evaluation Plan by the UK Government and Welsh Government will help facilitate the release of further funding to the City Deal programme.

3.2. External evaluations and reviews will cost and therefore need to be budgeted at programme and project levels. Noting that an external Stage-Gate® process facilitated by the Welsh Government's Office for Project Delivery costs £6-7k per review.

### **4. Legal Implications**

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

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

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 goals and objectives outlined in the Monitoring & Evaluation Plan are in keeping with the approach and ambitions of the Well-being of Future Generations (Wales) Act 2015. The City Deal goals and objectives will also have a significant impact across the seven well-being goals for Wales and will therefore be part of the benefits realisation and milestone evaluations of the programme and projects.

**Background Papers:** None

**Appendices:**

Appendix A - SBCD Monitoring & Evaluation Plan

# Swansea Bay City Deal

## Monitoring and Evaluation Plan



# Swansea Bay City Deal Monitoring and Evaluation Plan

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<i>(*To be completed following M&amp;E Plan and updated Programme Business Case regional approval)</i>	
<b>1. Templates (to be completed once M&amp;E plan is approved)</b>	
<b>2. Baseline targets and benefits realisation plans (to be included once Programme Business Case is finalised)</b>	
<b>3. Financial reporting (quarterly and annual)</b>	
<b>4. Impact Equality Assessment (to be completed once M&amp;E plan is approved)</b>	

## 1. Introduction

- 1.1. The Swansea Bay City Deal (SBCD) programme comprises of nine regional projects estimated to deliver £1.8bn GVA and over 9,000 highly skilled jobs. It is therefore vital to monitor and evaluate the programme and associated projects so that they are delivered successfully in order to realise the intended benefits.
- 1.2. The importance of measuring performance, the expected benefits and the impact of the programme is reflected in the region's approach to learn from experience and make continuous improvements to the process over time.
- 1.3. A vital component of this is ensuring that projects are initiated in the right way. The establishment of projects through strategic, outline and full business case developments will heighten the chances of successful delivery. The most common causes of project failure include unclear objectives, insufficient resources, over ambitious timescales and scope, among others. All these factors can affect the deliverability and impact associated with a project and therefore must be considered from the outset of the project or programme.
- 1.4. Dedicated time allocated to determining the appropriate monitoring and evaluation of projects early on in their lifecycle helps to ensure that clear objectives are shaped and that there is an agreed understanding of needs and wants of all primary stakeholders. This will support issues that are critical to the success of projects, such as accounting for optimum bias during the strategic and outline business case developments. These can then be amended to reflect more realistic objectives aligned to outcomes, focussing on rigorous benefits management from the start.
- 1.5. This Monitoring & Evaluation Plan has been written by the Regional PMO to communicate the intent and mechanisms of monitoring and evaluation for stakeholders and to support the Project Teams to develop their performance and benefits realisation plans through the programme and project lifecycles.
- 1.6. As a result, effective monitoring and evaluation will lead to:
  - Coordinated measurement of programme and project performance
  - Alignment to SBCD objectives
  - Determining if the programme or project worked
  - Quality information that leads to informed decision making
  - Visible and improved planning, risk and issue management
  - Collaborative and supportive mechanisms for project and programme success
  - Delivery of the widest possible benefits to the region
  - Demonstrable value for money to the public and key stakeholders
  - Creating a culture of learning and sharing across the region and beyond

## 2. Monitoring and Evaluation Plan Overview

- 2.1. The M&E Plan aims to provide structure and set expectations for the SBCD project teams when undertaking project monitoring and evaluation.
- 2.2. The M&E Plan will form part of the Regional PMO Knowledge Hub that contains project related support, training, guidance and templates for the M&E Plan and other PMO related assurance, governance and good practice.
- 2.3. This Plan is targeted at Senior Responsible Owners (SROs), the Regional PMO and SBCD Project Managers and their teams, in conjunction with providing assurances to Welsh and UK government that progress, performance and impact of the £1.3bn SBCD is considered and implemented in a robust manner.
- 2.4. The *Programme* Senior Responsible Owner will ensure that the Regional PMO have an appropriate Monitoring and Evaluation Plan in place. Led by the Regional Director, the Regional PMO will establish and update the M&E Plan to ensure that it functions appropriately. The Regional PMO will provide support, training and regular updates to inform key stakeholders of progress, opportunities, issues and risks at a programme level.
- 2.5. The *Project* Senior Responsible Owner, the Project Manager and their teams are responsible for the implementation of the Monitoring and Evaluation Plan at a project level. This includes the collation, monitoring and communication of the project milestones, deliverables and benefits realisation. Relevant and timely information will be presented in user-friendly templates and feed into the regional programme updates.
- 2.6. The M&E Plan forms part of the Regional PMO Knowledge Hub and covers:
  - The approach to monitoring and evaluation at programme and project level
  - Principles and good practice to ensure the performance and impact is managed and maximised
  - How monitoring and evaluation fits within the SBCD assurance framework and the guidance set out in the HM Treasury's Green and Magenta Books
  - A suggested RACI (Responsible, Accountable, Consulted and Informed) matrix for the key roles involved in the monitoring and evaluation of the programme
- 2.7. The plan utilises key principles and approaches to promote a proactive monitoring and evaluation culture at key stages of the programme and project lifecycles. Changes to existing approaches and processes can be amended accordingly under the leadership of the Regional PMO.
- 2.8. The M&E Plan aligns with the revised HM Treasury [Green](#) and [Magenta](#) books, UK Government's [Project Delivery guidance](#) and recognised Project Management bodies such as the [Association of Project Managers](#). The Green Book sets out the economic



principles that should be applied to both programme and project appraisal and evaluation.

2.9. The plan will also be shared with the WG’s Office for Project Delivery for awareness and input to evolve the guidance and practices. As such, the plan itself can be applied to any local or regional project, programme or portfolio, regardless of the project methodology, such as agile or waterfall.

2.10. The M&E Plan will be applied at programme and project level, where a two-way cascade of outputs and outcomes will be required to understand performance and impact of the SBCD programme. Figure 1 below visualises the alignment of the monitoring and evaluation processes at programme and project levels. This approach will support a cooperative approach to monitoring and evaluating the projects and programme by building on the baselines collaboratively.

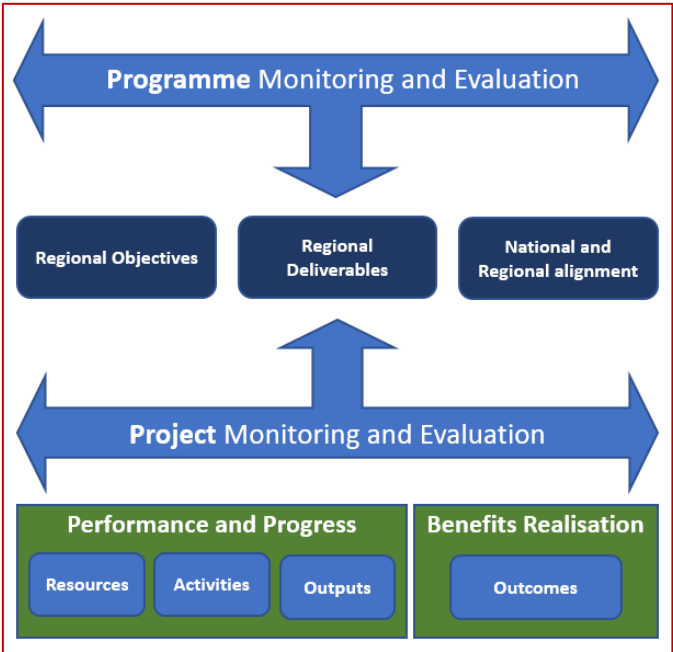


Fig 1. Logic model for Programme and Project M&E

2.11. Guidance and advice, as detailed in Fig 2 below will support the embedding of a M&E culture, principles and mechanisms. The recipients include Project and Programme SROs and Project teams. Progress updates will be shared with all SBCD governance groups, including Joint Committee, Programme Board, Economic Strategy Board and Joint Scrutiny Committee.

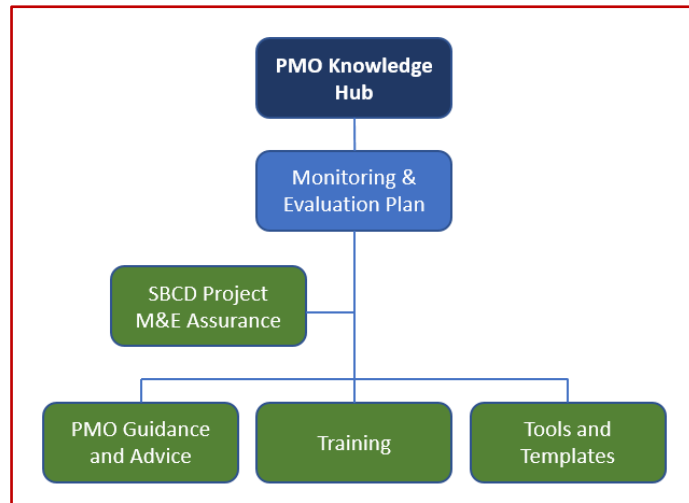


Figure 2. M&E support

2.12. The tools and templates will form part of the SBCD Programme Knowledge Hub and will produce the following monitoring and evaluation activity with the associated frequency below:

Document	Frequency
1. Highlight report	Monthly
2. Monitoring report	Quarterly
3. Performance report	Annually
4. Benefits realisation plan	Continually updated and reported annually
5. Milestone evaluations (mid-term and final evaluations)	Year 3, 5, 10 and at the end of the programme

### 3. Monitoring and Evaluating Programme Performance and Benefits

3.1. The Monitoring and Evaluation (M&E) Plan is made up of two components addressing the target indicators in the programme as depicted in Figure 3. Firstly, Programme progress and performance, which is the periodic assessment of project implementation and performance activities; and secondly, Programme Benefits Realisation, which is the evaluation of their results in terms of relevance, effectiveness, and impact. The M&E Plan will provide the SBCD governance structures, namely the Joint Committee, Programme Board, Economic Strategy Board and Joint Scrutiny Committee information on the progress and impact made towards achieving the programme’s milestones, outputs and outcomes. This information will also be shared with the Welsh and UK Governments through periodic updates and reviews and made available to the public on an annual basis.

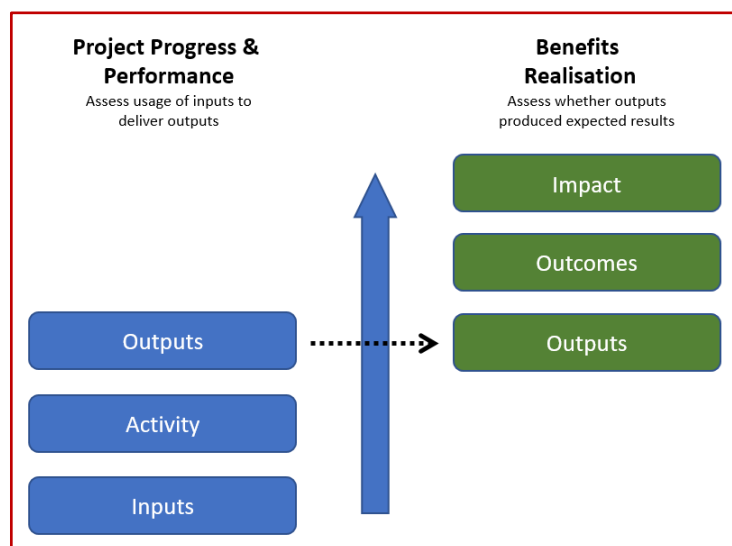


Figure 3. Logical Framework to monitor and Evaluate programme performance and impact

3.2. **Programme progress and performance** – Performance monitoring will check and assess whether the programme and projects are successful in achieving their objectives by monitoring project activities in order to improve efficiency and overall effectiveness of the programme implementation. Performance monitoring is continuous and will gather information on programme and project implementation against the scheduled plan, including the delivery of quality outputs in a timely manner. Continuous monitoring of project performance will ensure that any issues or constraints, such as technical, resource and financial issues, are identified and managed in an appropriate and timely manner. This will also support the development of clear recommendations for corrective action, and identify lessons learned and best practices for other regional or cross-regional opportunities. All projects will be monitored closely by the Regional PMO and will be required to present monthly highlight reports and quarterly monitoring data to Programme Board and Joint Committee. These reports will be incorporated into a SBCD Annual Performance Report.

- 3.3. **Programme benefits realisation** - Evaluation of the programme’s success in achieving its outcomes will be monitored periodically throughout the programme lifecycle. The indicators have been further reviewed/refined during the development of this M&E Plan, and tools, methods and indicators for measuring the impact of projects and the overarching programme have been determined and agreed to ensure that a standardised framework is approved and put into practice by all primary SBCD stakeholders, including the Regional PMO and SBCD Project Managers.
- 3.4. The monitoring and evaluation of programme performance and benefits realisation will improve decision-making of the SBCD governance committees and Regional PMO by ensuring that the programme and associated projects are on track in terms of planned delivery and achieving the intended outcomes by integrating lessons learnt into its planning processes.
- 3.5. The main criterion for monitoring and evaluation activity includes programme progress, benefits realisation evaluation, value for money, direct and indirect impact, capacity and capability developments, total impact measures and contextual economic forecasting.
- 3.6. Programme achievements will be robustly monitored from Summer 2020, with the first formal annual evaluation taking place in 2021 and aligned to financial year end. Mid-term assessments will be undertaken regionally and with external organisations, where they will align to the recommended process of the OGC Stage Gate review process, particularly at Investment Decision, Readiness for Service and Benefits Realisation stages of all projects. In addition, each project will undergo a retrospective look at what was achieved in a final evaluation and lessons learned stage review. The incorporation of these reviews and frequent monitoring of activity will ensure that all aspects of the programme and projects continuously plan, act, monitor and evaluate throughout their lifecycles, as depicted in Figure 4 below.

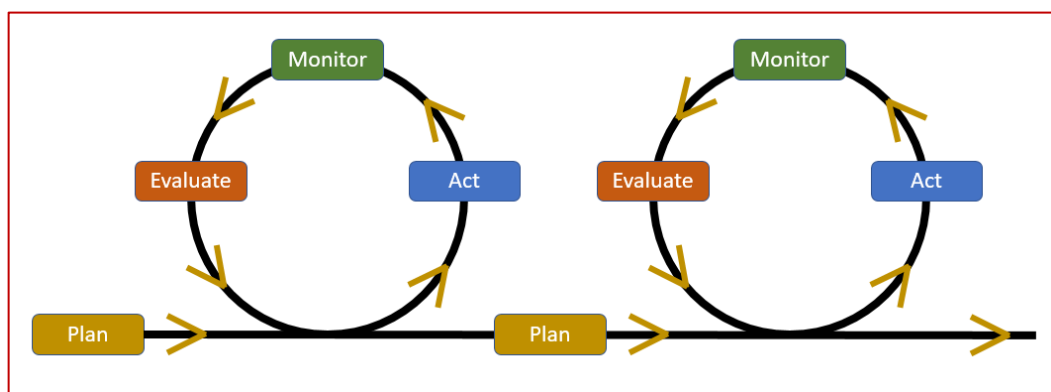


Figure 4. M&E as part of project and programme management and planning

- 3.7. The Mid-Term Evaluation will take place in years 3, 5 and 10 of the 15-year programme to determine the positive progress being made towards achievement of outcomes and

will provide constructive recommendations to address any issues and risks identified. It will:

- Review the effectiveness, efficiency and timeliness of the programme and project process model
- Determine the scale of change and how they are attributable to the SBCD programme and projects
- Compare the benefits and costs of the programme and projects to determine value for money and social value, whilst considering total impact measures
- Analyse effectiveness of implementation and partnership arrangements
- Identify issues requiring decisions and remedial actions
- Highlight lessons learned about project design, technical achievement, implementation and management
- Link across the programme and projects with nested logic models to test whether different approaches were successful. For example, the testbed approach of HaPS vs regeneration of Llanelli Well-being village or Swansea City Centre
- Analyse whether the project is on track with respect to achieving the expected results
- Propose any mid-course corrections and/or adjustments to the work plan as necessary.

3.8. Final Evaluation will take place three months prior to completion of each project and overall programme and will focus on the same focus areas identified for the Mid-Term Evaluation. In addition, the final evaluation will review project impact, analyse sustainability of results and whether the project has achieved the outcomes and the development and environmental objectives.

## 4. M&E Plan Knowledge Hub

4.1. The SBCD Programme Knowledge Hub will house the approved processes, mechanisms and templates to monitor and evaluate the programme and projects which will be further supported with advice and guidance from the Regional PMO. The diagram below illustrates the key components of what will be used to govern and assure the SBCD programme and projects by monitoring progress and performance and evaluating the programme's success.

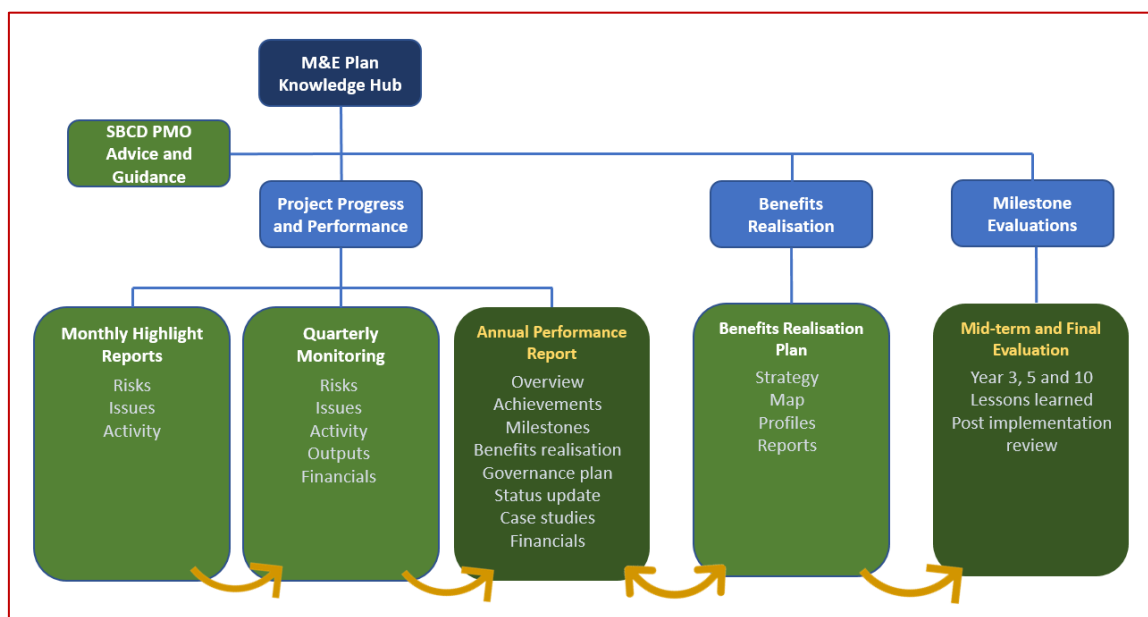


Figure 5. M&E Plan Knowledge Hub

## 4.2. Project Progress and Performance

### 4.2.1. Highlight report

Highlight reports will be produced on a monthly basis at programme and project level. The purpose is to provide governance structures such as Programme Board and key stakeholders with a collated programme summary of the project stage status and progress at regular intervals. The Regional PMO will also use these reports to advise and assure the Programme Board, Project Managers and Governance Boards of any issues or risks, along with achieved and planned activity.

### 4.2.2. Quarterly monitoring

The quarterly project monitoring report provides an update on the programme and projects and reviews its progress every three months. The Programme level report is collated by the Regional PMO and is based on Project level quarterly monitoring reports. The purpose is to provide a summary of the direct outputs from the SBCD projects. Each report is included as an appendix to the quarterly Programme Status Report that is provided to the Programme Board and Joint Committee and will form the basis of the Programme implementation plan.

#### 4.2.3. Annual Performance Report

The Annual Performance Report will look back on the previous twelve months of the programme and projects to detail the programme and project overview in terms of objectives and deliverables, key achievements to date for outputs and outcomes, community benefits, milestones, governance arrangements, programme and project status updates, case studies, financial reporting and equality impact assessments. Future priorities and activity for the next period will also be detailed in the report.

### 4.3. Benefits management

The SBCD benefits management will assess and review the strategically aligned benefits through optimising the programme's associated projects to deliver the defined scope in a timely manner and at the anticipated level. Outcomes that result in a change will be part of the benefits management that were achieved as a result of the activities undertaken by the City Deal programme.

The benefits associated with the SBCD programme have been identified and appraised during the development of the Programme and Project Business Case stages. The process identifies the benefits with key stakeholders, identifying owners of each benefit, prioritising and categorising the benefits and establishing baselines. The business case contains the benefits, outcomes, timescales, costs and risks against which continuing viability is tested based on the strategic, economic, financial, commercial and management cases of the HM Treasury five business case model. The Business Case is developed in three iterations: The Strategic Outline Case (SOC), Outline Business Case (OBC) and Full Business Case (FBC) which mature in detail as the project matures.

The milestones to review benefits will be a suitable and agreed time at project level which allows time for the embedding of associated outputs and capabilities when benefits can be realistically and meaningfully measured. These can be aligned to the external stage gate review process or at suitable milestones set by the project and detailed in the Integrated Assurance and Approval Plan (IAAP).

The programme and each associated project will have a defined and up-to-date Benefits Realisation Plan (BRP). The BRP is a document that profiles all the benefits and how they are forecast to be realised from baseline to target, including baseline and measurement information, identified benefit risks and benefit realisation milestones. The key element found within the BRP include:

#### 4.3.1. Benefits Profile

A benefits profile is used to define the benefits and potential dis-benefits of the project or programme. The profile is developed early on in the scoping and development phases of a programme lifecycle where benefits or dis-benefits are defined, and detail will be provided on how they will be realised and measured.

#### 4.3.2. Benefits Map

A benefits map, referred to as a success map, is a method to visually represent the links between the project deliverables and the overall business case objectives. The map is used to show where the value and benefits of the project really lie. This will demonstrate the change or impact of the programme and project through delivery of outcomes and meeting of regional need.

#### 4.3.3. Benefits Report

A report produced at an agreed frequency demonstrating the realisation of benefits to date, usually comparing the baseline, target and actuals.

#### 4.3.4. Community Benefits

SBCD projects will be required to use the Value Wales Community Benefits Toolkit to capture the full range of Community Benefits outcomes, including jobs and educational support initiatives and training, in order to provide a consistent and thorough way of measuring such benefits. These will be part of the annual performance review process.

### 4.4. Milestone Evaluations

#### 4.4.1. Mid-term evaluations

Mid-term evaluations are planned to be undertaken in year 3, 5 and 10 of the programme and project lifecycle or at a suitable timescale which aligns to key milestones as the lifecycle evolves. The terms of reference will be established at the time of each mid-term evaluation. This will provide the flexibility to focus on the salient areas that need to be investigated. Evaluations will be conducted by an independent organisation or consultant and follow the following methodology:

- A review of the 'fitness of purpose' of the objectives and deliverables
- Interviews with project or programme team members
- Interviews with key stakeholders relating to the project or programme
- Analysis of performance monitoring data and reports
- Comparator data to further assess performance and benefits realisation externally from which learning can be gathered

Mid-term evaluations will follow those of the OGC Stage Gateway process and will include an inception meeting, desk-based review of documents, data and reports, conversations with project stakeholders and analysis of outputs and benefits. As a result, the evaluation will produce a review report with commendations and recommendations for future project and programme stages. The output from the mid-term evaluation will be presented to all SBCD governance groups and made public for awareness and transparency.

#### 4.4.2. Final evaluation

Final programme and project evaluations will take place following the same methodology of the mid-term evaluations and will include a post implementation review.



#### **4.5. Risk and Issue Management**

A Programme Risk Management Strategy covers the Programme and individual Local Authority led projects, with quarterly reviews at project and programme level. The Risk Register will be reported on a quarterly basis to Programme Board and Joint Committee and shared with Joint Scrutiny Committee and Welsh and UK Governments on the same basis. Risks will be identified, evaluated and prioritised to minimise, monitor and control the probability and impact of such events or to maximise the realisation of opportunities.

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

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 SBCD 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 and will be monitored and assessed accordingly across these goals. The five ways of working (long-term; prevention; integration; collaboration; and involvement) as outlined in the Act, will also be used across the programme to ensure that the sustainable development principle is applied to all that is undertaken.

#### **4.7. Equality Impact Assessments**

The Equality Act 2010 introduced the Public Sector Equality Duty (PSED). This requires public bodies in Wales to assess the likely impact of proposed and reviewed policies and practices on our ability to comply with the PSED and publish reports of assessments where a substantial impact is detected.

Equality Impact Assessments (EIA) are a tool to help the SBCD programme ensure that the policies, practices and decisions are fair, meeting the needs to the public and businesses to ensure that they are not inadvertently discriminating against any protected group as identified in the [Equality Act 2010](#).

The process to conduct EIAs will be to work through several questions. Firstly, one set will screen proposals to determine whether a full impact assessment is required, and the second set of questions forms the basis of a full Equality Impact Assessment. The full assessment will identify the affected group and enable data analysis of those affected groups, which leads on to analysis of the impact based on that data analysis. A final section requires any negative impacts and mitigating actions to be noted.

#### **4.8. Welsh Language Act**

The Welsh Language (Wales) Measure was passed by the National Assembly for Wales and was given royal assent on 9 February 2011. The Welsh language's official status has a legal effect, which means that Welsh should be treated no less favourably than the English language in Wales. The Welsh Language Standards were created as a regulatory framework in order to set standards on specific organisations. The purpose of Welsh Language Standards is to:

- Ensure clarity to organisations in relation to the Welsh language
- Ensure clarity to Welsh speakers on what services they can expect to receive in Welsh
- Ensure greater consistency in Welsh language services and improve quality to users

As part of our work, we commit to complying with the highest set of Standards, placed on organisations across the region.

## **5. Financial monitoring and evaluation**

### **5.1. Financial performance**

The total City Deal programme expenditure covering all projects is within the £1.3 billion funding package. The City Deal programme and project finances will be monitored through quarterly monitoring and annual performance reports. The Programme Board and Joint Committee will receive financial monitoring updates through these reports, along with the Economic Strategy Board and Joint Scrutiny Committee where appropriate, to monitor and assure the project and programme financials. In doing so, they will also make recommendations on possible additional funding opportunities or alternative programme expenditure. These reports will also be presented by the Accountable Body to Regional Section 151 Officer working group. The Accountable Body will, in collaboration with the Welsh Government and Regional PMO, agree the financial monitoring process which is aligned to the overall reporting processes for the City Deal and based on best practice principles and guidance on project monitoring contained within the HM Treasury's Green and Magenta Books.

The monitoring process will allow for the control of project cost variations and visibility of variations at a programme level.

### **5.2. Monitoring Requirements**

Progress monitoring updates will be required by Welsh and UK Government on a monthly basis, moving to a quarterly basis on completion of the initial recommendations of the Actica review and terms and conditions. These include progress updated against the set targets within the grant terms and conditions and financial update in respect of project spend and funding.

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. The claim shall include a progress report on the Project against the agreed outputs. After the parties have agreed in accordance with clause 6.7 of the funding agreement that the project has achieved practical completion, the Project Authority Lead shall not be required to submit claims for project funding. Thereafter the Project Authority Lead shall complete annual monitoring returns in a form to be specified by the Accountable Body prior to the Accountable Body releasing any project funding to which the Project Authority Lead is entitled. The annual monitoring forms will include an obligation to report on the progress in achieving the agreed outputs. The Accountable Body reserves the right to impose additional monitoring requirements at a frequency and for such period as it considers reasonable in all the circumstances.

In addition to the above monitoring requirement the Accountable Body will require quarterly financial updates on project spend, to support the cashflow management of the programme. These will detail the actual spend to the period, with forecast outturn over the duration of the programme (15 years).

The SBCD operating budget will also be monitored and reported on a quarterly basis to Programme Board and Joint Committee.

Project Lead Authorities are also obligated to support the Accountable body with any progress update reporting as required by the Welsh and UK Governments.

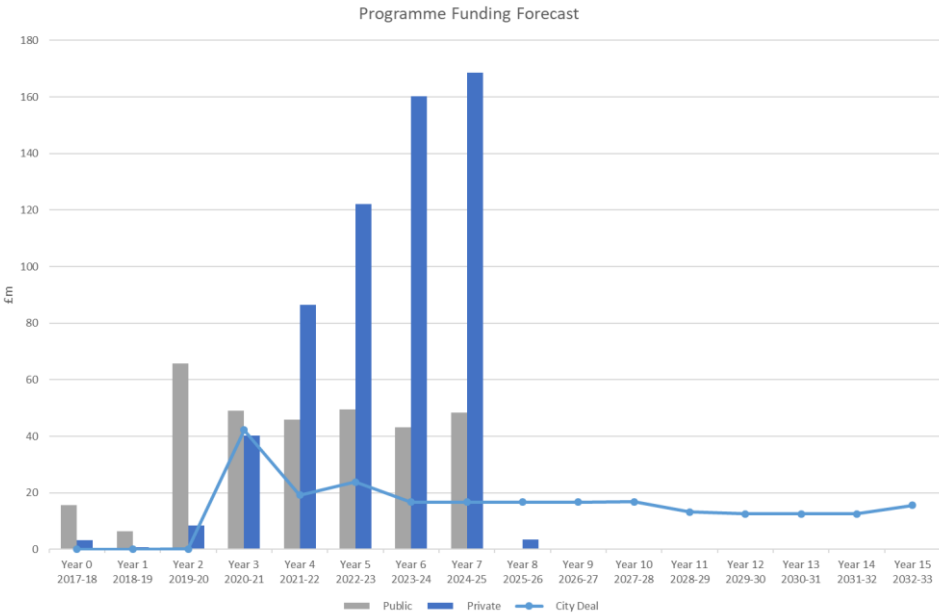
**5.3. Programme Expenditure Forecast**

The table below demonstrates the forecast spend of the City Deal programme cumulatively over the 15-year grant period, as at 31st March 2020. This forecast position excludes all transactions in respect of the Joint Committee’s operational activities.

Expenditure Allocation	Cashflow	HoT (Original)	Variance
City Deal Expenditure	235.70	241.00	- 5.30
Public Sector Expenditure	323.63	396.00	- 72.37
Private Sector Expenditure	593.72	637.40	- 43.68
<b>Total</b>	<b>1,153.04</b>	<b>1,274.40</b>	- <b>121.36</b>

Cumulative Programme Expenditure Forecast (Estimated)

**5.4. Programme Funding Forecast**



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

## **6. Regional and external scrutiny**

There will be a level of independent monitoring and scrutiny both regionally and by external bodies such as Welsh and UK Government. These will be in accordance with the processes and governance arrangements put in place or facilitated by the Regional PMO.

### **6.1. Regional PMO**

The Regional PMO will provide guidance, support and assurance to all projects in the SBCD programme. The Regional PMO will work on a risk-based approach to support and intervene when projects are deviating from the agreed timescales, budgets or deliverables. Escalation of risks and issues will be accessed and communicated through the project SRO, Programme Director and Programme SRO prior to being presented to the formal governance groups.

### **6.2. Joint Scrutiny Committee**

The Joint Scrutiny Committee will provide a scrutiny function to ensure greater public accountability over decisions made by the Joint Committee and any of its sub-committees/related entities. It has been agreed by the four Councils that Neath Port Talbot County Borough Council will be the lead authority to take responsibility for the scrutiny function responsibility and its administration. The details of the committee are set out in the Programme Business Case and Implementation Plan, where the role of the Joint Scrutiny Committee is to provide advice, challenge and support to the Joint Committee, based around financial affairs, risk management, governance and resource utilisation. Joint Scrutiny committee also has direct responsibility to scrutinise the regional projects including Digital, Skills and Homes as Power Stations. To support scrutiny, reports will be regularly shared and can be requested throughout the programme lifecycle.

### **6.3. Internal Audit**

Pembrokeshire County Borough Council lead on the internal audit function for the SBCD and will work closely with the Regional PMO and key stakeholders to gather information and provide recommendations and follow up actions on a frequent basis.

### **6.4. Government sponsoring bodies**

The Welsh Government and UK Government can commission an independent review of the SBCD if the arrangements and progress are not in accordance with the timeframes and deliverables outside of an agreed tolerance. These assessments will provide both the Welsh and UK Government Ministers with an assessment of the deliverability of the SBCD. A review commissioned by Welsh and UK Governments was undertaken in January 2019 by Actica Consulting Ltd, where the recommendations are being implemented into the SBCD operations.

### **6.5. External Regulators**

The Wales Audit Office as External Auditor to the Joint Committee reviews and comments on the financial aspects of Corporate Governance which includes the legality of financial transactions, financial standing, systems of Internal Financial Control and standards of financial conduct and fraud and corruption.

## 7. Roles, responsibilities and communication

Key roles and responsibilities for each task or deliverables set out in the SBCD M&E Plan are outlined in the RACI (Responsible, Accountable, Consulted, Informed) matrix below. The RACI matrix considers all stakeholders for the M&E plan activity who will be:

- Responsible: person who performs the activity
- Accountable: person who is ultimately accountable and has the Yes/No/Veto
- Consulted: person that needs to feedback and contribute to the activity
- Informed: person that needs to know of the decision or action

Roles and Responsibilities		RACI Matrix														Responsible, Accountable, Consulted, Informed				
Swansea Bay City Deal Programme																				
Deliverable or Task	Status	Governance				Regional PMO				Projects		Other Stakeholders								
		Senior Responsible Officer (SRO)	Joint Committee	Programme Board	Economic Strategy Board	Joint Scrutiny Committee	PMO Director	PMO Manager	PMO Support	Finance Manager	Marketing & Comms	Business Engagement	Senior Responsible Owner	Project Manager	Section 151 Officer	Monitoring Officer	Internal Audit	Welsh Government	UK Government	Consultants
<b>Programme &amp; Project Progress and Performance</b>																				
Monthly highlight report		C	I	C	I	I	A	R	C	C	C	C	A	R	C	C	I	I	I	I
Quarterly monitoring		C	I	C	C	I	A	R	C	C	C	C	A	R	C	C	I	I	I	I
Annual performance report		C	A	C	C	C	R	C	C	C	C	C	A	R	C	C	I	I	I	I
<b>Programme &amp; Project Benefits realisation</b>																				
Strategy		C	A	C	C	I	R	C	C	C	C	C	A	R	C	C	I	I	I	I
Plan		C	I	C	I	I	R	C	C	C	C	C	A	R	C	C	I	I	I	I
Profiles		C	I	C	I	I	R	C	C	C	C	C	A	R	C	C	I	I	I	I
Reports		C	I	C	I	I	R	C	C	C	C	C	A	R	C	C	I	I	I	I
<b>Programme and Project Milestone evaluations</b>																				
Mid-term evaluation (Year 3, 5 and 10)		C	A	C	C	I	R	C	C	C	C	C	A	R	C	C	I	I	I	I
Lessons learned		C	A	C	C	I	R	C	C	C	C	C	A	R	C	C	I	I	I	I
Post implementation review		C	A	C	C	I	R	C	C	C	C	C	A	R	C	C	I	I	I	I

<b>R</b> Responsible	Assigned to complete the task or deliverable.
<b>A</b> Accountable	Has final decision-making authority and accountability for completion. Only 1 per task.
<b>C</b> Consulted	An adviser, stakeholder, or subject matter expert who is consulted before a decision or action.
<b>I</b> Informed	Must be informed after a decision or action.

Figure 6. Roles and Responsibilities

Further to the RACI matrix, the table below summarises specific responsibilities of the Senior Responsible Owners at programme and project level along with the Regional PMO and local Project Teams. These roles are the ones that are broadly responsible and accountable for the successful establishment and delivery of the M&E plan.

Position	Key responsibilities
Programme Senior Responsible Owner	<ul style="list-style-type: none"> <li>• Accountable to the Joint Committee for ensuring the SBCD programme has appropriate Monitoring &amp; Evaluation plan in place.</li> </ul>
Regional PMO (Director, Manager and support staff)	<ul style="list-style-type: none"> <li>• Ensure an appropriate M&amp;E plan and systems are established and functioning.</li> <li>• Collate project milestones, deliverables and benefits realisation at a programme level.</li> </ul>

	<ul style="list-style-type: none"> <li>• Monitor, manage and communicate change control of the programme M&amp;E.</li> <li>• Periodically review and revise to changing programme needs.</li> <li>• Ensure relevant and timely M&amp;E information is provided in user-friendly formats to key stakeholders and senior management.</li> <li>• Provide training and mentoring for key stakeholders.</li> <li>• Act as a focal point to organise and manage monitoring reviews, evaluations.</li> </ul>
<i>Project Senior Responsible Owner</i>	<ul style="list-style-type: none"> <li>• Accountable to their host organisation and Regional PMO for ensuring the SBCD project has appropriate Monitoring &amp; Evaluation practices in place.</li> </ul>
Project Manager	<ul style="list-style-type: none"> <li>• Establish project milestones, deliverables and benefits realisation.</li> <li>• Monitor, manage and communicate change control of project M&amp;E.</li> <li>• Ensure that the Regional PMO M&amp;E plan and systems are embedded locally within the project and is functioning appropriately.</li> <li>• Work with PMO to periodically review and revise the M&amp;E plan to changing programme and project needs.</li> <li>• Ensure relevant and timely M&amp;E information is gathered, summarised and presented in user-friendly formats to key stakeholders and senior management.</li> <li>• Act as a focal point to organise and manage monitoring reviews and evaluations.</li> </ul>

## APPENDICIES

**\*To be completed following approval of the plan and Programme Business Case.**

### Appendix 1 – M&E Templates

- Highlight report
- Quarterly monitoring

Swansea Bay City Deal Project Outputs			
Reporting Period Qx YYYY	Unit of measure	Estimated overall programme output	Cumulative outputs achieved to date
Business tenants	number	x	x
Business (new) created	number	x	x
Blue Green infrastructure	Square meters	x	x
Commercial space developed	Square metres	x	x
Land valuation	£	£x	£x
Etc...			

- Annual performance report
- Benefits realisation plan (strategy, profiles, report)
- Mid-term and Final evaluations

### Appendix 2 - Baseline position for monitoring indicators

This appendix presents the baseline position against the full set of indicators recommended for evaluation. The baseline year is the year in which the project received formal approval from the Joint Committee and Welsh and UK Governments.

#### Programme and project levels

Objectives and outcomes	Key Indicators	Baseline	Assessment method

### Appendix 3 – Financial reporting (quarterly and annual)

### Appendix 4 - Equality Impact Assessment [\(Example of template\)](#)



# Agenda Item 8



Swansea Bay City Region Joint Committee – 9 July 2020

## Programme Business Case

<b>Purpose:</b>	A City Deal Programme Business Case is needed to meet a recommendation arising from reviews into the City Deal. It is also recognised as good Programme Management practice.
<b>Policy Framework:</b>	Swansea Bay City Deal (SBCD) Joint Committee Agreement (JCA)
<b>Consultation:</b>	Programme Board Economic Strategy Board Project Leads
<b>Recommendation(s):</b>	It is recommended that:  Joint Committee approves the redrafted Swansea Bay City Deal Programme Business Case for submission to the UK Government and Welsh Government for consideration
<b>Report Author:</b>	Jonathan Burnes, SBCD Programme Director
<b>Finance Officer:</b>	Chris Moore, SBCD S151 Officer
<b>Legal Officer:</b>	Tracey Meredith, SBCD Monitoring Officer

### 1. Introduction

1.1. The SBCD Programme Business Case was initially produced and approved in 2017. Changes at project and programme level are no longer reflected in the initial Programme Business Case and so it needs updating to ensure that the strategic, economic, financial, commercial and management cases are all current and robust, while aligning to the original intent and approach. In addition, an updated SBCD Programme Business Case was one of the external audit recommendations. It is required to be in place before further business cases are considered by the Welsh Government and UK Government and further funding draw-down can be secured.

1.2. The updated Programme Business Case will form part of the external stage gate review of the SBCD in July 2020.

## 2. Background

- 2.1. The enclosed Programme Business Case follows the structure of the Treasury Green Book Programme Business Case guidance and has been developed with advice and guidance from the WG Project Office.
- 2.2. This Programme Business Case includes an executive summary, along with a strategic case, an economic case, a commercial case, a financial case and a management case.
- 2.3. The updated Programme Business Case was first brought to the SBCD Programme Board on 2<sup>nd</sup> June 2020. Feedback was then sought via Programme Board, the Economic Strategy Board and the City Deal's Project Leads.
- 2.4. All feedback received by a deadline of 15<sup>th</sup> June 2020 has been considered as part of a further draft Programme Business Case update which is appended
- 2.5. The latest updated version of the draft Programme Business Case includes:
  - Realigned order of cases.
  - Updates to Strategic Case: Strategic overview, strategic alignment, governance, investment objectives, risks, dependencies and constraints. A new summary section has also been added
  - Updates to Economic Case: Historic background to critical success factors and long and shortlist assessment. There are also some changes to table contents
  - Minor updates to the Financial Case
- 2.6. HM Treasury Programme Business Case guidance (2018) can be found [here](#).

## 3. Financial Implications

- 3.1. Approval of the updated Programme Business Case by the UK Government and Welsh Government will help facilitate the release of further funding to the City Deal programme.
- 3.2. Significant variances to the programme outputs, outcomes and financial profile could result in a reprofile of City Deal funding allocation.
- 3.3. Programme level financial risks are specifically outlined within the Economic Case component of the business case.

## 4. Legal Implications

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

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

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 outlined in the Programme Business Case 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 with headline benefits being an increase in Gross Value Added (GVA) and jobs created.

**Background Papers:** None

**Appendices:**

Appendix 1 - Updated Programme Business Case and supporting documentation.

# Swansea Bay City Deal

## Programme Business Case



<b>Document Control</b> Note: this document may not be valid anymore. Please check for the latest approved version of the document	
<b>Date:</b>	17/06/2020
<b>Version:</b>	V1.1 Consultation Draft Update
<b>Author:</b>	Peter Austin
<b>Owner:</b>	Jonathan Burnes

## Document Change Record

Version	Date	Author	Summary of change	Approved
V1.0	27/05/2020	PA/GJ/RA	V1.0 PB Consultation Draft	JB
V1.1	20/06/2020	PA	V1.1 Consultation Draft Update. Includes updates from consultation: <ul style="list-style-type: none"> <li>• Realigned order of cases.</li> <li>• Updates to Strategic Case: Strategic overview, strategic alignment, governance, investment objectives, risks, dependencies and constraints. New summary section added.</li> <li>• Updates to Economic Case: Historic background to CSFs and long &amp; shortlist assessment. Some changes to table contents</li> <li>• Updates to Financial case: numerical justification</li> <li>• Updates to Management case: SRO appointment, risk management and use of specialist advisors</li> </ul>	

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## EXECUTIVE SUMMARY

The Swansea Bay City Deal gives a once-in-a-generation opportunity to provide the critical intervention that's needed to improve people's lives in all communities throughout the Swansea Bay City Region.

The City Deal will achieve this through significant investment in a programme of transformational projects focused on emerging growth sectors including life sciences, energy, smart manufacturing and economic acceleration.

It will provide the means by which the region can harness and accelerate the potential of its unique combination of assets. This, in turn, will allow the region to realise a step change in economic innovation that will enable significant economic growth.

In February 2016, following thorough cross-regional consultation, the 'Internet Coast' City Deal proposal was agreed by the Swansea Bay City Region Board. The proposal featured several assessed projects that were selected from a longer list of 19 projects.

It was subsequently supported by the Chancellor of the Exchequer, who announced in his March 2016 budget that he was opening discussions with the region's Board. In the Autumn statement of 2016, the Chancellor recommitted the government's support for a City Deal for the Swansea Bay City Region.

Since the early 1990s, the Swansea Bay City Region's Gross Value Added (GVA) has fallen considerably below the UK average, which has impacted on people's opportunities and aspirations.

The City Deal will address this decline through the creation of thousands of high-value jobs for people local to the region, while also helping leave a sustainable long-term legacy for generations to come. Through an unprecedented programme of public and private sector investment, the City Deal will turbocharge the regional economy, raise the City Region's profile and help attract further inward investment for the benefit of regional residents and businesses.

The City Deal programme will be supported by world class digital connectivity, along with a skills and talent initiative that will put education and training pathways in place for regional people to access the employment opportunities being created. This will boost the region's knowledge economy by helping retain young talent, while also acting as a catalyst for further investment and economic growth.

Utilising the Treasury Green Book Programme Business Case approach, the overarching Programme Business Case outlines the strategic, economic, commercial, financial and management cases for the City Deal.

Borne out of the challenges and opportunities identified in the Swansea Bay City Region Economic Regeneration Strategy (2013 to 2030), the City Deal is closely aligned to a number of local, regional, national and UK-wide policies and strategies aimed at tackling persistent challenges including poverty, economic inactivity, digital connectivity and decarbonisation. Examples of synergies include the City Deal's close alignment to the Well-Being of Future Generations Act (Wales) 2015 and the UK Government's Industrial Strategy.

The strategic case of this document outlines these alignments and many others, while setting the scene for the City Deal's justification and scope.

SMART (Specific, Measurable, Realistic and Timebound) City Deal critical success factors are included in the economic case, as well as the process that led to the selection of projects forming part

of the programme. Along with overall programme outputs, the economic impact of the City Deal's identified key themes has been calculated, with analysis also provided on further project benefits including return on investment, the number of businesses to be supported, carbon reduction targets and the number of skills and training opportunities to be supported.

The importance of the regional and foundational economies is at the heart of the City Deal programme. As such, detail is provided in the commercial case of this document on a series of City Deal procurement principles which are aimed at ensuring that the regional supply chain and local businesses have the opportunity to achieve maximum benefit from the investment programme. Community benefit clauses will also be championed throughout the programme as a further conduit to realising the objective of long-term economic change.

In the financial case of this Programme Business Case, a City Deal investment breakdown is provided, along with a programme financial overview, a programme financial analysis, and details on the City Deal funding flow. Grant funding profile information is also provided, as well as detail on the management of financial risk.

Details on how City Deal programme risks will be captured and mitigated run throughout this Programme Business Case, along with information on how financial benefits and other outputs will be measured and evaluated.

This is especially the case in the Management Case which also documents the extent of City Deal partnership working and the governance and assurance arrangements which are in place. These arrangements are being continually improved, with expert private sector input to the programme being provided by an Economic Strategy Board of regional business leaders. An Integrated Assurance and Approval Plan (IAAP) is also being developed to provide further programme assurance, along with Office of Government Commerce (OGC) Gateway reviews and other assurance activities for both the City Deal programme and its constituent projects. This builds on work which has already taken place, including a City Deal Implementation Plan, a Risk Register and an Issues Log that are being regularly monitored and updated.

As with many major and complex programmes of its kind, the Swansea Bay City Deal has evolved since inception. This is reflected in the replacement of three initial project proposals due to be led by a local authority partner with one project interlinked by four individual components which combine to meet an emerging growth sector identified as key to enhancing regional economic prosperity. This programme change is highlighted throughout this Programme Business Case, along with its justification and objectives.

The Programme Business Case also considers the external environmental context in which it operates, including Covid-19 and the economic uncertainty posed by the UK's impending departure from the European Union. Regional stakeholders view the City Deal as the catalyst to improve the lives of people living in or visiting the region, while providing the appropriate scale of intervention needed to help accelerate regional economic recovery. This will become even more impactful when dealing with the consequences of Covid-19 and Brexit.



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# THE STRATEGIC CASE

## 1.1 Strategic Context

The Swansea Bay City Region is made up of the four local authority areas of Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea, with a combined population of more than 685,000 people. The City Region – which covers the South West Wales area - was launched in July 2013, with support from the Welsh Government.

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

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

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

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

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

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

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

The framework has been designed to support the City Region's development over the next two decades. As such, it is intended to provide clarity, consistency and focus in terms of our collective action over that period, as well as setting out an innovative and stretching approach to tackling the structural challenges that are holding back our economy.

The framework comprises five complementary **Strategic Aims** that will be tackled in a balanced and comprehensive manner, while recognising that some of these will need to be progressed and

sequenced intelligently. It also contains four **Cross-Cutting Themes**, which are designed to convey the behavioural style in which we will deliver our strategy.

Reflecting this, the Strategic Framework presented in the following figure highlights what the evidence and stakeholder engagement work has identified as the most important strategic issues for our future socio-economic growth and development.

**By 2030, South West Wales will be a confident, ambitious & connected City Region, recognised internationally for its emerging Knowledge and Innovation economy**

**The Productivity Imperative**

**Rationale**

- GVA in the City Region has been consistently below that of the UK & Wales over the past two decades.
- In 2010, GVA per employee in the City Region was 77% of the UK level. In 1990, it was 90% of the UK level.

**Objectives**

- Change the sectoral mix of the City Region economy, with a clear shift towards higher value sectors
- Change the occupational mix of the City Region economy, through a shift towards higher level occupations
- Reduce the GVA per employee deficit to 90% of the UK by 2030

**Strategic Aim 1**

**Business Growth, Retention & Specialisation**

**Rationale**

- Large & medium-sized employers are key to the City Region economy.
- We must create a supporting environment (hard & soft) so they are resilient, longstanding & exemplary
- Exploit sector specialisms to improve our competitive advantage
- Strive to move-up the value chain in all that we do to generate higher wages

**Objectives**

- Retain key employers locally
- Support key employers to become rooted & committed to growth in the City Region
- Expertise, knowledge, & opportunities are leveraged for the wider business base
- National level leadership achieved in key priority sectors
- Capture quality inward investment

**Strategic Aim 2**

**Skilled & Ambitious for long-term success**

**Rationale**

- Educational qualifications & skills play key roles in driving performance, competitiveness & salary levels
- We need to produce talent & skills that existing/potential investors need
- The skills of our workforce must be aligned with strategic sectoral opportunities
- Our students & workers must be more ambitious for the future

**Objectives**

- Change in culture & level of ambition is evident amongst the City Region communities
- Support enhanced skills across our workers, with a clear commitment from employers to support professional development
- Fully integrated & aligned skills supply-side landscape (schools/FE/HE/employers)

**Strategic Aim 3**

**Maximising job creation for all**

**Rationale**

- Current rate of job creation is insufficient to tackle entrenched pockets of worklessness & deprivation
- We need to raise our activity rate & improve access to sustainable job opportunities for vulnerable communities
- More effective response to potential 'shocks' through increased self-employment & business formation levels
- Fully leverage emerging social enterprise opportunities

**Objectives**

- Increased job opportunities for residents through enterprise starts
- Strong focus on delivering major employment-creating schemes
- Comprehensive partnership-led approach to creating work experience placements & quality apprenticeships
- Effective CVS networks & social enterprises creating jobs

**Strategic Aim 4**

**Knowledge Economy & Innovation**

**Rationale**

- The City Region has strong & embedded HE, FE & business innovation assets – these must be harnessed & used to attract internationally mobile investors
- We must increasingly compete on content & knowledge rather than price
- Talent drain is a key threat going forwards, unless high quality jobs can be created locally
- Innovation can drive growth & competitive advantage

**Objectives**

- Establish the City Region as a recognised knowledge economy where all types of innovation thrive
- Connect the economy to world class R&D assets within/outwith
- Actively support the dual university model
- Compete effectively for knowledge economy inward investment projects

**Strategic Aim 5**

**Distinctive Places & Competitive Infrastructures**

**Rationale**

- The variety of our local environment & quality of life offer needs to be recognised & fully exploited
- Parts of our City Region are seen as being highly attractive – we need to champion & market this widely to enhance our overall image
- A competitive infrastructure helps to attract investment & talent
- Strategic transport links & effective broadband networks improve productivity

**Objectives**

- Establish a clear & distinctive 'place' offer/trading
- Develop fully fit for purpose L&P infrastructure assets
- Ensure the City Region has competitive Next Generation Broadband & 4G networks to support business growth, service innovation & to facilitate new models of employment

*Cross-Cutting Theme 1: Thinking & Delivering Together for Regional Success*

*Cross-Cutting Theme 2: Quality & Intelligence-driven Leadership & Action*

*Cross-Cutting Theme 3: Being, & Acting, Connected*

*Cross-Cutting Theme 4: Understanding Sustainable Growth*

## Strategic context continued

The opportunity to develop a case for a City Deal brought together the regional authorities as described in cross-cutting theme (CCT) 1 of the strategy. Using the regional intelligence informed a direction of travel as per CCT2. Delivering in accordance with CCTs 3 and 4 led to the production of the **Swansea Bay City Region: City Deal - The Internet Coast 2016** proposal upon which this business case is based.

The proposal identifies that a future-proofed digital infrastructure will provide the transformative foundations for interventions in the City Deal which, when combined, create a paradigm shift in the design, development and application of technology within key sectors across the region. These interventions will centre on:

**The Internet of Economic Acceleration** - To deliver a coherent and integrated economic development strategy for the region that incorporates the identification of demand for and potential delivery of a next generation digital infrastructure and the creation of a digital district in Swansea and its hinterland. In addition, supporting the growth in the creative industries within the region through optimising the benefits of S4C's relocation, providing a recognised, world leading supportive environment for technology businesses and start-ups; and the development of the skills required to support growth.

**The Internet of Life Science & Well-Being** - To build on the existing regional assets through the expansion of research and innovation infrastructure and the piloting of a digitally integrated healthcare environment.

**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 the creation of a centre of excellence to develop and exploit aspects of marine and other energy.

**Smart Manufacturing** - To support the critically important regional manufacturing economy through aligning digital assets and research and development provision under Industry 4.0 principles to improve products, services and processes. In addition, developing a leading-edge innovation capability to support R&D within the steel industry in Wales and elsewhere in the UK.

The proposal requires that the UK Government and Welsh Government commit to providing £241 million of capital funding to support this City Deal, with £115.6 million being contributed by the UK Government and £125.4 million by the Welsh Government, reflecting the balance of reserved and devolved areas of spending in the proposed projects. The Governments will provide the funding over a 15-year period. Funding will be released following the agreement of full business cases for the projects within the proposal.

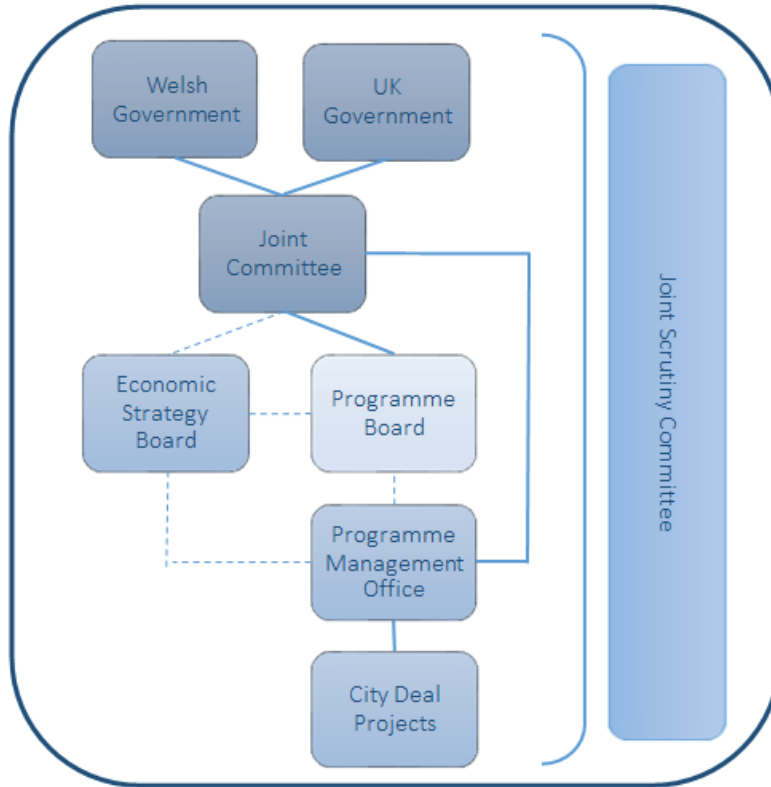
That proposal was approved by the UK Government and Welsh Government and the four local authorities when the agreed Heads of Terms document was signed by Prime Minister Theresa May and First Minister Carwyn Jones, the Secretary for State for Wales, the Cabinet Secretary for Finance and Local Government, and the four Local Authority Leaders

## 1.2 Organisational overview

The Swansea Bay City Deal is a partnership comprising of the four local authorities of Swansea, Carmarthenshire, Pembrokeshire and Neath Port Talbot, along with Swansea University, the University of Wales Trinity Saint David and the Hywel Dda and Swansea Bay University Health Boards.

A new delivery mechanism was required to satisfy the conditions of the City Deal. The organisational structure of the City Deal is overseen by the Joint Committee which comprises of the political leaders of the four local authorities that are delivering the Deal. The Joint Committee is supported by 1) A Programme Board comprising of senior officers from the major stakeholders and 2) a private sector Economic Strategy Board.

The governance committees are supported by a regional Programme Management Office. The organisational structure can be seen in the diagram below.



The roles and responsibilities of the governance committees are explored further in the Management Case.

### 1.3 Alignment with relevant strategies

Extensive work has taken place alongside a multitude of stakeholders to ensure the City Deal aligns with local, regional, national and UK-wide policies and strategies.

This has helped avoid duplication through a co-ordinated approach that will help realise shared goals throughout the Swansea Bay City Region and beyond.

Further detail on several of these alignments, which are summarised below, is available in *Appendix One* of this Programme Business Case. The alignment of individual projects with local, regional, national and UK-wide policies and strategies is included in their respective full business cases.

#### 1.3.1. Local and Regional Policy Context

##### Swansea Bay City Region Economic Regeneration Strategy 2013 to 2030

Led by the former Swansea Bay City Region Partnership Board, the region developed the Swansea Bay City Region Economic Regeneration Strategy 2013 to 2030, which identifies key priorities for economic growth. This strategy underpins the broader regeneration strategies of the partner authorities.

The Swansea Bay City Deal is therefore fundamentally aligned to the region's broader ambitions for economic regeneration. The strategy contains five Strategic Aims (SAs) outlined below with the City Deal fit shown in the following table:

<b>Strategic Aims of the Swansea Bay City Region Economic Regeneration Strategy</b>	
<b>SA1 Business Growth, Retention &amp; Specialisation</b>	The City Deal is based on industry-led propositions for each sector. It supports indigenous and external businesses to establish and grow in the region through providing innovative, next generation infrastructure and opportunities to develop, test and commercialise products.
<b>SA2 Skilled &amp; Ambitious</b>	Working with all levels of skills providers from schools through to employers, the City Deal will ensure current and future generations are equipped with the skills to fulfil the high value opportunities for training and employment across City Deal sectors.
<b>SA3 Maximising Job Creation for all</b>	The City Deal will create thousands of high-value jobs in highly specialised, progressive industries with modern techniques and infrastructure.
<b>SA4 Knowledge Economy &amp; Innovation</b>	Building on existing research and development successes within the region, the City Deal will further enhance the region's knowledge economy through utilising digitalisation and next generation technologies to enable progression of research and development to commercial application and delivery.
<b>SA5 Distinctive Places and Competitive Infrastructure</b>	The City Deal will create a globally competitive region across the sectors of economic acceleration, smart manufacturing, energy, and life science and well-being. It will deliver a sustainable, next generation infrastructure of inter-related innovative industry and digital networks. This will establish the region as an attractive proposition for inward investment, while developing indigenous and external businesses in the identified sectors. A skilled workforce will be trained in sectors pertinent to the investment programme.

The City Deal is also closely aligned to:

- The Regional Employment and Skills Plan (2019) developed by the South West and Mid Wales Regional Learning and Skills Partnership
- Swansea Council's Swansea Central Area Regeneration Framework
- Neath Port Talbot Council's Decarbonisation and Renewable Energy Strategy
- Carmarthenshire County Council's Transformation Strategy (2015 to 2030)
- Pembrokeshire County Council's Strategic Regeneration Framework

### 1.3.2. Welsh Policy Context

There are three clear examples in Wales of strategic legislation against which the City Deal demonstrates clear alignment:

1. The Taking Wales Forward programme for Government (2016 to 2021)
2. The Prosperity for All national strategy which supports it
3. The Well-Being of Future Generations (WBFG) Act 2015

The City Deal's inclusion of housing and economic acceleration projects also aligns to the Welsh Government's Vibrant and Viable Places regeneration framework of 2013.

### 1.3.3 The Taking Wales Forward programme for Government (2016 to 2021)

The City Deal's objective to drive long-term economic improvement and growth across a range of industry sectors is aligned to all the Taking Wales Forward strategic priorities, with specific City Deal projects having greater alignment to individual aspects of the programme. The skills and talent aspect of the City Deal, for example, is fundamentally aligned to the Taking Wales Forward priority of creating an ambitious and learning Wales.

Taking Wales Forward Priority	Swansea Bay City Deal Alignment
<b>Prosperous and Secure</b>	The Swansea Bay City Deal is focused on developing a prosperous and resilient economy for the region which creates sustainable industry, investment and opportunities which improve economic performance through creating more high-value jobs and increased GVA output. The City Deal programme will support indigenous businesses to prosper and attract inward investment to secure prosperity for all, while also addressing social prosperity through improving housing and addressing environmental issues relating to energy production and efficiency.
<b>Healthy and Active</b>	The City Deal strand of life science and well-being is focused on linking research, innovation and application to accelerate the productivity and impact of the sector. It will also provide opportunities and services which will directly improve well-being for citizens and communities through the provision of dedicated, inter-connected life science and well-being facilities. In addition, the creation of jobs, opportunities and economic prosperity through the City Deal as a whole will have positive impacts on the mental and physical well-being of the region's residents and communities.
<b>Ambitious and Learning</b>	Pivotal to the City Deal is ensuring that current and future generations of local people benefit from the opportunities resulting from the City Deal programme. The City Deal is underpinned by a skills and talent initiative which will ensure appropriate learning, training and skills is delivered from regional education providers to enable high-value employment in key identified sectors.
<b>United and Connected</b>	In focusing on improving digital connectivity and infrastructure, the City Deal will help connect and unite the region's communities and industries to maximise opportunities and economic growth. This focus also provides opportunities to better connect the region through innovative transport, planning and housing solutions.

### 1.3.4 The Prosperity for All national strategy

The Swansea Bay City Deal will contribute to the actions set out in the Prosperity for All national strategy which emphasises the commitments of Taking Wales Forward, while outlining how they will be delivered in a more joined up way that cuts across traditional boundaries, both inside and outside government.

As well as identifying actions to positively deliver against the individual themes of Taking Wales Forward, the Prosperity for All strategy also highlights a number of cross-cutting themes (early years, housing, social care, mental health, and skills and employment) which have the greatest potential contribution to long-term prosperity and well-being.

The City Deal significantly aligns with these cross-cutting themes, given the programme and cross-project focus on issues such as skills and talent, well-being and energy efficiency.

Like the Swansea Bay City Deal, Prosperity for All also embraces the five ways of working under the Well-Being of Future Generations (WBFGE) Act 2015 in outlining how it will work to achieve its actions and ambitions.

### 1.3.5 The Well-being of Future Generations Act (2015)

As a 15-year 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 Act (WCFG).

In being underpinned by a collaborative and forward focused approach, the WCFG Act's five ways of working are inherent to developing and delivering the City Deal. The City Deal is an opportunity for the four local authorities, two local health boards, two universities and the private sector to demonstrate how the five ways of working can be used effectively to ensure major public investment programmes are delivered with long-term, sustainable impacts for current and future generations.

Given the breadth of the Swansea Bay City Deal programme, it also has a significant impact across the seven well-being goals for Wales:

A Prosperous Wales	The Swansea Bay City Deal will improve the GVA of the region, helping close the economic gap with other parts of the UK. It will create thousands of direct jobs, with the skills and talent initiative ensuring current and future workforces have the necessary skills to fulfil opportunities offered. The City Deal will provide an attractive, innovative and sustainable base for existing and new businesses to prosper, while generating further job opportunities for local people. In addition, a focus on well-being will improve prosperity for all at an individual and community level.
A Resilient Wales	In focusing on next generation technologies to diversify and grow existing regional industry assets, the City Deal will future proof these sectors. Through the use of digital technologies, the City Deal will create a responsive industry ecosystem that will be flexible to the demands of businesses and the labour market. Given the on-going impact of Covid-19 and the economic uncertainty posed by Brexit, the City Deal's digital focus will create more resilient communities. City Deal projects will also address issues such as fuel poverty and climate change via focus on zero carbon solutions.
A Healthier Wales	A focus on life science and well-being will generate new technologies, applications and service delivery models which will maximise the physical and mental well-being of residents and communities. This will increase knowledge and understanding of key life science and well-being challenges affecting the region's population and beyond, while developing effective next generation solutions that can be tested in real time. The impact of Covid-19 has heightened the importance of accelerating the development of this key sector, building on the outstanding life science research and clinical work already being carried out in the region.
A More Equal Wales	The Swansea Bay City Deal will put the region back on an equal footing with the rest of the UK in terms of GVA output, while ensuring it's globally competitive in the growth sectors identified. In focusing on economic growth, job generation, skills development, infrastructure and well-being, the City Deal provides equal opportunities for the businesses, residents and communities of the region to flourish.
A Wales of Cohesive Communities	Through enhanced digital infrastructure, the Swansea Bay City Deal will ensure communities and businesses are better connected than ever before. Establishing next generation, sustainable industry with high-value jobs and considerable economic impact will create viable and vibrant communities which attract inward investment. Digital connectivity has been at the heart of business and community resilience throughout Covid-19. Enhanced digital infrastructure provides the opportunity to further boost this resilience, while developing even more cohesive communities.
A Wales of Vibrant Culture & Thriving Welsh Language	The Swansea Bay City Deal will use digital technologies to accelerate and diversify creative industries which promote Welsh culture, language and heritage, making these assets more widely accessible to citizens within and beyond the region. The Yr Egin City Deal project highlighted in the economic case of this Programme Business Case is already delivering against this objective.
A Globally Responsible Wales	The Swansea Bay City Deal will put the identified regional growth industries at the forefront of next generation production and services. Through the City Deal, these industries will develop knowledge and commercial products which provide solutions to some of the most pressing issues of our time, including fuel poverty, climate change and energy production, storage and supply. These issues not only affect our region but are



	globally significant as well, so innovative solutions of this kind will be transferrable across the UK and the world.
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The City Deal's Regional Programme Management Office has been in discussions with the Office of the Future Generations Commissioner to explore from the outset how the constituent projects can use the Act as a framework at the design stage of projects. This approach will then ensure the contribution of each project towards the Act's seven Goals, while improving the Five Ways of Working during project development.

### 1.3.6 UK Policy Context

#### UK Industrial Strategy – Building a Britain Fit for the Future (2017)

At a UK level the City Deal is aligned to the Industrial Strategy, which outlines a long-term approach to improving living standards and economic prosperity.

The City Deal reflects the Industrial Strategy's ambitions to build on existing strengths and extend excellence into the future through closing gaps in productivity, while ensuring existing businesses evolve and grow in competitive modern markets. These ambitions are not only reflected in the City Deal programme, but also by smart manufacturing elements of the programme.

<b>Swansea Bay City Deal alignment with the 10 pillars of the UK Industrial Strategy</b>	
<b>Investing in science, research and innovation</b> We must become a more innovative economy and do more to commercialise our world leading science base to drive growth across the UK.	All City Deal programme projects are based upon peer-reviewed evidence of excellence in science, research, and innovation - many of which have RCUK funding and work within the Innovate UK Catapult Network.
<b>Developing skills</b> We must help people and businesses to thrive by: ensuring everyone has the basic skills needed in a modern economy; building a new system of technical education to benefit the half of young people who do not go to university; boosting STEM skills, digital skills and numeracy; and by raising skill levels in lagging areas.	Led by the South West and Mid Wales Regional Learning and Skills Partnership (RLSP), the City Deal's Skills and Talent initiative reflects the public and private partnership designed to address all of these points.
<b>Upgrading infrastructure</b> We must upgrade our standards of performance on digital, energy, transport, water and flood defense infrastructure, and better align central government infrastructure investment with local growth priorities.	The Digital Infrastructure and Homes as Power Stations City Deal projects align with this objective. The Joint Committee will also have responsibility for ensuring that the regional transport strategy both aligns with and supports the plan.
<b>Supporting businesses to start and grow</b> We must ensure that businesses across the UK can access the finance and management skills they need to grow; and we must create the right conditions for companies to invest for the long term.	The region has a strong track record of establishing new enterprises, while recognising that more work needs to be done to help grow these businesses. City Deal themes including greatly enhanced digital connectivity are intended to address this issue.
<b>Improving procurement</b> We must use strategic government procurement to drive innovation and enable the development of UK supply chains	The City Deal programme and its portfolio of projects have identified public sector procurement as an opportunity for fueling indigenous business growth and supporting the related supply chains. A series of City Deal procurement principles are also being developed.
<b>Encouraging trade and inward investment</b> Government policy can help boost productivity and growth across our economy, including by	The City Deal has generated a flow of opportunity to the region not seen previously, including conversations with major companies regarding location of regional

increasing competition and helping to bring new ways of doing things to the UK.	innovation hubs, research centres, test beds and manufacturing. The City Deal has also given the City Region opportunities to be showcased at international events for the business and investment community.
<b>Delivering affordable energy and clean growth</b> We need to keep costs down for businesses, and secure the economic benefits of the transition to a low-carbon economy.	A number of City Deal projects focus on decarbonisation and energy efficiency. This will drive development of low carbon energy solutions for users, ranging from residential through to major industry.
<b>Cultivating world-leading sectors</b> We must build on our areas of competitive advantage, and help new sectors to flourish, in many cases challenging existing institutions and incumbents.	From the outset, the City Deal plan has been built upon four guiding principles: excellence, differentiation, national impact and sustainability. For example, the locally based SPECIFIC project has been identified by UK Government as the potential catalyst for a billion pound industry based on recognised research excellence and UK industrial strengths.
<b>Driving growth across the whole country</b> We will create a framework to build on the particular strengths of different places and address factors that hold places back – whether it is investing in key infrastructure projects to encourage growth, increasing skill levels, or backing local innovation strengths.	The City Deal programme asks Government to back demonstrable evidence-based regional excellence in science and innovation that will have UK national impact. The life science and energy themed projects are among many that have potential for rollout across the UK. Also embedded within the City Deal is the development of skills to enable higher productivity.
<b>Creating the right institutions to bring together sectors and places</b> We will consider the best structures to support people, industries and places. In some places and sectors there may be missing institutions which we could create, or existing ones we could strengthen, be they local civic or educational institutions, trade associations or financial networks.	The region has already established its hugely successful Institute of Life Science at the heart of a regional innovation ecosystem, with the life science & well-being strands of the City Deal set to build on this strength.

### 1.3.7 Meeting Regional, Wales and UK-wide carbon emission targets

The Swansea Bay City Deal's energy theme – and several of its constituent projects – meet the decarbonisation agendas of the UK Government and the Welsh Government.

The City Deal will contribute to:

- The Environment (Wales) Act 2016, which requires the Welsh Government to reduce emissions of greenhouse gases in Wales by at least 80% by the year 2050
- The Welsh Government's Towards Zero Waste strategy
- The 'Prosperity for All: A Low Carbon Wales' plan published in March 2019
- The UK Government's 2050 net zero target, which was recommended by the Committee on Climate Change
- The UK Government's Clean Growth strategy

The 15-year programme of the City Deal also aligns to the Re-energising Wales project led by the Institute of Welsh Affairs, which sets out a plan for Wales to move to 100% renewable energy by 2035.

Over the last 12 months, all four local authorities throughout the City Region have also declared climate change emergencies, further emphasising the importance of growing the regional green economy.

### 1.3.8 Alignment with Regional, Wales and UK-wide digital strategies

Through its digital infrastructure focus, the City Deal will contribute to several regional, Wales and UK-wide digital strategies. These include – but are not restricted to:

- Regional public sector digital transformation strategies
- The Welsh Government’s Digital First and Delivering Digital Inclusion strategies

At a UK level, the City Deal’s digital theme aligns to:

- The Department for Culture, Media and Sport’s UK Digital Strategy
- The UK Government’s 5G strategy
- The UK Government’s Building Digital UK (BDUK) plan to deliver broadband networks to the nation. This features a commitment to digitally connect the final 20% of the hardest to reach premises in the UK, which includes parts of the Swansea Bay City Region

The City Deal’s digital strand also stands to potentially benefit from a number of Wales and UK-wide digital funding streams to be made available in the near future.

## 1.4 SMART Investment Objectives

The City Deal is a high-level strategic programme that involves Swansea Bay City Region local authorities, universities and health boards working in partnership with the UK Government, the Welsh Government and the private sector to deliver a programme of interventions that will enable economic growth and high-quality employment opportunities over 15 years.

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

The SMART (Specific, Measurable, Achievable, Realistic and Time-Bound) City Deal Investment Objectives are:

Category	Ref	Description
Financial	CDIO-1	To draw down £241m of government funding - £115.6m from UK Government and £125.4m from Welsh Government
	CDIO-2	To achieve £396m of local authority and other public sector funding to support the above
	CDIO-3	To attract £637m of private sector funding across all interventions
Non-Financial	CDIO-4	To create over 9,000 jobs
	CDIO-5	To contribute to increasing GVA by £1.8 billion
	CDIO-6	To deliver 9 specific interventions to achieve the above

By 2035 achievement of these investment objectives will successfully deliver a programme of interventions that will :

- Transform the regional economy
- Establish and maintain an effective and aligned skills base
- Create, prove and commercialise new technologies and ideas
- Develop a region with globally competitive next generation digital infrastructure
- Establish the region as a centre of excellence across identified key sectors
- Act as a catalyst for further investment

The specific interventions are listed below.

<b><i>Internet of Economic Acceleration</i></b>	
	Swansea Waterfront
	Yr Egin
	Skills & Talent*
<b><i>Internet of Life Science &amp; Well-being</i></b>	Digital Infrastructure*
	LS&WB Village
<b><i>Internet of Energy</i></b>	LS&WB Campuses
	Homes as Power Stations
<b><i>Smart Manufacturing</i></b>	Pembroke Dock Marine
	Supporting Innovation and Low Carbon Growth

The objectives, which both align to and support the Swansea Bay City Region Economic Regeneration Strategy 2013 to 2030, also complement a number of projects in South West Wales which have similar goals to generate employment, support innovation and boost economic well-being.

These projects include on-going or planned town and city centre regeneration in all four regional local authority areas, along with other strategies aimed at tackling regional challenges including economic inactivity, digital and transport connectivity, decarbonisation, poverty and the development of skills.

A meeting of regeneration/economic development directors of all four regional local authorities takes place quarterly to ensure these projects and strategies are aligned, while supporting and complementing Swansea Bay City Deal interventions and the work of other partners.

This has helped develop an exemplar for partnership working that will benefit all residents and businesses throughout the City Region in coming years.

## 1.5 The case for change

### 1.5.1 Existing arrangements

Over the last 30 years, the Swansea Bay City Region’s Gross Value Added (GVA) has fallen considerably below the UK average, which has impacted on high-value job opportunities and economic and social well-being.

Although this can be attributed to a combination of external factors, it’s also the case that the regional public and private sectors were often working in isolation of one-another before the creation of the Swansea Bay City Region.

Collegiate working is essential if the region is to arrest this economic decline by tackling the service gap.

Reliance on public sector employment and traditional primary industries, which are increasingly under threat from automation and international competition, also puts the region at risk of falling even further behind the UK average in coming years without intervention. In addition, increasingly low levels of

productivity, coupled with high economic inactivity and poor health, threatens the life satisfaction and well-being of the region's population.

A business as usual approach will lead to further regional economic and social decline, with the intervention being proposed by the City Deal programme providing a trajectory for regional change.

This is now especially the case, given the on-going economic impact of Covid-19, along with the economic uncertainty posed by the UK's impending departure from the European Union.

### **1.5.2 Spending objectives**

Through partnership working between the regional public and private sectors with the UK Government and the Welsh Government, the City Deal provides a once in a generation opportunity to harness and accelerate the potential of the region's unique combination of assets to enable considerable economic growth.

As outlined in the Economic case of this Programme Business Case, the City Deal will contribute significantly to regional, national and UK-wide GVA. Further benefits such as indirect GVA uplift and regional land value uplift will also be realised.

The combination of these economic interventions will close the gap between regional and UK average productivity levels, helping recover much of the region's lost GVA over the course of the 15-year City Deal programme.

The City Deal's objectives will be SMART (Specific, Measurable, Attainable, Relevant and Time-based), while leading to a more efficient, vibrant and resilient regional economy that benefits from a skilled, effective workforce.

### **1.5.3 Current and future business needs**

Helping inform the Swansea Bay City Region Economic Regeneration Strategy 2013 to 2030, a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis was carried out.

Based on socio-economic data, this identified a number of key challenges facing the region, including too few businesses, poor existing business growth, a major skills deficit, and high levels of employment and economic inactivity compared to other parts of the UK. It was also found that the quality of regional infrastructure – both physical and digital - wasn't meeting the demands of modern businesses and communities.

Other findings included the Swansea Bay City Region lagging behind other parts of the UK in terms of the sectoral and occupational mix of its economy, which is currently largely driven by low value sectors and jobs.

The analysis also found, however, a number of significant regional opportunities including the potential further growth of emerging high-value sectors like energy, life sciences and well-being, advanced manufacturing and economic acceleration.

This is why work was undertaken to develop a City Deal programme based on accelerating economic prosperity through enhancing the global growth potential of these existing assets and industries, while improving the underpinning skills and infrastructure they need to thrive.

Aligned to the needs and aspirations of the region and its communities, City Deal intervention will:

- Accelerate the development of the regional circular and foundational economies
- Support existing supply chain businesses

- Develop world class clusters for identified sectors, helping further develop expertise and investment opportunities
- Focus on the development of the blue and green economies to place the City Region at the forefront of global innovation
- Provide businesses in urban and rural communities with the digital infrastructure they need to thrive in the digital age
- Align skills and training at school, college and university level to best meet the needs of employers in identified sectors
- Facilitate enterprise and entrepreneurship

City Deal intervention will also:

- Act as a catalyst for further economic growth, helping benefit businesses both now and in future
  - Develop better links between world class academic research and development with employers
  - Help retain talent by creating a region with high-value employment opportunities for our young people
  - Enable the Swansea Bay City Region to be more competitive on the UK and global stages, which will attract further economic growth
  - Equip Swansea city centre with the facilities and infrastructure needed to be a key economic driver of the City Region as a whole
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## 1.6 Scope and service requirements

The service requirements of the Swansea Bay City Deal will be delivered by a number of organisations working in partnership with the private sector and both the UK Government and Welsh Government.

These organisations include Carmarthenshire Council, Neath Port Talbot Council, Pembrokeshire Council, Swansea Council, Swansea University, the University of Wales Trinity Saint David, Swansea Bay University Health Board and Hywel Dda University Health Board.

The programme's scope is based on the key identified themes of energy, life science and well-being, smart manufacturing and economic acceleration, supported by world class digital infrastructure along with skills and training pathways for regional residents.

These themes were identified by the Swansea Bay City Region's Economic Regeneration Strategy 2013 to 2030, helping inform the 'Internet Coast' City Deal proposal agreed by the Swansea Bay City Region Board. More detail on these identified themes is provided below.

### 1.6.1 Energy

Supply, safety of supply and cost of energy are global challenges, with climate change and energy security driving new forms of energy generation and conservation.

Unlike most other parts of the UK, however, the Swansea Bay City Region has a significant and diverse energy asset base, both in terms of conventional and renewable energy production and storage.

The City Deal will create a unique environment for innovation through its focus on zero carbon marine energy technology and generation, with the opportunity to lead the world in this sector.

Energy efficiency and sustainability are at the heart of the City Deal programme, which will benefit regional businesses and residents.

The City Deal will also help shape future energy supply and demand in the region, while addressing social issues like affordable housing and fuel poverty, which are particularly prevalent in the region's rural communities.

### **1.6.2 Life-Science and Well-Being**

The increased prevalence of chronic diseases and rapidly rising mental health issues, coupled with an ageing population and financial pressures in the health sector, means there's now an increasing demand for innovative approaches to addressing the health needs of the population. In addition, as our understanding of human biology grows, so too does the complexity of the science which supports it. This science has unleashed vast amounts of data, which require improvements in processing, analysis, visualisation and distribution to make it useful to researchers, technology developers, healthcare professionals and end users.

The Swansea Bay City Region already has a growing, world class life sciences sector with major collaborations between the two regional universities, commercial healthcare system developers and the two regional health boards.

The City Deal will build on this collaboration by creating a living laboratory via a digitally connected network of life science and well-being developments. This regional life science and well-being ecosystem will deliver a range of specialist services to improve well-being, while delivering economic and social benefits for all.

### **1.6.3 Economic Acceleration**

Economic acceleration underpins the development and ambitions of each of the City Deal industry sectors and the programme as a whole, but it's also an industry sector in its own right.

Talent, industry and capital can operate from anywhere in a competitive global economy, with business attraction far more likely to places with the strongest innovation infrastructure. Providing the necessary infrastructure – physical, virtual, and intellectual – to create conditions for innovation and for businesses to develop, relocate, invest and grow in the region is essential to the success of the City Deal.

### **1.6.4 Smart Manufacturing**

The Swansea Bay City Region has a strong history of manufacturing which, in line with all traditional manufacturing models, is increasingly under threat from automation and global competition.

The region must diversify and expand its manufacturing base to establish itself as a competitive base for smart manufacturing companies. Through adopting the Industry 4.0 approach, which combines advanced manufacturing and state-of-the-art digital capability, the City Deal will provide unique opportunities to achieve this diversification.

Local industry is at the forefront of the development and implementation of this new manufacturing age. There is also increased integration between the region's renowned research and development capabilities and industry, which has already led to the development of new product/service opportunities. Through aligning current developments with the innovation capability offered by the City Deal, this will give the region a competitive advantage.

### 1.6.5 Digital connectivity

Digital infrastructure is a significant location driver for many firms, so faster connectivity alongside greater capacity is key to spurring innovation and economic growth.

Based on this premise, the City Deal will create a region connected internally and to the wider world with hyper fast, high-capacity digital connections which will attract inward investment, while creating markets and customers for new and existing businesses across the region in key identified growth sectors. Physical and virtual infrastructure developments will also be complemented by focused development of the region's knowledge infrastructure to ensure current and future workforces have the necessary skills required to deliver both the ambitions and legacy of the City Deal.

The City Deal aligns the planned regional digital transformation with current and future market opportunities in these key growth sectors.

The necessity of high-quality digital infrastructure, as well its growing importance to the life science sector, has been heightened throughout the on-going Covid-19 emergency. Improved connectivity will benefit businesses in all the region's communities, helping strengthen resilience and well-being.

### 1.6.6 The development of skills

Research shows the Swansea Bay City Region suffers not only from a skills gap but also from a 'brain drain' because of the amount of indigenous young talent migrating elsewhere in the UK to find high-value work.

The development of regional skills is essential to arrest this decline. Underpinning the City Deal programme as a whole, a skills and talent initiative will provide a pipeline of highly skilled, work ready regional residents to access the high-value jobs the City Deal will generate in identified growth sectors. Not only benefiting residents and businesses, this will also ensure the long-term legacy of the City Deal throughout the programme and beyond, while boosting the regional knowledge economy.

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## 1.7 Main benefits and risks

The broad nature of the Swansea Bay City Deal programme means there are a number of associated high-level benefits and risks.

### 1.7.1 Benefits

Benefits include a significant boost to regional GVA and the thousands of high-value jobs to be created – both of which are outlined in more detail in the economic case of this Programme Business Case. Other financial benefits include an emphasis on the regional economy, which will support existing supply chains and other regional businesses during the construction phase of City Deal projects and beyond. The City Deal's focus on energy efficiency and carbon reduction will also accelerate the development of the region's blue and green economies, helping contribute to Wales and UK-wide decarbonisation targets.

As well as financial benefits, the City Deal programme of interventions will also provide socio-economic benefits that:

- Tackle fuel poverty
  - Improve people's health and well-being
  - Create more resilient business communities
  - Benefit rural communities and the tourism sector through enhanced digital connectivity
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- Boost the knowledge economy by helping retain young talent to pursue their work and life goals within the region
- Tackle the regional skills gap
- Increase the number of people accessing skills and training for employment in identified growth sectors
- Act as a catalyst for further investment
- Assist the region in realising its sustainability goals

This is detailed further in the economic case on a project by project basis. A City Deal programme level benefits register is under development, with benefits registers also forming part of the full business case of each constituent project.

### 1.7.2 Risks

Risks can be separated into 3 categories:

1. Business - These risks remain with the organisation (100%), cannot be transferred by the organisation, and include political and reputational risks.
2. Service - These risks fall within the design, build, financing and operational phases of the programme, and may be shared with the others from outside of the organisation.
3. External - These risks affect all society and are not connected directly with the proposal. They are inherently unpredictable and random in nature. They include technological disruption, legislation, general inflation and catastrophic risks.

Category	Risk
Business	Partner/partners withdrawing from the programme Partner /partners' loose commitment Failure to achieve public sector contributions Failure to realise programme and constituent project objectives Programme delays – governance and administration Identified projects no longer being fit for purpose A business as usual approach which carries the risk of further regional economic decline,
Service	Funding delay from Governments Inability to secure private sector commitment to projects Procurement and delivery delays
External	A change of government at either the UK Government or Welsh Government A cluttered policy landscape at local government, Welsh Government and UK Government level which reduces the impact of City Deal intervention The effects of the Brexit agreement The effects of the Covid-19 pandemic

The level of partnership working between the regional public and private sectors with both Governments to deliver the City Deal programme is also unprecedented, with each partner needing to maintain commitment to the City Deal to deliver programme outputs.

The risks associated with the City Deal are captured at both a programme and project level through detailed risk registers, which also include counter measures for action, avoidance and mitigation.

Programme risks are identified in more detail in the economic case of this Programme Business Case.

## 1.8 Constraints and dependencies

This business case acknowledges that there will be constraints and dependencies at project delivery level. However for this case the focus is on the programme level.

Key constraints:

- Fixed term funding agreements: Five-year delivery and spend vs 15-year repayment process
- The lifespan of the programme, with each project needing to deliver targeted outputs over a 15-year term
- Affordability for each project over the programme life span, with limits on capital and revenue spend

Key dependencies.

- Continued Government support for City Deals
- Continued local authority support for the City Deal and regional working
- The ability of the project sponsors to deliver the projects on time, to specification and within budget
- The ability to have a flexible approach to the programme outputs in line with required outcomes

## 1.9 Summary of Strategic Case

The investment objectives within the strategic case are summarised as follows:

<b>Spending objective CDIO-1</b>	<b>To draw down £241m of government funding - £115.6m from UK Govt and £125.4m from Welsh Govt.</b>
Existing arrangement	Low regional productivity and GVA. A series of national competitive funding opportunities with no regional coherence in delivery thus losing the opportunity for overall regional growth and economic impact.
Business need	To develop a vibrant regional economy via a clear and defined vehicle for regional economic and social growth without the need for competitive bidding.
Potential scope and services	An agreed programme of interventions within a pre-determined regional working framework.
Potential benefits	Achievement of economic and social benefits across the region.
Potential risks	Partner/partners withdrawing from the programme Partner /partners' loose commitment Funding delay from Governments A change of either the UK Government or Welsh Government The effects of the Brexit agreement The effects of the Covid-19 pandemic
Potential constraints	The lifespan of the programme, with each project needing to deliver targeted outputs over a 15-year term. Affordability for each project over the programme life span, with limits on capital and revenue spend

Potential dependencies	Continued Government support for City Deals Continued local authority support for the City Deal and regional working The ability of the project sponsors to deliver the projects on time, to specification and within budget
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<b>Spending objective CDIO-2</b>	<b>To achieve £396m of local authority and other public sector funding to support the above</b>
Existing arrangement	Low regional productivity and GVA. A series of national competitive funding opportunities with no regional coherence in delivery thus losing the opportunity for overall regional growth and economic impact.
Business need	To develop a vibrant regional economy via a clear and defined vehicle for regional economic and social growth without the need for competitive bidding.
Potential scope and services	An agreed programme of interventions within a pre-determined regional working framework.
Potential benefits	Achievement of economic and social benefits across the region.
Potential risks	Partner/partners withdrawing from the programme Partner /partners' loose commitment Funding delay from Governments Failure to achieve public sector contributions Failure to realise programme and constituent project objectives Programme delays – governance and administration Identified projects no longer being fit for purpose Procurement and delivery delays A cluttered policy landscape at local government, Welsh Government and UK Government level which reduces the impact of City Deal intervention The effects of the Brexit agreement The effects of the Covid-19 pandemic
Potential constraints	The lifespan of the programme, with each project needing to deliver targeted outputs over a 15-year term. The lifespan of the programme, with each project needing to deliver targeted outputs over a 15-year term Affordability for each project over the programme lifespan, with limits on capital and revenue spend
Potential dependencies	Continued Government support for City Deals Continued local authority support for the City Deal and regional working The ability of the project sponsors to deliver the projects on time, to specification and within budget The ability to have a flexible approach to the programme outputs in line with required outcomes .

<b>Spending objective CDIO-3</b>	<b>To attract £637m of private sector funding across all interventions</b>
Existing arrangement	The lack of a focused regional approach to inward investment and an inconsistent vision across the region. An unattractive investment reputation.
Business need	A more focused and aggressive approach to inward investment. A consistent message that return on investment is good within the region
Potential scope and services	An agreed programme of interventions within a pre-determined regional working framework. An effective forward facing communication of good practice and reward.
Potential benefits	A more attractive inward investment landscape that grabs the attention of commercial investors and sponsors
Potential risks	<ul style="list-style-type: none"> <li>Partner /partners' loose commitment</li> <li>Failure to achieve public sector contributions</li> <li>Failure to realise programme and constituent project objectives</li> <li>Programme delays – governance and administration</li> <li>Identified projects no longer being fit for purpose</li> <li>A business as usual approach which carries the risk of further regional economic decline</li> <li>Inability to secure private sector commitment to projects</li> <li>Procurement and delivery delays</li> <li>The effects of the Brexit agreement</li> <li>The effects of the Covid-19 pandemic</li> </ul>
Potential constraints	Affordability for each project over the programme lifespan, with limits on capital and revenue spend
Potential dependencies	<ul style="list-style-type: none"> <li>Continued Government support for City Deals</li> <li>Continued local authority support for the City Deal and regional working</li> <li>The ability of the project sponsors to deliver the projects on time, to specification and within budget</li> <li>The ability to have a flexible approach to the programme outputs in line with required outcomes</li> </ul>

<b>Spending objective CDIO-4</b>	<b>To create over 9,000 jobs</b>
Existing arrangement	Low regional productivity and GVA
Business need	To develop a vibrant regional economy via a clear and defined vehicle for regional economic and social growth
Potential scope and services	An agreed programme of interventions within a pre-determined regional working framework
Potential benefits	A more vibrant regional economy with opportunities for residents to remain in the region with good, well-paid jobs and career growth opportunities

Potential risks	<p>Partner/partners withdrawing from the programme</p> <p>Partner /partners ‘loose commitment</p> <p>Funding delay from Governments</p> <p>Failure to achieve public sector contributions</p> <p>Failure to realise programme and constituent project objectives</p> <p>Programme delays – governance and administration</p> <p>Identified projects no longer being fit for purpose</p> <p>Procurement and delivery delays</p> <p>A cluttered policy landscape at local government, Welsh Government and UK Government level which reduces the impact of City Deal intervention</p> <p>The effects of the Brexit agreement</p> <p>The effects of the Covid-19 pandemic</p>
Potential constraints	<p>Continued Government support for City Deals</p> <p>Continued local authority support for the City Deal and regional working</p> <p>The ability of the project sponsors to deliver the projects on time, to specification and within budget</p> <p>The ability to have a flexible approach to the programme outputs in line with required outcomes</p>
Potential dependencies	<p>The ability of the project sponsors to deliver the projects on time, to specification and within budget</p> <p>The ability to have a flexible approach to the programme outputs in line with required outcomes.</p>

<b>Spending objective CDIO-5</b>	<b>To contribute to increasing GVA by £1.8 billion.</b>
Existing arrangement	Low regional productivity and GVA. A series of national competitive funding opportunities with no regional coherence in delivery thus losing the opportunity for overall regional growth and economic impact
Business need	To develop a vibrant regional economy via a clear and defined vehicle for regional economic and social growth without the need for competitive bidding.
Potential scope and services	An agreed programme of interventions within a predetermined regional working framework.
Potential benefits	Achievement of GVA growth target leading to a more vibrant regional economy with opportunities for residents to remain in region with good well paid jobs and career growth opportunities. .
Potential risks	<p>Partner/partners withdrawing from the programme</p> <p>Partner /partners’ loose commitment</p> <p>Failure to achieve public sector contributions</p> <p>Failure to realise programme and constituent project objectives</p> <p>Programme delays – governance and administration</p> <p>Identified projects no longer being fit for purpose</p> <p>A business as usual approach which carries the risk of further regional economic decline</p> <p>Funding delay from Governments</p> <p>Inability to secure private sector commitment to projects</p>

	<p>Procurement and delivery delays</p> <p>A change of government at either the UK Government or Welsh Government</p> <p>A cluttered policy landscape at local government, Welsh Government and UK Government level which reduces the impact of City Deal intervention</p> <p>The effects of the Brexit agreement</p> <p>The effects of the Covid-19 pandemic</p>
Potential constraints	<p>The lifespan of the programme, with each project needing to deliver targeted outputs over a 15-year term.</p> <p>Affordability for each project over the programme lifespan, with limits on capital and revenue spend</p>
Potential dependencies	<p>Continued Government support for City Deals</p> <p>Continued local authority support for the City Deal and regional working</p> <p>The ability of the project sponsors to deliver the projects on time, to specification and within budget</p> <p>The ability to have a flexible approach to the programme outputs in line with required outcomes</p>

Spending objective CDIO-6	To deliver 9 specific interventions to achieve the above
Existing arrangement	No legally compliant governance structure in place to deliver a City Deal
Business need	<p>The necessary legally compliant governance structure needs to be in place to allow the City Deal to be delivered</p> <p>Each project needs to complete its business case for approval by Government</p> <p>A central coordinating resource needs to be in place</p>
Potential scope and services	Each project sponsor is required to put in place design and delivery resources to develop a robust and compliant business case in line with WG requirements. The sponsor then needs to ensure that the project can be delivered on time, to specification and within budget.
Potential benefits	Achievement of overall programme outcomes. A more vibrant regional economy with opportunities for residents to remain in the region with good, well-paid jobs and career growth opportunities
Potential risks	<p>Partner/partners withdrawing from the programme</p> <p>Partner /partners' loose commitment</p> <p>Failure to achieve public sector contributions</p> <p>Failure to realise programme and constituent project objectives</p> <p>Programme delays – governance and administration</p> <p>Identified projects no longer being fit for purpose</p> <p>A business as usual approach which carries the risk of further regional economic decline,</p> <p>Funding delay from Governments</p> <p>Inability to secure private sector commitment to projects</p> <p>Procurement and delivery delays</p> <p>A change of government at either the UK Government or Welsh Government</p>

	<p>A cluttered policy landscape at local government, Welsh Government and UK Government level which reduces the impact of City Deal intervention</p> <p>The effects of the Brexit agreement</p> <p>The effects of the Covid-19 pandemic</p>
Potential constraints	<p>Fixed term funding agreements: the five-year delivery and spend vs 15-year repayment process.</p> <p>The lifespan of the programme, with each project needing to deliver targeted outputs over a 15-year term.</p> <p>Affordability for each project over the programme lifespan, with limits on capital and revenue spend.</p>
Potential dependencies	<p>Continued Government support for City Deals</p> <p>Continued local authority support for the City Deal and regional working</p> <p>The ability of the project sponsors to deliver the projects on time, to specification and within budget</p> <p>The ability to have a flexible approach to the programme outputs in line with required outcomes</p>

## 2.0 Update: 2019/2020 Covid-19 and Brexit

The Swansea Bay City Deal will accelerate the region’s post Covid-19 economic recovery through interventions such as digital connectivity improvements, supply chain support and the continued development of identified sectors, including life sciences.

Without this strategic intervention, many existing regional businesses will struggle to flourish, while opportunities for new businesses and inward investment will be limited.

The uncertain economic impact of Brexit on the Swansea Bay City Region also needs to be considered, with details of the UK Government’s Shared Prosperity Fund yet to be announced. This serves to further heighten the importance of the City Deal’s strategic intervention for the benefit of regional businesses and residents.

## Section 2

### THE ECONOMIC CASE

#### 2.1 Critical Success Factors (CSFs)

As described in the Strategic Case, the strategic objectives of the Swansea Bay City Region and the economic constraints and opportunities facing the region have been identified in the Swansea Bay City Region Regeneration Strategy 2013 to 2030.

The strategy shows that the region has a global reputation for research and development and a recognised industrial status within the sectors of energy, life science and well-being, manufacturing and economic acceleration. Any programme of interventions will therefore focus on transforming these key growth industrial sectors.

To realise the ambitions within the above strategy, the four local authorities, along with other major stakeholders, will work collaboratively to deliver components of a programme of interventions.

The SBCR City Deal Oversight Board agreed at its meeting of 10th October 2016 that a working group would be set up comprising representation from the four local authorities, two universities and two health boards to review the first phase of City Deal projects.

The following people attended the working group meeting:

Steven Phillips	Neath Port Talbot CBC
Phil Roberts	CC Swansea
Mark James	Carmarthenshire CC
Ian Westley	Pembrokeshire CC
Marc Clement	Swansea University
Jane Davidson	UWTSD
Hamish Laing	ABMU
Arthur Emyr	Swansea Bay City Region
Lisa Willis	Neath Port Talbot CBC / SBCR
Sylvia Griffiths	Neath Port Talbot CBC / SBCR

The Oversight Board agreed that the following criteria would be used to review and prioritise City Deal projects:

- Regional spread
- Job creation & skills readiness
- GVA impact
- Private sector engagement and investment
- Impact on UK plc - exportability of commercial ideas
- Readiness, albeit in the context of a 5-year deal

#### 2.2 Long-listed Options and Preferred Way Forward

Aligned to the high-level City Deal objectives and the high growth potential of the identified existing regional sectors, the regional partners agreed that if the aspirations of the Swansea Bay City Region Regeneration Strategy 2013 to 2030 were to be achieved, business as usual was not an option. It



was also agreed that a 'do minimum' approach would fail to unlock regional potential. The preferred option was to undertake a regional call for significant projects that met the aspirations of the strategy across the four local authority areas and deliver them as a programme of interventions which, when delivered in concert, would have a greater impact than the sum of the individual parts..

The SBCR City Deal Oversight Board agreed that Tuesday 11<sup>th</sup> October 2016 at 6pm would be the deadline for the submission of business cases to be considered in the City Deal project prioritisation exercise.

A long list of 19 potential projects was identified for consideration by the City Region as follows.

Project	Lead Organisation
Buildings as Power Stations	Swansea University
ARCH Campuses (Phase 1)	City & County of Swansea / Swansea University / Health Boards
CENGS revenue	City Region Team
and SBCR CENGS Technology Centre capital	City Region Team
The Internet Coast-Digital Infrastructure & Test Beds	City Region Team
Swansea City Digital District	City and County of Swansea
Distributed Generation Cluster Hub Dulais Valley	Neath Port Talbot CBC
Distributed Generation Cluster Hub Milford Haven	Milford Haven Port Authority
ECSIP	Swansea University
Factory of the Future	Swansea University
Innovation System	City and County of Swansea
Delivering Innovative Smart Low Carbon Homes	Local Authorities
Pembroke Marine	Milford Haven Port Authority
Swansea Waterfront	University of Wales Trinity Saint David
Skills and Talent	Regional Learning Partnership
Establishment of a Steel Science Centre for UK Primary Steelmaking and Strip Steel Production	Excalibur Steel UK Ltd
Health & Well Being Villages Phase 1	Swansea University / Health Boards Carmarthenshire CC
Sustain	Swansea University
Yr Egin	University of Wales Trinity Saint David

The working group met on Friday 14<sup>th</sup> October 2016 and reviewed the projects against the agreed criteria (see section 2.1 above). The aim of the working group was to review the projects and make recommendations for which projects should proceed.

The working group agreed to categorise the projects under the following three headings:

- 1) Supported
- 2) Supported for either second phase City Deal or alternative funding sources
- 3) Not supported

The working group made the following recommendations

#### H&WB Villages Phase 1 (ARCH / CC Carmarthenshire)

Following a discussion about the 3 H&WB Villages Phase 1: Llanelli, Neath and Swansea, it was considered that the Machynys Village proposal was well developed and had secured private sector match funding, and therefore fitted the criteria to be included in the Phase 1 City Deal proposal and that the Neath and Swansea village developments would be included in the Phase 2 City Deal proposal once they were further developed.

Recommendation: The working group agreed to recommend support for the Machynys development proposal with a £40m City Deal ask (reduced from £85m), and for the Neath and Swansea village developments to be included in the next phase of the City Deal.

#### Yr Egin (UWTSD)

The working group agreed that phase 2 would be supported on condition that phase 1 is delivered, which requires clarity regarding the Welsh Government's position in relation to phase 1. The group also advised UWTSD to enter into discussion and real dialogue with key individuals and organisations with an interest in the creative industries sector in the region.

Recommendation: The working group agreed to recommend support for Yr Egin subject to the successful delivery of phase 1 and real dialogue with the creative industries sector across the region with a £5m City Deal ask.

#### Skills and Talent (RLSP)

The working group agreed that the business case needed significant additional work in light of an agreed City Deal project prioritisation exercise to identify those skills needed to deliver the City Deal projects. The group discussed presenting skills as an overarching theme rather than a project.

Recommendation: The working group agreed to recommend support in principle for the Skills and Talent proposal subject to the above, with a maximum £10m City Deal ask and further development of specific skills interventions.

#### ARCH Campuses (Phase 1) (ARCH)

The working group discussed deliverability and possible sequencing of Morrison and Singleton campuses, and it was recognised that these are linked developments to deliver full benefit. There was a discussion about alternative funding for Singleton through European funding, for example.

Recommendation: The working group agreed to recommend support for Morrison campus with a £15m City Deal ask initially, and to support Singleton when funding is available in a future phase.

#### CENGS and SBCR CENGS Technology Centre (City Deal Team)

The working group requested clarity on areas of the business case including ownership / governance, IP, licences and State Aid. The group discussed complementarity with the Swansea Waterfront development and the Factory of the Future project.

Recommendation: The working group agreed to recommend support for the CENGS proposal subject to clarity on the above with a £20m City Deal ask and £3m City Deal ask for the building.

#### Factory of the Future (SU)

The working group concluded that this project would need to complement the CENGS proposal and should focus on engineering and manufacturing products that are not software driven, as opposed to software driven applications and services. This is to ensure complementarity.

Recommendation: The working group agreed to recommend support for the Factory of the Future project subject to the above with a £10m City Deal ask.

Swansea City Digital District (CC Swansea) / Swansea Waterfront (UWTSD)

The working group considered the two proposals together, and it was agreed that the projects would be revised into a combined bid. The working group advised the projects to review the funding profile.

Recommendation: The working group agreed to recommend support for the combined Swansea Digital District project subject to re-profiling with a combined £50m City Deal ask.

Pembroke Marine (MHPA)

The working group agreed on the strengths of this proposal but did consider the financial ask.

Recommendation: The working group agreed to recommend support for the Pembroke Marine project with a £25m City Deal ask.

Dulais Distributed Generation Cluster Hub (NPTCBC) / Milford Haven Smart Grid

The working group recognised these to be strong business cases with significant private sector leverage, however the group considered alternative funding sources to support this proposal such as EU funding opportunities under ERDF Priority 1 or Priority 3.

Recommendation: The working group agreed to recommend support for the Distributed Generation Cluster Hubs, but to seek alternative funding, such as European funding and not City Deal funding in the first instance.

Delivering Innovative Smart Low Carbon Homes (Local Authorities) / Buildings as Power Stations (SU)

The working group agreed to discuss the two proposals at the same time because the same bid was presented twice with two different lead organisations. The working group agreed that one business case should be progressed, linked to low carbon homes rather than buildings as power stations per se in order to address fuel poverty. The working group agreed that the 4 local authorities and Swansea University would meet again to develop a joint proposal and also explore ERDF Priority 3 funding to support the funding package.

Recommendation: The working group agreed to recommend support for a local authority consortium-led new build and retrofit housing proposal supported by Swansea University and SPECIFIC with a £15m ask.

The Internet Coast - Digital Infrastructure and Test Beds (City Deal Team)

The working group discussed the need for digital infrastructure as an enabling mechanism and core element to deliver the internet coast vision. The group agreed that the proposal needs to be developed and defined further with a focus on rural and urban areas.

Recommendation: The working group agreed to recommend support for the Digital Infrastructure and Test Beds proposal. The proposal should focus on rural as well as urban areas and prioritise links to all City Deal projects. It was agreed to recommend a £25m first phase City Deal ask.

Establishment of a Steel Science Centre for UK Primary Steelmaking and Strip Steel Production (Excalibur Steel UK Ltd) / Sustain (SU)+

The working group agreed to discuss the two business cases at the same time and agreed on the need for a project linked to steel.

Recommendation: The working group agreed to recommend support for the Excalibur-led proposal supported by Swansea University and all regional partners (without nominating a private sector lead) with a £20m City Deal ask.

#### Innovation System (CC Swansea)

The working group did not initially fully understand the nature of the proposal. The group discussed the potential synergy with CENGS and the need for a City Deal core team. The group agreed that this proposal would need to be discussed as part of the City Deal governance arrangements.

Recommendation: The working group agreed to recommend that this proposal is discussed as part of the City Deal governance arrangements.

#### ECSIP (SU)

The working group agreed to consider support for this this project in a future phase.

The workshop agreed the following regional breakdown – summarised by the number of projects and the City Deal ask for each.

Local Authority area	Project - Number	City Deal Ask - £m
<b>Neath Port Talbot</b>	Steel Science	20
	CENGS	23
	Factory of the Future	10
<b>Total</b>	<b>3</b>	<b>53</b>
<b>Swansea</b>	H&WB Campus	15
	Swansea Digital District	50
	<b>Total</b>	<b>2</b>
<b>Carmarthenshire</b>	H&WB Villages	40
	Yr Egin	5
	<b>Total</b>	<b>2</b>
<b>Pembrokeshire</b>	Pembroke Marine	25
	<b>Total</b>	<b>1</b>
<b>Regional projects</b>	Skills	10
	Digital Infrastructure / Test beds	25
	Smart Low Carbon Homes	15
	<b>Total</b>	<b>3</b>
<b>Summary total</b>	<b>11 projects</b>	<b>£238m total CD ask</b>

The working group agreed that a revised GVA analysis will be carried out by Swansea University once the projects have been prioritised and business cases revised in line with the recommendations.

## 2.3 Short-listed options including Business as Usual, Do Minimum and the Preferred Option

The 11 shortlisted projects are summarised below within four thematic areas:

Project Name	Project Lead Sponsor
<b>Economic Acceleration</b>	
Digital Infrastructure	Carmarthenshire County Council
Swansea City & Waterfront Digital District	City & County of Swansea / UWTSD
Creative Digital Cluster – Yr Egin	Carmarthenshire CC / UWTSD
Centre of Excellence Next Generation Digital Services (CENGs)	Neath Port Talbot CBC
Skills & Talent Initiative	Carmarthenshire County Council
<b>Life Science and Well-Being</b>	
Life Science & Well-Being Village	Carmarthenshire County Council
Life Science & Well-Being Campuses	City & County of Swansea / Swansea University / Health Boards
<b>Energy</b>	
Homes as Power Stations	Neath Port Talbot CBC
Pembroke Dock Marine	Pembrokeshire Council
<b>Smart Manufacturing</b>	
ASTUTE Factory of the Future	Neath Port Talbot CBC / Swansea University
Steel Science	Neath Port Talbot CBC / Swansea University

## 2.4 Benefits appraisal

An external economic analysis, led by a team of specialist economists at Swansea University, assessed the short-listed projects against the first two criteria success factors of impact on regional and UK GVA, and job creation and skills readiness. The 'Internet Coast' phase one City Deal Proposal Impact Appraisal (20th October 2016) demonstrated that taken together the proposals are projected to provide in excess of 9,465 gross direct jobs and a regional GVA contribution of circa £1.8bn.

A summary of the expected jobs and GVA potential is demonstrated in the following table:

Theme / Project	GVA (£m) 15 years	Net Jobs 15 years
<b>Internet of Economic Acceleration</b>		
Swansea City & Waterfront Digital District	318	1323
Creative Digital Cluster - Yr Egin	89.5	203
Centre of Excellence in Next Generation Digital Services	154	500
<b>Internet of Life Science &amp; Well-being</b>		
Life Science & Well-being Campuses	153	1120
Life Science & Well-being Village	467	1853
<b>Internet of Energy</b>		
Homes as Power Stations	251	1804
Pembroke Dock Marine	126	595
<b>Smart Manufacturing</b>		

Factory of the Future	140	1402
Steel Science Centre	95	665
<b>TOTALS</b>	<b>1795</b>	<b>9465</b>

Although each City Deal project contributes to the programme's strategic objectives, their impact must not be viewed in isolation but rather as a collective that will generate overall economic growth in the region. The GVA output of the City Deal will therefore be measured and monitored on a programme basis, alongside additional programme level impact measures.

Overall the City Deal will contribute significantly to regional and consequently Welsh and UK GVA. As well as the above identified potential it will also add wider economic benefits such as potential land uplift value in excess of £60 million over 15 years.

Adding £173 million per annum to the regional economy equates to 5% of the current GVA gap between regional and UK productivity levels, therefore recovering 70% of the region's lost GVA over the 15-year City Deal programme.

This projected impact represents a return of £10 for every £1 of government funding invested in the City Deal programme, which demonstrates value for money and significant economic growth benefits for the identified industry sectors, the region, Wales and the UK.

This demonstrates how the unique nature of a City Deal, with all major stakeholders working in partnership, provides a much greater benefit than business as usual with each stakeholder operating independently – the whole being greater than the sum of its parts.

#### 2.4.1 Projected Economic impact of identified themes

There are several interdependencies and synergies that link the projects within the programme and strengthen the themed approach:

##### Interdependencies

- The SBCD Skills and Talent Initiative Project & The Internet Coast
- The Internet of Economic Acceleration and its Constituent Projects
- The Internet of Economic Acceleration and the Internet of Energy
- The Internet of Economic Acceleration and the Internet of Life Science and Well-being
- The Internet of Economic Acceleration and Smart Manufacturing

##### Synergies

- Energy and Life Science & Wellbeing
- Energy and Smart Manufacturing
- SMART Manufacturing and Life Science & Well-Being

These are explored in more detail in *Appendix 1*.

The themed approach to regional working within a City Deal scenario will provide the following benefits:

#### Energy

The City Deal's energy sector projects are projected to deliver 2,399 gross direct jobs, resulting in £377million GVA, together with wider economic benefits of £343million over the 15-year programme period. These wider benefits are the result of impacts such as:

- Reduced greenhouse gas emissions and fossil fuel dependence
- Uplift in housing value
- Reductions in fuel poverty with consequent benefits for residents and the NHS

- Improved regional and UK energy security

### Life Science and Well-Being

The life science and well-being sector projects delivered as part of the City Deal are projected to deliver 2,973 gross direct jobs, resulting in £620 million GVA. The projects will also realise wider economic benefits in excess of £77million alongside significant benefits for the general well-being of regional residents and communities. These broader social benefits will in turn generate economic impacts for the region, given the widely accredited connection between improved health and improved wealth. These wider benefits are the result of impacts and activities such as:

- Commercial and residential assets which address current market failure
- Reconfiguration of services and concentration of specialist services
- Creating export opportunities for specialist services, medical devices and high-value life science and well-being goods

### Economic Acceleration

The economic acceleration projects delivered through the City Deal are projected to deliver 2,026 gross direct jobs, resulting in £563 million GVA, alongside additional economic benefits of more than £623 million over 15 years. These wider benefits will be generated by impacts such as:

- Significant construction activity and supply chain development
- Enhanced rateable values
- Increased tourism and cultural engagement

### Economic Impact of Skills and Talent

The development and success of the City Deal programme and its ongoing legacy is crucially underpinned by the creation, retention and attraction of a skilled and talented workforce. All projects will therefore work with an integrated skills and talent initiative to ensure that the current and future regional workforce is equipped with the knowledge and skills necessary to fulfil the sector specific needs and opportunities presented by the City Deal programme. Ensuring the regional workforce is able to fulfil the high-value job opportunities created through the City Deal programme will help to reduce migration of young people from the region. This will positively impact on the region's GVA and economic performance as well as improve health and well-being of residents through enhancing their opportunities to prosper.

### Economic Impact of Digital Infrastructure

The opportunity to accelerate economic performance across the growth sectors which constitute the City Deal through use of digital technologies is a fundamental aspect of the programme. Therefore, as with the skills and talent initiative, each project will work with a dedicated digital infrastructure project to identify opportunities presented by next generation technologies to enhance the economic impact and performance of their sectors.

The value of anticipated improvements to digital infrastructure in the City Region has a potential impact of £31.5 million GVA uplift per annum or a cumulative impact of £225 million over 15 years. Based on average GVA / worker this equates to 780 gross additional jobs across the wider Swansea Bay City Region economy, in addition to those created through City Deal projects. If realised, these additional jobs would result in an additional £563 million GVA impact for the region over the 15-year period. Improvements to digital infrastructure will also have significant benefits for the health, wealth and well-being of residents and communities through improving access to services, while reducing isolation and loneliness.

## 2.4.2 NPV and additional benefits

When combining the calculations within each business case, delivery of the projects within the City Deal will generate NPV as shown in the table below:

Theme	NPV (£)	
<b>Internet of Economic Acceleration</b>		
Swansea Waterfront	407,508,926	
Yr Egin	150,022,312	
Skills & Talent*	0	
Digital Infrastructure*	0	
<b>Total</b>		<b>557,531,238</b>
<b>Internet of Life Science &amp; Well-being</b>		
LS&WB Village	118,400,000	
LS&WB Campuses	32,351,722	
<b>Total</b>		<b>32,351,722</b>
<b>Internet of Energy</b>		
Homes as Power Stations	105,633,820	
Pembroke Dock Marine	42,700,000	
<b>Total</b>		<b>148,333,820</b>
<b>Smart Manufacturing</b>		
Supporting Innovation and Low Carbon Growth	144,778,281	
<b>Total</b>		<b>144,778,281</b>
<b>Programme Total</b>		<b>882,995,061</b>

\* Project currently in outline business case stage, and as such no detailed economic appraisal has been undertaken to review the Net Present Value .

Over and above the jobs and GVA benefits, the proposed projects within the City Deal have identified additional benefits within their own business case.

A summary of these is shown below.



Life Science and Well-being development			
Measure	Definition	Unit	15-year target
NPV	Return on investment	GBP	£118.4m £64m economic regeneration £40m health outcomes improvement £14.4m health system benefits
Life science businesses created	Number of new life science businesses		50
Life science businesses accelerated	Number of life science businesses helped to expand		30
Skills development programmes and pathways created	Skills development programmes for the life science, health and care, business growth and inception, and hospitality sectors		60
Community group participation	Number of community groups planned to use facilities at the development		50
Population health improvements	Measurable contribution to health board strategic objectives – obesity, diabetes, risk taking behaviour, cardiovascular and dementia reduction targets, reduction in GP visits		See note
Not in education, employment or training	Reduction in the number of young people within the NEET category in the adjacent Community First area		3%
City Deal, public sector and private sector contribution	Breakdown per contribution to the project	GBP	SBCD - £40 million Public sector - £51 million Private sector - £108.5 million

Homes as Power Stations			
Measure	Definition	Unit	15-year target
NPV	Return on investment	GBP	£106 million
New homes	New homes featuring renewable technology		3,300 within 5 years
Retrofit	Retrofit of existing properties with renewable technology		7,000 within 5 years
Carbon reduction	Predicted annual CO2 reduction, assuming 100% rollout for new build	Tons	9,165
	Predicted annual CO2 reduction, assuming 100% rollout for retrofit	Tons	9,933
City Deal, public sector and private sector contribution	Breakdown per contribution to the project	GBP	SBCD - £15 million Public sector - £114.6 million Private sector – £375.9 million

Swansea City and Waterfront Digital District			
Measure	Definition	Unit	15-year target
NPV	Return on investment		£407.51 million
Skills	Number of skills and training opportunities created		Over 8,000 training weeks
Box village and innovation precinct	Development at UWTSD SA1 to provide incubation and co-working spaces for start-ups and small businesses	Sq.ft	Box village – 28,000 Innovation Precinct – 64,600
Digital village	Facility to support tech and digitally focussed businesses		100,000
Digital indoor arena	3,500 capacity indoor arena and space to accommodate digital square and other attractions		438,091
City Deal, public sector and private sector contribution	Breakdown per contribution to the project	GBP	SBCD - £50 million Public sector - £81.16 million Private sector – £39.97 million

Skills and Talent			
Measure	Definition	Unit	15-year target
Upskilling	Better skilled workforce through the delivery of higher-level skills (level 4 and above)		500 people
Pathways	New skills pathways developed across all sectors in the region		25 new courses
Apprenticeships	Increased opportunities for apprenticeships and specifically in specialist sectors		500 placements
Unemployment	Reduced unemployment and supported work opportunities for NEETs (People who are not in employment, education or training)		15% reduction in regional unemployment and NEETs
City Deal, public sector and private sector contribution	Breakdown per contribution to the project	GBP	SBCD - £10 million Public sector - £16 million Private sector – £4 million

Yr Egin			
Measure	Definition	Unit	15-year target
NPV	Return on investment		£150.02 million
Skills	Number of skills and training opportunities created		150
Yr Egin phase one	Phase one of the development at UWTSD in Carmarthen	Sq.m	3,912
Yr Egin phase two	Phase two of the development at UWTSD in Carmarthen	Sq.m	4,250
Creative cluster	The number of businesses forming of both Yr Egin phases		25
City Deal, public sector and private sector contribution	Breakdown per contribution to the project	GBP	SBCD - £5 million Public sector - £15.23 million Private sector – £4.85 million

Digital infrastructure			
Measure	Definition	Unit	15-year target
City Deal, public sector and private sector contribution	Breakdown per contribution to the project	GBP	SBCD - £25 million Private sector – £30 million

Pembroke Dock Marine			
Measure	Definition	Unit	15-year target
Environmental	Environmental benefit in terms of CO2 saving	GBP	£8.2 million
Decarbonisation	Contribution to Welsh and UK decarbonisation targets	MW	1,000
Inward investment	Inward investment between years 5 and 15 of full project operation	GBP	£300 million
City Deal, public sector and private sector contribution	Breakdown per contribution to the project	GBP	SBCD - £28 million Public sector - £19.02 million Private sector – £13.45 million

Life Science and Well-being Campuses			
Measure	Definition	Unit	15-year target
NPV	Return on investment	GBP	£32.35 million
City Deal, public sector and private sector contribution	Breakdown per contribution to the project	GBP	SBCD - £15 million Public sector - £20 million Private sector – £10 million

Bespoke to each project where construction is a component, additional community benefits will be achieved via the initial procurement process. This will include:

- Construction Jobs
- Supply chain opportunities
- Targeted recruitment and training clauses
- Contributions to education
- Community initiatives

Further details can be found in the commercial case of this Programme Business Case.

## 2.5 Risk assessment

The City Deal is a broad programme with complex risks and dependencies. The on-going risks will be monitored and managed as part of the City Deal's overall risk management arrangements.

As described in the UK and Welsh Government Guide to developing the Programme Business Case, risks fall into three main categories:

- **Business:** Business related risks remain with the public sector and can never be transferred
- **Service:** Service-related risks occur in the design, build, funding and operational phases of a programme and may be shared between the public and private sectors
- **External risks:** External systemic risks affect all society and are unpredictable and random in nature

**Business-related** risks for the City Deal programme are summarised in the table below, along with mitigating control actions. A distillation of risks across the delivery areas of the programme can be found in the Programme Risk Register.

**Service-related** risks will be managed by the City Deal projects, who will maintain, manage and monitor their own risks in line with guidance from the Green Book and the City Region's Accountable Body and Regional Programme Management Office. Any significant risks that may affect programme deliverables will be escalated to the Regional Programme Management Office and managed via the regional governance structure.

**External Risks** are also covered in the table below.

**Business Risks**

Business Risk Description	Risk Assessment	Control Actions
UK & Welsh Governments do not approve a City Deal for the region	Low	Ongoing dialogue between the region and government indicates that this is unlikely. In the Autumn statement 2016 the Chancellor recommitted the governments support for a City Deal for the Swansea Bay City Region.
Delay in overall programme delivery	Medium	Working with multiple stakeholders requires efficient management. Potential trigger points will be identified through programme monitoring and highlighted to the Joint Committee through the Programme Board.
Decisions made by Programme Board (or other City Deal group) compromise delivery.	Medium	Accountable Officers to attend Programme Board and feedback relevant decisions to Regional Office.
Delay in submission / approval of individual City Deal project business cases	Medium	Continual engagement with project leads to progress robust business cases. Iterative informal assessment process on draft business cases with Welsh and UK Government to ensure swift approval of final business cases. Establish robust regional assessment process with clear structures and responsibilities.
City Deal project fails to meet outputs	Medium	Work with projects to implement mitigating actions to avoid project failing. If project fails prior to approval of business case, Regional Office will work with the project to identify reasons for failure and any potential mitigating action or, if irreconcilable, work through the agreed structure for identifying new project(s) for the City Deal.
Programme management funding partner withdraws from the agreement	Low	Develop memorandum of understanding with funding partners outside of local authorities and therefore the Joint Working Agreement.
Individual local authority partner withdraws from the agreement	Low	Joint Working Agreement for the Joint Committee to be signed up to by all local authority partners. Joint Working Agreement for the Joint Committee to outline provisions for such a scenario.
Welsh Government or UK Government do not provide City Deal grant	Low	Maintain regular communication with UK and Welsh Governments. Ensure grant terms and conditions between governments and the Region are fit for purpose.

**External Risks**

External Risk Description	Risk Assessment	Control Actions
Unforeseen external political or physical circumstances affect programme delivery	High	Beyond the control of programme stakeholders. Relevant controls will be put in place should the need arise.

External Risks Update May 2020

In 2016 a referendum was held to decide whether the UK should remain in the European Union or not. The outcome was a vote to leave, which triggered a three-year period of uncertainty and negotiation. The leaving date was originally set for 29 March 2019 but stalemate within UK Government that resulted in a change of leadership delayed any agreement. Eventually a date to trigger the UK leaving the EU was agreed for 31<sup>st</sup> January 2020, with the terms of leaving to be agreed during a transition period ending on December 31<sup>st</sup> 2020.

In December 2019 the Chinese Government issued a statement about the identification of a new and particularly aggressive form of Coronavirus. During January, February and March 2020 the virus, resulting in a disease now known as Covid-19, spread from Asia to Europe and the USA leading the World Health Organisation to declare a global pandemic on 11<sup>th</sup> March 2020. The recommended course of action to prevent further spreading of the virus was the imposition of stringent restrictions on public movement and a closure of non-essential businesses and services within the affected areas. This and the resulting financial mitigation measures put in place to support health services and those not able to work has had a major impact on national economies across the world.

At the time of writing, May 2020, the effects of Covid-19 and the Brexit situation are unknown and difficult to mitigate. This situation will be closely monitored over the coming months.

The City Deal's Regional Programme Management Office has implemented a Covid-19 impact assessment, which all City Deal projects have populated and are actively managing. This will be reported through the City Deal's management and governance structures.

## 2.6 - Project changes 2019

Following the City Deal reviews in late 2018/early 2019 a recommendation was made that the City Deal should be managed as a portfolio, as opposed to as a set of pre-determined and immutable projects.

With the above flexibility being approved and as a response to the climate change emergency declared by the Welsh Government in April 2019, a revised programme of projects entitled Supporting Innovation and Low Carbon Growth was approved by Neath Port Talbot County Borough Council's Cabinet in July 2019.

The new proposal replaces some of the projects originally put forward – the Centre of Excellence in Next Generation Services (CENGs), Factory of the Future and Steel Science. The latter, however, remains in the portfolio in a revised form.

Programme monitoring (as at May 2020) indicates that the total programme remains on target due to some projects projecting over delivery on original targets

The differences from the original expected outcomes also include enhanced GVA and jobs from the now completed Yr Egin development, a revised forecast from Pembroke Dock Marine and a revised forecast from the Swansea City and Waterfront Digital District projects.

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

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

The Supporting Innovation and Low Carbon Growth programme has been developed around four interlinked themes:

1. Swansea Bay Technology Centre



2. National Steel Innovation Centre
3. Decarbonisation
4. Industrial Futures

The new £58.7 million project has been developed to deliver co-ordinated sustainable growth and job creation in the region, with a targeted focus on the Port Talbot Harbourside area. The expected benefits of the new proposal are:

- GVA contribution of £6.2 million a year once all projects are operational.
- The creation of 446 new, high value added jobs
- Generate a GVA impact of £93 million over 15 years
- A 15-year Net Present Value (NPV) of £145 million

Funding of £47.7 million is being sought from the Swansea Bay City Deal, with other funding coming from Neath Port Talbot Council and the private sector.

The Supporting Innovation and Low Carbon Growth proposal offers several associated benefits as shown in the table below:

Supporting Innovation and Low Carbon Growth			
Measure	Definition	Unit	15-year target
NPV	Return on investment	GBP	£145 million
Swansea Bay Technology Centre	Three-storey facility in response to well-evidenced demand for high-quality, flexible business premises.	Sq.m	2,500
National Steel Innovation Centre	Facility for the development of innovative steel products and processes.	Sq.m	6,000
Other office spaces	Flexible office spaces, laboratory spaces and production units to support start-up companies and indigenous companies at the Port Talbot Waterfront Enterprise Zone.	Sq.m	10,000
City Deal, public sector and private sector contribution	Breakdown per contribution to the project	GBP	SBCD - £47.7m Public sector - £6m Private sector - £5m

### Interdependencies and Synergies

Changes in the interdependencies and synergies as a result of the new project are explained in *Appendix 1*.

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## Section 3

### THE COMMERCIAL CASE

#### 3.1 - Procurement strategy and route

This case outlines the programme directive for City Deal procurement and how this can best secure long-term value during the operational phase of the programme.

The City Deal Regional PMO fulfils a management role for the City Deal programme. As such it does not directly deliver or manage projects itself.

As outlined in the Economic Case, the City Deal will consist of a portfolio of projects sponsored by the Local Authorities in partnership with other stakeholders. Each project within the City Deal programme will be responsible for conducting their own procurement exercises in line with the lead authority's organisational policies and procedures.

Projects will comply with the European Public Contracts Directive 2014/24/EU and the Public Contracts Regulations 2015, which require all contracts over certain thresholds to be advertised in the Official Journal of the European Union (OJEU). The European Public Procurement thresholds are revised every two years. These can be found on the UK government website:

<https://www.gov.uk/government/publications/procurement-policy-note-new-thresholds-2020>

In 2012 the Welsh Government issued the Wales Procurement Policy Statement, which sets out the principles by which it expects public sector procurement to be delivered in Wales. This statement was reviewed and updated in 2015 and underpins its expectations from the public sector when undertaking procurement.

Projects will be expected to meet the requirements of this policy statement which seeks to open procurement contracts up to more innovative solutions to ensure that the money that goes into procurement is spent in a way that stimulates development. The rules aim cut red tape for companies bidding and make it easier for small and medium-sized firms to participate.

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#### 3.2 - City Deal Procurement Principles

Aligned to the Wales Procurement Policy Statement, the City Deal has a supplementary set of procurement principles that aim to encourage project teams to consider wider benefits that can be achieved from procurement. These principles link procurement activities with UK and Welsh Government policy and best practice, especially with meeting the objectives of the Well Being of Future Generations (Wales) Act 2015. The principles also draw on the need for Net Zero Carbon and Carbon Offset contributions to be considered as part of the scoring for procurement exercises.

The principles have been drafted in collaboration with industry, legal and procurement specialists with a view to ensuring that the regional supply chain and local businesses can have the opportunity to achieve the maximum benefit from the City Deal.

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Project teams will be required to think innovatively with their procurements, considering all options. This will include considering what best deals can be achieved via the procurement process and whether collaborative purchasing across projects can add value.

Very large (in cost) procurements should be broken down into smaller lots so that regional companies are not excluded from the process. Where this is not possible - for economies of scale or risk, for example, Tier 1 contractors should be contractually obliged to undertake the lotting process.

Procurements should be planned well in advance, allowing time for collaborative bidding to take place where appropriate. The Sell2Wales procurement platform provides this facility, see Contractual arrangements below.

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### 3.3 - Community Benefits

The City Deal is committed to raising prosperity levels and spreading prosperity across the region through creating an economic environment that provides opportunities to address key issues such as poverty, economic inactivity and social exclusion.

All partners are committed to ensuring the impact and benefits of the City Deal are fully realised, while promoting sustainable development through all policies, strategies and services to maximise value for money.

Through demonstrating effective use of procurement, the City Deal will show how strategies designed to tackle environmental, economic and social challenges can address demand-side issues by working in partnership with private sector providers and investors.

The use of Community Benefit clauses as a core requirement will be used to bring added value and ensure the long-term benefits realisation that are integral to this plan for economic change. Examples of clauses that may be used in community benefit contracts include:

- Supply chain opportunities  
To include the creation of opportunities for small to medium sized enterprises (SMEs) to bid for work through the supply chain or via the provision of mentoring schemes, advice and/or support to new companies or SMEs in the area. Tier 1 contractors will be contractually obliged to undertake effective meet the buyer events as early market engagement.
- Targeted recruitment and training clauses  
To offer opportunities to specific groups such as the economically inactive or young people who are not in education, employment or training (NEETs). It may also include offering work experience placements for local schools, colleges and/or universities, or utilising apprenticeships during the contract period. Projects will work in collaboration with the Skills and Talent initiative to ensure maximum benefits are achieved and retained within the region.
- Contributions to education  
Particularly focused on engaging with school age children, this may involve offering opportunities such as site visits or delivering related information sessions in local schools.
- Community initiatives  
Demonstrating active participation in the community through volunteering days in local communities, sponsoring community initiatives or engaging with local community groups to maintain project/programme communication.

### 3.4 - Service requirements, Outputs and Risk allocation

Overarching programme business risk will be managed by the Regional PMO within the Governance structure of the City Deal programme.

The identification of service requirements, outputs and risk allocation will be managed by the individual project sponsors according to their situation and standing orders.

Each purchasing authority will have its own internal structure and process for procurement and risk apportionment. The detail on how each sponsor manages its business, service and external risk will be provided in individual project business cases.

Projects will also be required to provide regular updates on procurement activities to the Regional Office; this will include and assessment of risks, outputs and an update on progress against timelines etc.

Project teams will be required to report their community benefit outputs via the Welsh Government Community Benefits Toolkit, and a copy of this will be sent to the Regional Office on an annual basis.

Projects teams will work with the Regional PMO to promote major procurement exercises and any Meet the Buyer or local supply chain initiatives.

The City Deal's Regional Programme Management Office has implemented a Covid-19 impact assessment, which all City Deal projects have populated and are actively managing. This will be reported through the City Deal's management and governance structures.

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### 3.5 - Charging mechanisms

As previously explained the City Deal Regional PMO fulfils a management role for the City Deal programme. As such it does not directly deliver or manage projects itself.

Each project will undertake its own assessment of the appropriate charge mechanisms for pre-delivery, design and build phases and whether to apply a fixed price / cost mechanism or to use payment on delivery of agreed outputs/targets.

To protect the supply chain and ensure fair and prompt payment, projects will be required to put in place Project Bank Accounts (PBAs) for all significant procurements.

In line with Welsh Government policy, all project procurements with a value of £2m or more and lasting longer than 6 months must consider putting in place a Project Bank Account. Note, other criteria also apply, see WG guidance here <http://bit.ly/38E7C3h> for more details.

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### 3.6 - Key contractual arrangements

As previously explained the City Deal Regional PMO fulfils a management role for the City Deal programme. As such it does not directly issue contracts.

Each project will undertake its own assessment of the appropriate form of contracts to use relevant to its own organisational requirements.

In addition to the standard form of contract chosen several supplementary requirements will be placed on project teams as outlined in the Programme Procurement Principles.

Industry has told us that effective communication and early market engagement is imperative. Contractors and the wider supply chain need to have advance notification of future tender opportunities. Early notification and supply chain engagement is a key part of this. Where City Deal funding is part of the package, all contracts must be published on the Sell2Wales platform and linked to the City Deal project page at the earliest opportunity.

The City Deal project page on Sell2Wales will promote all City Deal procurement opportunities under one banner. This includes those where Frameworks are to be used. Doing so will help to provide consistent and clear communications to the wider supply chain.

For opportunities to be promoted well in advance, projects will be required to provide the Regional PMO with a definitive procurement plan and timeline at the earliest opportunity.

The use of Community Benefit clauses within City Deal developments as Core requirements will ensure the long-term benefits realisation integral to this plan for economic change.

The Welsh Government 'Ethical Employment in Supply Chains' Code of Practice was published in 2017. The Government expects all public sector bodies to sign up to the code and the wider public sector supply chain to adopt it. Tier1 contractors should be made aware of and encouraged to sign up to the code.

Projects will be required to work closely with the Skills and Talent initiative to ensure that targeted recruitment and training objectives are met. Each major procurement will be required to produce a plan of engagement with education establishments and delivery of community benefits.

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## 3.7 - Personnel implications

### **Programme level**

The Swansea Bay City Deal will have key administrative roles shared between the four partner Local Authorities. It has been agreed that Carmarthenshire County Council will undertake the role of the Accountable body for the programme.

The Accountable body for the programme will ensure that by mutual agreement with the other three Authorities, a regional office is put in place with the capacity to manage the governance, assurance and decision-making mechanisms along with the day to day duties required to service the programme. This includes senior financial, legal and monitoring personnel and a Senior Responsible Owner (SRO) for the programme. See the Management Case for further details.

### **Project Level**

Project sponsors will be required to ensure that key personnel and resources are in place to deliver their projects accordingly.

Projects will establish internal lines of communication to include internal stakeholders. These include project managers, procurement teams, community benefits teams, legal and financial assistance and marketing. Other departments should be included as required.

Matters of concern should be recorded and escalated to the Regional PMO at the earliest opportunity. Any significant business issues will be managed by the Regional PMO via the City Deal governance process. Significant service issues will be addressed by the client organisation supported by the Regional PMO where appropriate.

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### 3.8 - Accountancy treatment

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

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

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

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

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### 3.9 – Project changes 2019

A revised project has been submitted to the programme by Neath Port Talbot CBC. The Commercial case remains unaffected by this addition.

# Section 4

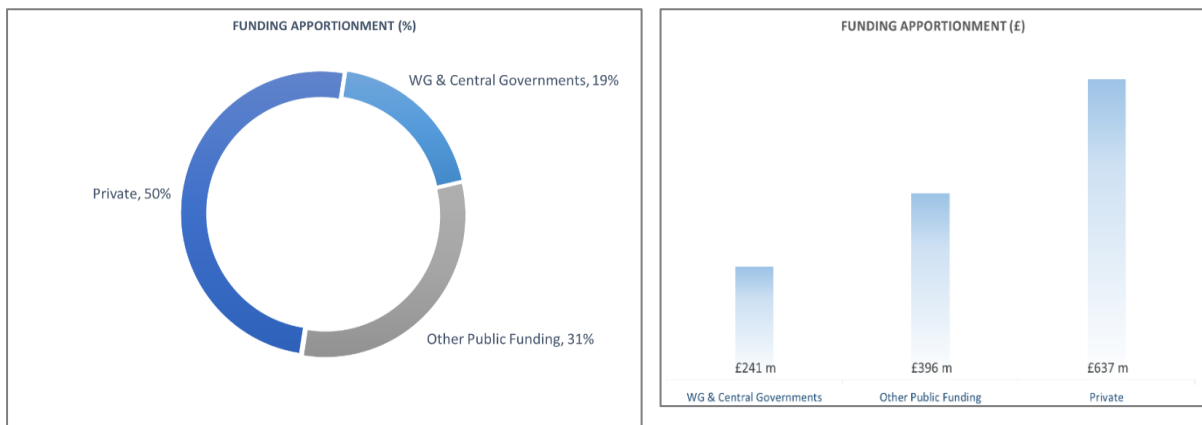
## THE FINANCIAL CASE

### 4.1 Swansea Bay City Deal Investment

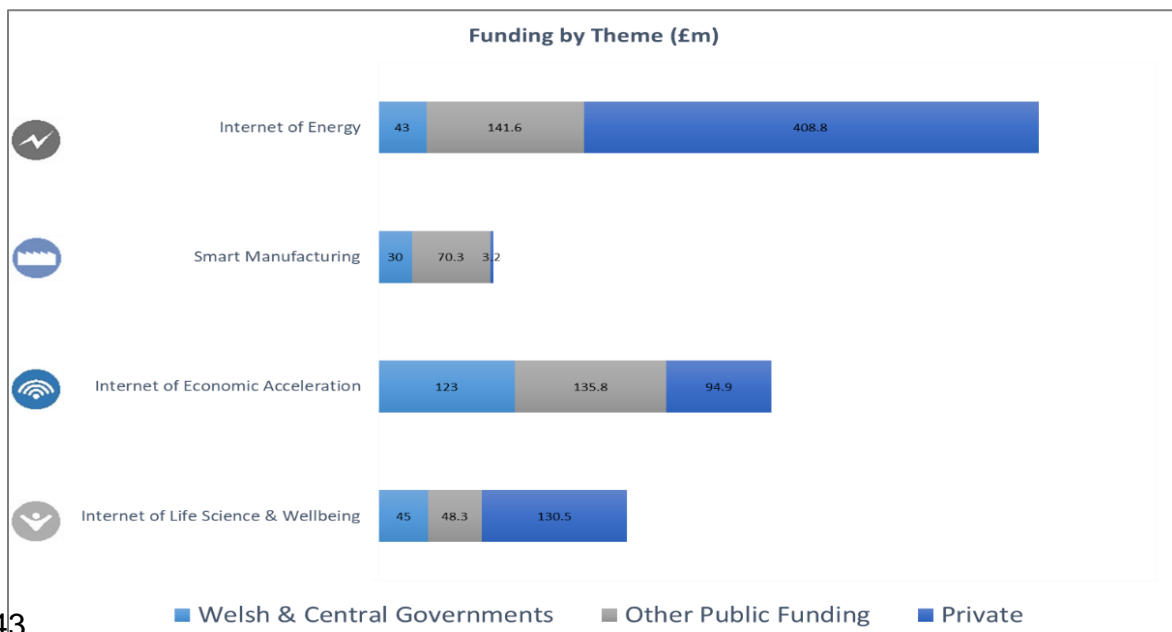
The Swansea Bay City Deal programme is fabricated through three forms of funding components, which will combine to generate a £1.3 billion investment in the Swansea Bay City Region.

The total investment package is made up of £241 million UK and Welsh Government funding, £396 million other public sector investment, and £637 million from the private sector.

The Heads of Terms set out the commitment from both the Welsh Government and UK Government to support the City Deal with an investment totalling £241 million. On the approval of successful business cases, funding will be released by the Welsh Government on behalf of both Governments to the Accountable Body.



Investment is categorised under four demand-led themes, with each designed to stimulate economic growth and increase GVA in the region. Investment in these areas is shown below.



## 4.2 Swansea Bay City Deal Investment Breakdown

The Swansea Bay City Deal partnership, through the 'Internet Coast' publication and subsequent discussions with the Welsh and UK Governments, has developed a clear strategy which has been underpinned by identified interventions to deliver widespread and sustainable economic growth across the region. These interventions, subject to the submission and approval of detailed business cases for the 11 identified projects by the Welsh and UK Governments, along with the agreement of necessary governance arrangement and delivery models, make up the City Deal. This represents a 15-year, £1.3 billion commitment to the region.

### Breakdown of Programme Investment

(Based on Original HoT Baseline Figures)

Project	WG & Central Government Funding (£)	Other Public Funding (£)	Private Funding (£)	Total
<b>City and County of Swansea</b>				
Swansea District & Waterfront Digital District	50.00	94.30	23.90	168.20
Life Science & Well Being Campus	15.00	20.00	10.00	45.00
<b>Sub Total</b>	<b>65.00</b>	<b>114.30</b>	<b>33.90</b>	<b>213.20</b>
<b>Neath Port Talbot County Borough Council</b>				
Centre of Excellence next generation (CENGS)	23.00	5.50	27.00	55.50
Factory of the Future	10.00	10.30	3.20	23.50
Steel Science Innovation Centre	20.00	60.00	-	80.00
<b>Sub Total</b>	<b>53.00</b>	<b>75.80</b>	<b>30.20</b>	<b>159.00</b>
<b>Carmarthenshire County Council</b>				
Yr Egin	5.00	16.30	3.00	24.30
Life Science and Well being Village	40.00	32.00	127.50	199.50
<b>Sub Total</b>	<b>45.00</b>	<b>48.30</b>	<b>130.50</b>	<b>223.80</b>
<b>Pembrokeshire County Council</b>				
Pembroke Doc Marine	28.00	22.40	25.90	76.30
<b>Sub Total</b>	<b>28.00</b>	<b>22.40</b>	<b>25.90</b>	<b>76.30</b>
<b>Regional Projects</b>				
Homes as PowerStation's*	15.00	119.20	382.90	517.10
Skills and talent initiative**	10.00	16.00	4.00	30.00
Digital infrastructure**	25.00	-	30.00	55.00
<b>Sub Total</b>	<b>50.00</b>	<b>135.20</b>	<b>416.90</b>	<b>602.10</b>
<b>TOTAL</b>	<b>241.00</b>	<b>396.00</b>	<b>637.40</b>	<b>1,274.40</b>

\*Lead Authority - Neath Port Talbot County Borough Council

\*\*Lead Authority - Carmarthenshire County Council

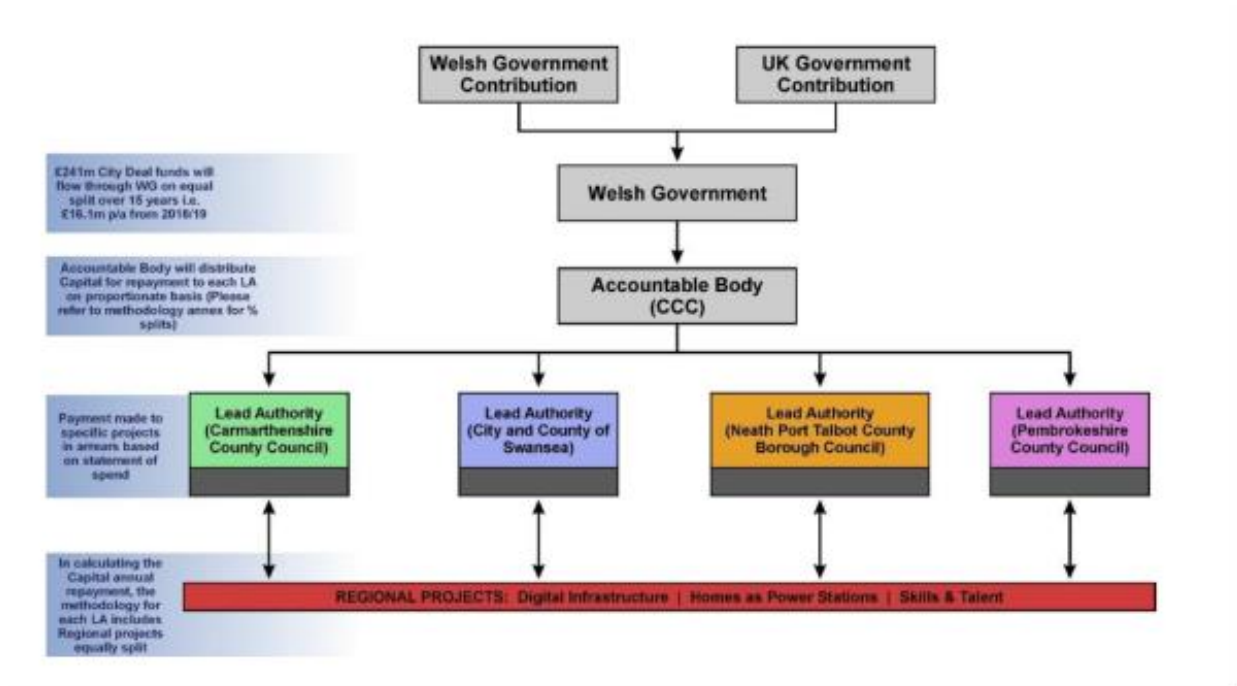
While these figures are the original financial forecast on which the City Deal funding structure was formed and agreed, funding elements are subject to change as the programme evolves. On the successful approval of business cases the Accountable body will release Government funding to projects up to the value of the agreed project allocation.



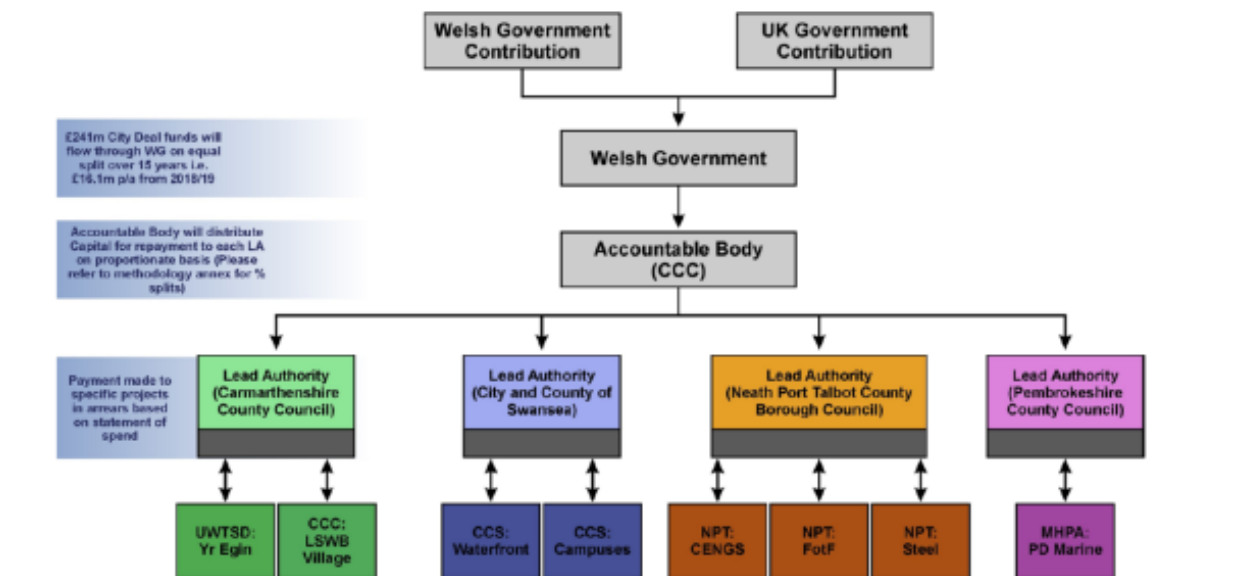
### 4.3 City Deal Flow of Funding

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

#### Regional Projects



#### Local Authority Projects



## 4.4 Programme Financial Overview

The Joint Committee has ultimate responsibility and accountability for decisions taken in relation to the Swansea Bay City Deal. It is the role of Programme Board to ensure that all schemes are developed in accordance with the agreed package, while analysing the financial viability, deliverability and risk of each City Deal project proposal to inform reports to the Economic Strategy Board and Joint Committee.

Private sector investment is fundamental to the overall success of the City Deal. There is a requirement for each City Deal project to have in place from the outset a credible and robust financial profile. All letters confirming both private and public sector match funding are to be in place for the project prior to City Deal funding being approved, confirming amount and timing as set out in the project's approved financial profile. The Project Authority Lead and Project Delivery Lead are to put in place effective project monitoring processes. Funding agreements will be signed at the outset between Project Authority Leads and Project Delivery Leads, setting out funding conditions.

For all projects, in addition to the five-case model assessment process, the Accountable Body will undertake an assessment of the Project's Financial Profile to check that private and public sector contribution/s are in line with that set out in the initial project business case from the Project Lead. All variances and changes, including the implications of these, will be reported to the Programme Board, Economic Strategy Board and Joint Committee for consideration and decision on a course of action as deemed necessary before City Deal funding is approved for the project.

As set out in the Joint Committee Agreement, making decisions on borrowing and on finding other sources of funding other than Government funding for projects is a matter reserved to the regional Councils. Each Council shall be responsible for borrowing or providing other funding for projects located in its area. If a project is located in the areas of more than one Council, each of the Councils in whose area the project is located may agree that borrowing or providing other funding should be shared between all of the Councils in whose areas the project is located equally, or in proportions agreed by all of the Councils in whose areas the project is located.

The Programme Board will ensure that all schemes are developed in accordance with the agreed package and prepare recommendations to Joint Committee on all schemes.

### 4.4.1 Regional Projects

The Joint Committee is responsible for overseeing the proportion of each Council's responsibility for borrowing to provide funding for regional projects. The capital borrowing (in respect of the Government funded element) for the City Deal projects will be re-paid by identified Government funds (UK & Welsh Government) over the 15-year period.

The exact level of borrowing and the structure and terms of the borrowing is yet to be confirmed at this point in time, however it will be calculated based on the amount required per relevant local authority and will be in line with the individual local authority's internal requirements. This is being determined by the four Section 151 Officers of the four regional local authorities. All borrowing will be agreed based on the principles of the Prudential Code and Treasury Management Policy and Strategy for each Authority. When further details of the investments required for each project are known, a full business case appraisal for each individual project will be completed and submitted to the relevant local authority for approval

before submission to the Joint Committee. These full business cases will include the detailed funding proposals and requirements of the local authority.

#### 4.4.2 Project Revisions

The City Deal projects originally due to be led by Neath Port Talbot Council included a Centre of Excellence in Next Generation Services (CENGS), Factory of the Future and Steel Science.

But to better meet the needs of residents and businesses, a new programme of City Deal projects was approved by Neath Port Talbot Council's Cabinet in July, 2019.

The Supporting Innovation and Low Carbon Growth programme has been developed to deliver sustainable growth and job creation in the region, with a targeted focus on the Port Talbot Harbourside area. The programme aims to create the right environment for innovation and new technologies, while contributing to the decarbonisation agenda of the local and regional economies.

The Supporting Innovation and Low Carbon Growth programme has been developed around four interlinked themes:

1. Swansea Bay Technology Centre
2. National Steel Innovation Centre
3. Decarbonisation
4. Industrial Futures

This portfolio of projects meets the requirements of recommendations arising from reviews into the City Deal, while also representing a first stage response to the climate change emergency declared by the Welsh Government in April 2019.

Supporting Innovation and Low Carbon Growth was approved by the City Deal's Joint Committee in January 2020 for submission to the UK Government and Welsh Government for consideration.

The effect of the project revision has reduced investment in the programme by £98 million, with investment now residing at £1.154 billion. This is down from the original heads of terms investment of £1.274 billion.

This reprofile of investment has been included within the financial analysis section of this business case.

<b>Supporting Innovation and Low Carbon Growth</b>			
<b>Investment Component</b>	<b>Baseline Total (£)</b>	<b>Original Baseline Total (April 19) (£)</b>	<b>Variance (£)</b>
City Deal	47.70	53.00	-5.30
Public	7.70	75.80	-68.10
Private	6.11	30.20	-24.09
<b>TOTAL</b>	<b>61.51</b>	<b>159.00</b>	<b>-97.49</b>

## 4.5 Joint Committee Financial Overview

The financial structure of the programme has been split into two distinct delivery areas - the Joint Committee and the Programme Investment Fund.

#### **4.5.1 Joint Committee**

The Joint Committee has ultimate responsibility and accountability for decisions taken and delivery of the Programme. As such, the need for revenue funding to support the Joint Committee and administration functions has been recognised. This was acknowledged by all partners, which led to agreement for an amalgamation of funding consisting of partner contributions (£50k per partner) and applying a 'top slice' to Government grants of 1.5%.

The above has subsequently concluded in an annual budget of £1,123 million over the five-year construction period.

#### **4.5.2 Programme Investment Fund Portfolio**

The Programme Investment Fund is overseen and upheld by the Accountable Body, which administers the receipt and distribution of City Deal grants on behalf of the Programme. The Accountable Body is accountable to the Joint Committee, but it manages the investment pool in line with Carmarthenshire County Council's Treasury Strategy Policy.

The City Deal provides grants on a project by project basis to responsible Lead Authorities. An annual grant award is receipted from Welsh Government on behalf of both Governments and then distributed on actuals in arrears, ensuring clear financial governance is pursued. The agreement with both the UK Government and the Welsh Government totals £1.3 billion, with grant totalling £241 million relating to the Programme Investment Fund (UK Government £125.4 and Welsh Government £115.6). Any programme balances are invested to ensure effective optimisation of resources until approval is confirmed to initiate the release of funds to the Programme. Joint Committee have formally agreed it will afford Lead Authorities to borrow from any such balances that reside in the programme. This is done at a set rate on 12-month term, as cashflow determines.

#### **4.5.3 Government Grant 'Top Slice'**

Annually, up to 1.5% of the Programme Investment Fund, specifically the government grants awarded, will be earmarked to support the Joint Committee and central administration functions required to support the delivery of the Programme. This is referred to as 'Top Slice' of Government Grants.

#### **4.5.4 Retention of National Non-Domestic Rates**

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

On April 11, 2018, the Welsh Government said it intends to initiate arrangements to allow the region to retain 50% of the additional net yield in Non-Domestic rates generated by the 11 projects which are to be delivered by the Deal.

Upon formal confirmation from the Welsh Government, the Joint Committee will formally agree a distribution basis to the region.

#### **4.5.5 Financial Instruments**

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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 ringfenced 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 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.

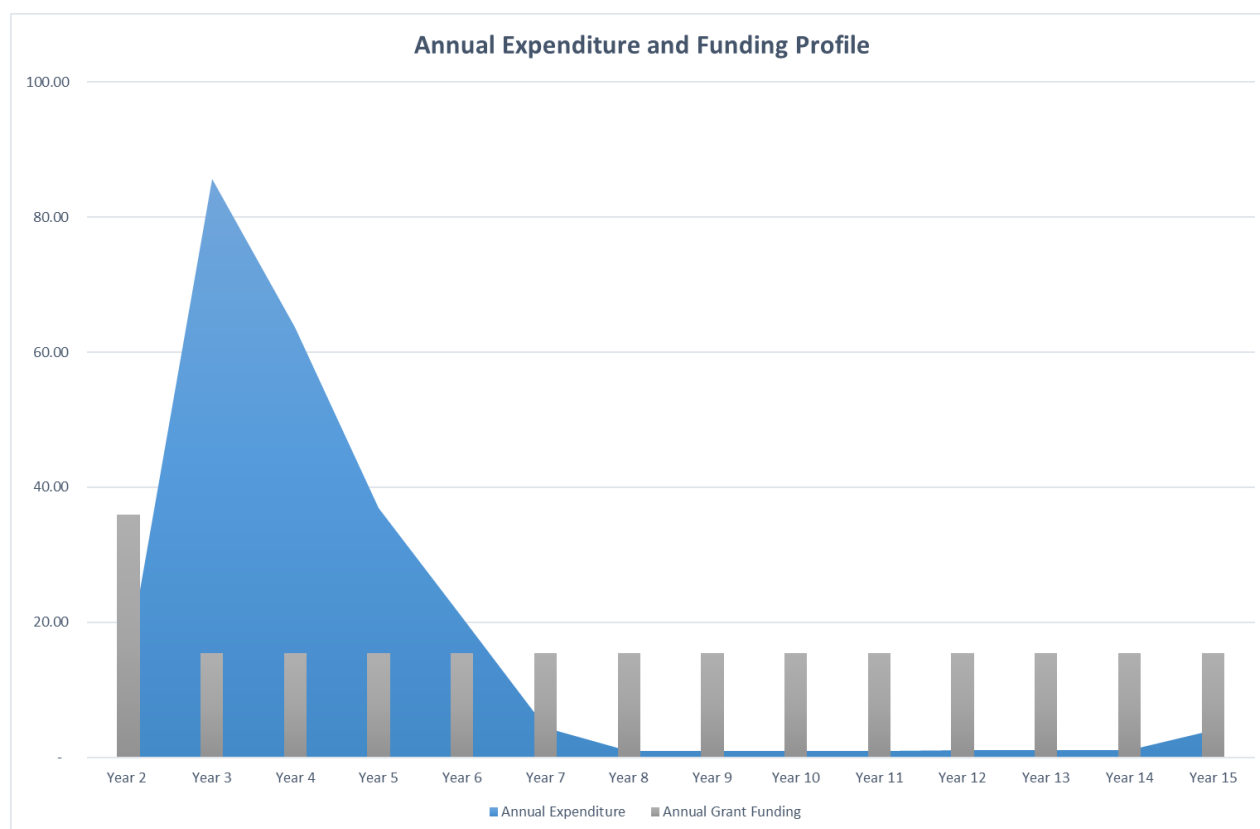
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## 4.6 Swansea Bay City Deal Grant Funding Profile

It is the aim of the Swansea Bay City Deal that all projects will be delivered in a five-year period in order to maximise the full benefits realisation of the operational schemes during the lifetime of City Deal funding, which is to be released to the Region from both the UK and Welsh Governments over a 15-year period.

The City Deal grant encompasses £241 million of capital grant awarded over a fifteen-year period. The Programme will disperse funding to the regional Project Lead Authorities to support the projects on which the grant funding was awarded. Funding will only be released from the Programme on the successful approval of business cases by both UK and Welsh Government.

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



## 4.7 Monitoring and Evaluation

The total City Deal programme expenditure covering all projects is within the £1.3 billion funding package.

The City Deal programme finances will be monitored through the Programme Board and Joint Committee, with the Economic Strategy Board also making recommendations on possible additional funding opportunities or alternative programme expenditure. Regular reports will also be presented by the Accountable Body to the Directors of Finance and Regional 151 Officer working group. The working group will, in collaboration with the Welsh Government and Programme Management Office, agree the financial monitoring process which will be:

- In line with overall reporting processes for the City Deal
- Based on best practice principles and guidance on project monitoring contained within the Green Book.

The monitoring process will allow for the control of project cost variations and visibility of variations at a programme level.

### 4.7.1 Monitoring Requirements

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. 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 of the funding agreement that the project has achieved practical completion, the Project Authority Lead shall not be required to submit claims for project funding. Thereafter the Project Authority Lead shall complete annual

monitoring returns in a form to be specified by the Accountable Body prior to the Accountable Body releasing any project funding to which the Project Authority Lead is entitled. The annual monitoring forms will include an obligation to report on the progress in achieving the agreed outputs. The Accountable Body reserves the right to impose additional monitoring requirements at a frequency and for such period as it considers reasonable in all the circumstances.

In addition to the above monitoring requirement the Accountable Body will require quarterly financial updates on project spend, to support the cashflow managing of the programme. These will detail the actual spend to the period, with forecast outturn over the duration of the programme (15 years).

Project Lead Authorities are also obligated to support the Accountable body with any progress update reporting as required by the Welsh and UK Governments.

## 4.8 Programme Financial Analysis

### 4.8.1 Programme Expenditure Forecast

The below table demonstrates the estimated forecasted spend of the City Deal programme cumulatively over the 15-year grant period, as at 31<sup>st</sup> March 2020. This forecast position excludes all transactions in respect of the Joint Committee's operational activities.

Cumulative Programme Expenditure Forecast (Estimated)

<u>Expenditure Allocation</u>	<u>Cashflow</u>	<u>HoT (Original)</u>	<u>Variance</u>
City Deal Expenditure	235.70	241.00	- 5.30
Public Sector Expenditure	328.47	396.00	- 67.53
Private Sector Expenditure	588.87	637.40	- 48.53
<b>Total</b>	<b>1,153.04</b>	<b>1,274.40</b>	<b>- 121.36</b>

#### 4.8.2 Programme Forecasted Annual Expenditure Profile

The below table demonstrates the estimated annual expenditure profile of the programme over the 15-year grant period, as at 31st March 2020. This forecast position excludes all transactions in respect of the Joint Committee's operational activities.

##### Annual Programme Expenditure Forecast (Estimated)

Expenditure Allocation	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
City Deal Expenditure	0.27	1.13	15.05	68.56	56.57	49.26	23.74	8.96	1.93
Public Sector Expenditure	19.07	6.51	65.66	48.96	45.86	49.47	44.69	48.25	-
Private Sector Expenditure	-	0.80	8.43	40.21	86.57	122.13	158.62	168.61	3.50
<b>Total</b>	<b>19.34</b>	<b>8.44</b>	<b>89.14</b>	<b>157.73</b>	<b>189.00</b>	<b>220.87</b>	<b>227.05</b>	<b>225.82</b>	<b>5.43</b>


\* On 28th March 2019 the Joint Committee approved retrospective claiming of eligible defrayed expenditure for the SBCD back to 20th March 2017.

Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Total
2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	
0.96	0.98	1.00	1.03	1.06	1.08	4.11	235.70
-	-	-	-	-	-	-	328.47
-	-	-	-	-	-	-	588.87
<b>0.96</b>	<b>0.98</b>	<b>1.00</b>	<b>1.03</b>	<b>1.06</b>	<b>1.08</b>	<b>4.11</b>	<b>1,153.04</b>




#### 4.8.3 Cumulative Project Expenditure Forecast (Estimated)

A summary of estimated forecast project expenditure for the City Deal projects within the programme is demonstrated below. These figures represent the estimated cumulative expenditure of each project and are provided by the Project Lead Authorities. As the projects are at different stages in their development, project and programme costs will be reviewed quarterly and updated where appropriate.

 <b>Programme Financial Summary</b> <i>as at 31st March 2020</i>				
Projects	Investment Component	Baseline Total (£)	Original Baseline Total (April 19) (£)	Variance (£)
Swansea Waterfront	City Deal	50.00	50.00	0.00
	Public	81.15	94.30	-13.15
	Private	39.97	23.90	16.07
	<b>TOTAL</b>	<b>171.12</b>	<b>168.20</b>	<b>2.92</b>
LS&WB Campuses	City Deal	15.00	15.00	0.00
	Public	20.00	20.00	0.00
	Private	10.00	10.00	0.00
	<b>TOTAL</b>	<b>45.00</b>	<b>45.00</b>	<b>0.00</b>
Supporting Innovation a	City Deal	47.70	53.00	-5.30
	Public	7.70	75.80	-68.10
	Private	6.11	30.20	-24.09
	<b>TOTAL</b>	<b>61.51</b>	<b>159.00</b>	<b>-97.49</b>
Homes as Power Station	City Deal	15.00	15.00	0.00
	Public	114.60	119.20	-4.60
	Private	375.90	382.90	-7.00
	<b>TOTAL</b>	<b>505.50</b>	<b>517.10</b>	<b>-11.60</b>
LS&WB Village	City Deal	40.00	40.00	0.00
	Public	51.00	32.00	19.00
	Private	108.19	127.50	-19.31
	<b>TOTAL</b>	<b>199.19</b>	<b>199.50</b>	<b>-0.31</b>
Yr Egin	City Deal	5.00	5.00	0.00
	Public	20.17	16.30	3.87
	Private	-	3.00	-3.00
	<b>TOTAL</b>	<b>25.17</b>	<b>24.30</b>	<b>0.87</b>
Skills & Talent	City Deal	10.00	10.00	0.00
	Public	16.00	16.00	0.00
	Private	4.00	4.00	0.00
	<b>TOTAL</b>	<b>30.00</b>	<b>30.00</b>	<b>0.00</b>
Digital Infrastructure	City Deal	25.00	25.00	0.00
	Public	-	-	0.00
	Private	30.00	30.00	0.00
	<b>TOTAL</b>	<b>55.00</b>	<b>55.00</b>	<b>0.00</b>
Pembroke Dock Marine	City Deal	28.00	28.00	0.00
	Public	17.85	22.40	-4.55
	Private	14.70	25.90	-11.20
	<b>TOTAL</b>	<b>60.55</b>	<b>76.30</b>	<b>-15.75</b>
Programme Total	<b>City Deal TOTAL</b>	<b>235.70</b>	<b>241.00</b>	<b>-5.30</b>
	<b>Public TOTAL</b>	<b>328.47</b>	<b>396.00</b>	<b>-67.54</b>
	<b>Private TOTAL</b>	<b>588.87</b>	<b>637.40</b>	<b>-48.53</b>
	<b>Programme TOTAL</b>	<b>1,153.04</b>	<b>1,274.40</b>	<b>-121.37</b>

#### 4.8.4. Capital and Revenue Expenditure Forecast (Estimate)

A summary of estimated capital and revenue expenditure forecast for the City Deal projects within the programme is demonstrated below. These figures represent the estimated cumulative expenditure split between the capital and revenue spend of each project. As the projects are at different stages in their development, project and programme costs will be reviewed quarterly and updated where appropriate.

 <b>Capital and Revenue Forecast Summary</b> <i>as at 31st January 2020</i>				
Projects	Investment Element	Capital Expenditure	Revenue Expenditure	Baseline Total (£)
Swansea Waterfront	City Deal	50.00	0	50.00
	Public	81.15	0	81.15
	Private	39.97	0	39.97
	<b>TOTAL</b>	<b>171.12</b>	<b>0</b>	<b>171.12</b>
LS&WB Campuses	City Deal	15.00	0	15.00
	Public	20.00	0	20.00
	Private	10.00	0	10.00
	<b>TOTAL</b>	<b>45.00</b>	<b>0</b>	<b>45.00</b>
Supporting Innovation and Low Carbon Growth	City Deal	47.70	0	47.70
	Public	4.5	3.2	7.70
	Private	6.11	0	6.11
	<b>TOTAL</b>	<b>58.31</b>	<b>3.20</b>	<b>61.51</b>
Homes as Power Stations	City Deal	15.00	0	15.00
	Public	114.60	0	114.60
	Private	375.90	0	375.90
	<b>TOTAL</b>	<b>505.50</b>	<b>0</b>	<b>505.50</b>
LS&WB Village	City Deal	40.00	0	40.00
	Public	51.00	0	51.00
	Private	108.19	0	108.19
	<b>TOTAL</b>	<b>199.19</b>	<b>0</b>	<b>199.19</b>
Yr Egin	City Deal	5.00	0	5.00
	Public	20.17	0	20.17
	Private	-	0	-
	<b>TOTAL</b>	<b>25.17</b>	<b>0</b>	<b>25.17</b>
Skills & Talent	City Deal	10.00	0	10.00
	Public	0	16.00	16.00
	Private	0	4.00	4.00
	<b>TOTAL</b>	<b>10.00</b>	<b>20.00</b>	<b>30.00</b>
Digital Infrastructure	City Deal	25.00	0	25.00
	Public	0	0	-
	Private	22.00	8.00	30.00
	<b>TOTAL</b>	<b>47.00</b>	<b>8.00</b>	<b>55.00</b>
Pembroke Dock Marine	City Deal	28.00	0	28.00
	Public	7.00	10.85	17.85
	Private	8.68	6.01	14.70
	<b>TOTAL</b>	<b>43.68</b>	<b>16.87</b>	<b>60.55</b>
Programme Total	<b>City Deal TOTAL</b>	<b>235.70</b>	<b>0</b>	<b>235.70</b>
	<b>Public TOTAL</b>	<b>298.42</b>	<b>30.05</b>	<b>328.47</b>
	<b>Private TOTAL</b>	<b>570.85</b>	<b>18.01</b>	<b>588.87</b>
	<b>Programme TOTAL</b>	<b>1,104.97</b>	<b>48.07</b>	<b>1,153.04</b>

## 4.9 Accounting Treatment of Programme Transactions

### 4.9.1 Accounting for Income and Expenditure

All income and expenditure in relation to projects outlined within the heads of terms are accounted for within the financial statements of the Project Lead Authority or the host Project Lead Authority in respect of regional projects.

Only income and expenditure incurred directly by the Joint Committee's activities and the disbursement of City Deal grants is accounted for through the programme, through the financial management systems of the Accountable Body (Carmarthenshire County Council).

The Joint Committee is required to prepare financial statements in accordance with proper accounting practices. Carmarthenshire County Council as the Accountable Body is required to prepare the Swansea Bay City Deal annual statement of accounts by the Accounts and Audit (Wales) Regulations. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and the Service Reporting Code of Practice 2019/20, supported by International Financial Reporting Standards (IFRS).

### 4.9.2 Revenue Requirement

It has been recognised by the Joint Committee and by both Governments that an element of revenue funding is required to support the central services employed to deliver the City Deal Programme. Revenue income to support the programme has been agreed as an amalgamation of partner contributions (£50k per partner) and "Top Slice" of Government grants (1.5%). All operational expenditure will be funded by partnership contributions, with any surpluses transferred to a ring-fenced reserve.

The Welsh Government has acknowledged that revenue funding will be required to support the delivery of projects within the City Deal programme. The revenue requirement by projects of the City Deal are to be managed locally by the Project Lead Authorities. The Welsh Government recognises that the four local authorities will need to manage their capital funding to enable revenue expenditure to be supported. To achieve this through the use of the Local Authorities' capital receipts, Local Authorities will reference to the latest direction from Welsh ministers on the use of capital receipts. This was issued under section 15(1) (a) of the Local Government Act 2003, along with accompanying guidance.

### 4.9.3 Balance Sheet Accounting

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

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

Assets constructed or held as part of a regional project within the programme will be proportioned accordingly or will reside within the balance sheet of the Project Authority Lead in whose constituency such assets reside.

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

Current assets held by the Joint Committee will be accounted for accordingly under the relevant International Accounting Standard, in line with The Code of Practice on Local Authority Accounting in the UK. Currently only such assets classified as current assets are held by the Joint Committee, which is accounted for within the financial statements of Carmarthenshire County Council, ring-fenced to the Swansea Bay City Deal Programme.

#### **4.9.4 Financial Instruments**

Financial instruments held by the Joint Committee consist of the cash and cash equivalents as stated in schedule 11. Cash and Cash Equivalents.

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

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

#### **4.9.5 Net Present Value**

Net present value (NPV) is the difference between the present value of cash inflows and the present value of cash outflows over a period of time. All costs and funding streams have been demonstrated at their gross value, and therefore have not been discounted to their present value.

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## **4.10 Financial Risk Management and Assurance**

### **4.10.1 Financial Risks**

The programme financial risks are monitored and managed as part of the City Deal's overall risk management arrangements. The City Deal projects maintain, manage and monitor their own risks in line with guidance from the Green Book and the City Region's Accountable Body and Regional Programme Management Office. The Joint Committees operates a programme risk register and issues log, specifically including financial risks identified.

These risks will be monitored and updated with mitigating control actions through the Section 151 officers' group as a standing item and then regularly presented to the Programme Board and Joint Committee.

#### **4.10.2 Financial Issues, Dependencies and Interdependencies**

The regional Section 151 Officer Working Group will develop and maintain a log of any financial issues, dependencies and interdependencies at both a programme and project level. This log will be considered alongside the financial risk register outlined above. The Accountable Body will work through the Section 151 Officer Working Group to determine any actions necessary to address identified issues and will present recommendations for required action to the Programme Board, Economic Strategy Board and Joint Committee for approval. Regular updates on financial issues, dependencies and interdependencies will also be provided to the Programme Board and Joint Committee via the Accountable Officer as appropriate.

#### **4.10.3 Assurance - Internal Audit**

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

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

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

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

#### **4.10.4 Assurance - External Regulators**

The Wales Audit Office as External Auditor to the Joint Committee reviews and comments on the financial aspects of Corporate Governance which includes the legality of financial transactions, financial standing, systems of Internal Financial Control and standards of financial conduct and fraud and corruption.

# Section 5

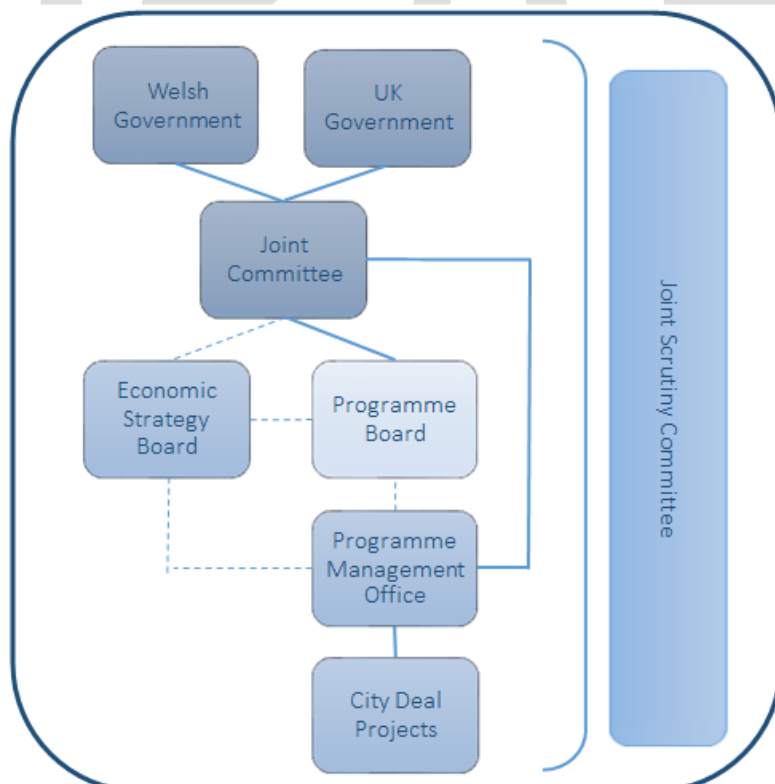
## THE MANAGEMENT CASE

### 5.1 Programme Management Governance Arrangements

The Swansea Bay City Deal programme is continuously reviewing and improving its governance and assurance arrangements. This is to maximise the success of the programme and its constituent projects by translating the regional ambitions and targets into reality whilst ensuring performance is based on aspects of risk, time and resource management. These arrangements also ensure that the programme progress and deliverables are communicated, transparent and provide value for money to the region and people of Wales.

The City Deal's governance structure, as outlined below, is supported by a regional Joint Scrutiny Committee, which provides test and challenge to decision-makers.

Terms of reference and operating frameworks have been adopted for all City Deal governance groups, ensuring planning and execution are aligned to the delivery of objectives and benefits.



### 5.1.1 Joint Committee

The Joint Committee comprises of the four Local Authority Leaders of Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea. The Joint Committee will be chaired by a Local Authority Leader and is currently chaired by the Leader of Swansea Council.

The Chair of the Joint Committee will be elected for a two-year term in the first instance, reviewed annually thereafter.

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

The first formal meeting of Joint Committee took place on August 31, 2018, when each of the four local authorities signed the Joint Committee Agreement (JCA) – a legal document that sets out how the councils will work together.

The head of paid service, monitoring officer and section 151 officer of each of the local authorities shall be entitled to attend meetings of the Joint Committee as an advisor, but they shall not have a vote.

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

The Joint Committee meets on a monthly basis and, as set out in the Joint Committee Agreement, its functions include:

- Identifying and introducing appropriate governance structures for the implementation of any projects within the Swansea Bay City Deal programme. This shall include the formation of corporate bodies and any other structures which the Councils can lawfully establish or participate in
- Agreeing and planning the overall strategy for and delivery of the Swansea Bay City Deal programme
- Performance management of the Swansea Bay City Deal programme
- Strategic communications
- Monitoring the City Deal programme's impact
- Reporting of impact to regional local authorities
- Authorising the Accountable Body to commission external support and to oversee the delivery and management of project expenditure
- Progressing a regional approach for the discharge of strategic functions. These functions may include land use, planning, transport and economic development
- Approval and adoption of the Implementation Plan
- Approval of any Implementation Plan deadline extension agreed by the Councils
- Agreeing the terms and conditions of Government funding
- Overseeing the proportion of each Council's responsibility for borrowing to provide funding for regional projects

- Reviewing performance of the Chair of the Economic Strategy Board on an annual basis
- Agreeing the annual costs budget
- Consideration of project business cases, based on recommendations from Programme Board and the Economic Strategy Board
- Determining whether to approve the submission of projects to the UK and Welsh Governments for approval/the release of government funds

A detailed Joint Committee work programme has been developed in Gantt format. This will be continually monitored and updated to ensure progress is being made.

### **5.1.2 Joint Committee Agreement**

All four Swansea Bay City Region local authorities have signed the Joint Committee Agreement (JCA) in 2018, which is a legal document that outlines the principles of City Deal arrangements.

Under the terms of the JCA, the four regional local authorities will work in partnership to discharge their obligations to one another, the Welsh Government and the UK Government to promote and facilitate projects funded under the Swansea Bay City Deal. This, in turn, will help boost economic well-being throughout the City Region as a whole.

By documenting the respective rights and obligations of City Deal local authority partners, the JCA has enabled the establishment of the Joint Committee.

### **5.1.3 Programme Board**

Accountable to the Joint Committee, the Programme Board consists of the head of paid service of each of the four Councils, or another officer nominated by the head of paid service. The Programme Board Chair shall be reviewed annually.

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

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

The Programme Board has four distinct roles:

- Preparing recommendations on the Swansea Bay City Deal programme:
  - Ensuring that all schemes are developed in accordance with the agreed package
  - Analysing each City Deal project's financial viability, deliverability and risk
  - Overseeing the production of business cases.
- Advising on the strategic direction of the Economic Strategy Board



- Overseeing performance and delivery of projects by reviewing progress against agreed milestones, focusing on delivery and financial risks, and identifying any necessary remedial action
- Working on a regional basis to improve public services, especially in the areas of economic development, transport, planning, strategic land use, housing, energy and regeneration

Meetings of the Programme Board take place on a monthly basis before meetings of Joint Committee and the Economic Strategy Board.

#### **5.1.4 Economic Strategy Board**

Reporting to the Joint Committee, the Economic Strategy Board (ESB) is made up of representatives from the private sector in key City Deal themes including energy, life sciences, manufacturing and housing.

The Economic Strategy Board acts as the voice of business, providing strategic direction for the City Deal through advice to the Joint Committee on matters relating to the City Region. It also has a role in advising the Joint Committee on opportunities to strengthen the City Deal's impact.

The Chair is accountable to the Joint Committee. Reaching agreement by consensus, the Economic Strategy Board does not have formal decision-making powers.

The Economic Strategy Board meets monthly in advance of Joint Committee, or when necessary to deal with business as agreed by the Chair of the Economic Strategy Board.

Key activities of the Economic Strategy Board include:

- Submitting strategic objectives for the Swansea Bay City Region
- Assessing the individual project business cases against the strategic aims and objectives of the City Deal
- Making recommendations to the Joint Committee on whether the project business cases should proceed
- Considering implications of a proposed withdrawal or change of project local authority lead
- Considering any proposal for a new project
- Providing recommendations to the Joint Committee on whether the new project proposed should replace the project to be withdrawn
- Determining the process for selecting new projects or reallocating funding
- Monitoring progress of the City Deal's delivery

The Chair of the Economic Strategy Board has been appointed following an open competition exercise. The process of appointing other members of the Economic Strategy Board has taken place through an open recruitment and nomination process, with membership being drawn from across private sector. The Economic Strategy Board membership was agreed through a vote at the first formal meeting of the Joint Committee on August 31, 2018.

### **5.1.5 Joint Scrutiny Committee**

As set out in the Joint Committee Agreement, the Joint Scrutiny Committee will provide a scrutiny function to ensure greater public accountability over decisions made by the Joint Committee and any of its sub-committees/related entities. It has been agreed by the four Councils that Neath Port Talbot County Borough Council will be the lead authority to take responsibility for the scrutiny function responsibility and its administration.

The membership of the Joint Scrutiny Committee will consist of 12 members. Each of the Councils shall nominate three members for appointment to the Joint Scrutiny Committee. The member nominated by each Council shall be an elected member of that Council but shall not be a member of that Council's executive and shall not be a member of the Joint Committee. The Chair of the Joint Scrutiny Committee shall not be a member of the Council which is providing the Chair of the Joint Committee.

The role of the Joint Scrutiny Committee is to provide advice, challenge and support to the Joint Committee. The full terms and reference for the Joint Scrutiny Committee are set out in the Joint Committee Agreement.

The Joint Scrutiny Committee shall be required to:

- Review and scrutinise the Joint Committee's financial affairs
- Review and assess the Joint Committee's risk management, internal control and corporate governance arrangements
- Review and assess the economy, efficiency and effectiveness with which resources have been used
- Make reports and recommendations to the Joint Committee

### **5.1.6 Accountable Body**

In accordance with the Joint Committee Agreement, it was agreed that Carmarthenshire County Council would act as the Accountable Body responsible for discharging City Deal obligations for all regional councils.

The role of the Accountable Body is to:

- Act as the primary interface with the Welsh Government, the UK Government and any other funding bodies
- Hold and release any Government funding in relation to the Swansea Bay City Deal
- Only to use and release these funds in accordance with the terms of the Joint Committee Agreement
- Comply with the funding conditions set out in the Joint Committee Agreement
- Undertake the accounting and auditing responsibilities set out in the Joint Committee Agreement
- Employ Regional Programme Management Office staff

### **5.1.7 Regional Programme Management Office**

Reporting directly to the Joint Committee and Swansea Bay City Deal Senior Responsible Owner (SRO), the Regional Programme Management Office plays a co-ordinating and supporting role. It is responsible for the day to day management of matters relating to the Joint Committee and the Swansea Bay City Deal.

Key activities of the Regional Programme Management Office include:

- Strategic liaison with the UK Government, the Welsh Government and policy advisors
- Governance support for all aspects of the City Deal governance structure
- Programme implementation, co-ordination, monitoring and evaluation
- Undertaking research, analysis and reporting as and when requested by groups within the governance structure
- Strategic project co-ordination including advising on and coordinating the development and submission of five-case business models for City Deal projects
- Liaison and engagement with government funding bodies and programmes, Universities and Health Boards
- Responsibility for managing the identification, assessment, approval, monitoring and evaluation processes for regional interventions and projects
- Communications and business engagement management for the Swansea Bay City Deal
- Private sector involvement, business development and inward investment
- The consideration and development of opportunities for additional funding sources to assist in the delivery of regional activities which are complimentary to the City Deal

### **5.1.8 Programme Management Arrangements**

The process and procedures for management of specific aspects of the City Deal such as financial cash flow, project approval and reporting are outlined in the Joint Committee Agreement (JCA).

Progress on the annual Implementation Plan referred to below will be reported to Joint Committee on a quarterly basis and reviewed annually. Implementation Plan progress updates will also be reported to the UK Government and Welsh Government.

### **5.1.9 Implementation Plan**

The Swansea Bay City Deal Implementation Plan has been developed to set out the high-level activities that will support the delivery of the Swansea Bay City Deal.

The Plan outlines the work of the Joint Committee and supporting structures including programme governance, stakeholder engagement, programme implementation, monitoring, evaluation and indicative milestones for the programme and its projects.

The Joint Committee will review the Implementation Plan once a year, with the first review to take place no later than 12 months after the approval of the Implementation Plan. Reviews in later years will take place no later than one year after the previous review.

The City Deal's Implementation Plan – approved by Joint Committee in January 2020, is a live, evolving document.

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## 5.2 Project management governance arrangements

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

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

These include, but are not limited to:

- Risk and issue management
- Monitoring and evaluation
- Benefits realisation
- Community Benefits
- Change control
- Dependencies and interdependencies
- Escalation and reporting structures
- Financial control and contingency management

### 5.2.1 Project approval process and flow of funds

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

The flow of funds for the City Deal programme is set out in the financial case of this Programme Business Case.

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## 5.3 Use of specialist advisors

The City Deal's Economic Strategy Board (ESB) is made up of private sector representatives from sectors including energy, finance, life sciences, manufacturing, housing and economic acceleration.

While also applying private sector rigour to the assessment of City Deal project business cases, the ESB makes recommendations to the Joint Committee for consideration.

Additional specialist advisors were appointed in 2020 to broaden the representation of further key sectors including skills and micro business. Their appointment – as with all ESB members – followed an open recruitment exercise process. All ESB members and specialist advisors are unpaid for their City Deal work.

The Regional PMO will utilise the services of paid specialist advisors where appropriate. This may be, but not exclusively, to receive advice on matters of best practice, to obtain guidance on specific or specialist matters or to advise on business case development and programme management.

Specialist advisors will be used to undertake the external assurance reviews required for business case approval.

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## 5.4 Risk management arrangements

The City Deal is a broad programme with complex risks and dependencies. The on-going risks will be monitored and managed as part of the City Deal's overall risk management arrangements.

As described in the UK and Welsh Government Guide to developing the Programme Business Case, risks fall into three main categories:

- **Business:** Business related risks remain with the public sector and can never be transferred
- **Service:** Service-related risks occur in the design, build, funding and operational phases of a programme and may be shared between the public and private sectors
- **External risks:** External systemic risks affect all society and are unpredictable and random in nature

**Business-related** risks for the City Deal programme are summarised in the Economic Case, along with mitigating control actions. A distillation of risks across the delivery areas of the programme can be found in the Programme Risk Register.

**Service-related** risks will be managed by the City Deal projects, who will maintain, manage and monitor their own risks in line with guidance from the Green Book and the City Region's Accountable Body and Regional Programme Management Office. Any significant risks that may affect programme deliverables will be escalated to the Regional Programme Management Office and managed via the regional governance structure.

**External Risks** are also covered in the Economic Case.

The Swansea Bay City Deal Programme Risk Register logs risks at programme level, including business, organisational and external risks. The risk register is updated periodically and reported to Programme Board. The register details the description, owner, consequence and review update, accompanied by a scoring based on probability and impact for each risk.

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

Following Programme Board review, the programme risk register and programme issues log, are considered by Joint Committee on a quarterly basis. These documents are also

considered by Joint Scrutiny Committee at each of its meetings, which take place once every two months.

The City Deal's Regional Programme Management Office has implemented a Covid-19 impact assessment, which all City Deal projects have populated and are actively managing. This will be reported through the City Deal's management and governance structures.

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## 5.5 Benefits realisation arrangements

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

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

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

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

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

The Programme SRO will oversee the vision, objectives and project governance arrangements, including the benefits realisation of the programme.

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## 5.6 Post implementation and evaluation arrangements

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

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

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## 5.7 Contingency arrangements and plans

The City Deal's Joint Committee Agreement outlines contingency arrangements for a number of scenarios. The scenarios identified include the withdrawal of a project from the City Deal programme, the change of a project local authority lead, and the withdrawal of a partner from the City Deal programme. All of which will be managed via the programme and project risk register and reported accordingly.

All four local authorities are subject to the JCA, which will be kept under review.

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## 5.8 2019/2020 update

An internal and independent external review were commissioned in December 2018 for the Swansea Bay City Deal.

The findings of both the external review, carried out by Actica consulting, and the internal review, carried out by Pembrokeshire Council, were published in March 2019.

The City Deal's Joint Committee has agreed to implement all recommendations arising from the reviews that Welsh Government documented in an Award funding letter with specific terms and conditions in October 2019, which include:

- The appointment of a new City Deal Programme Director
  - The establishment of a new City Deal Programme Management Office, led by the new Programme Director
  - The management of the City Deal as a portfolio, as opposed to as a set of pre-determined and immutable projects
  - A redistribution of roles and functions to ensure an equitable balance across the City Deal partnership, with each acting as a check and balance for the other
  - Governance and assurance arrangements such as the production of an Integrated Assurance and Approval Plan, Monitoring and Evaluation Plan and an updated Programme Business Case.
- 

## 5.9 Progress in meeting all review recommendations

Overseen by the City Deal's Joint Committee, major progress has been made in meeting all recommendations arising from both reviews.

This progress includes roles and functions having already been redistributed as below to ensure a more equitable balance across the City Deal partnership:

- Legal and democratic services – Swansea Council
- Finance – Carmarthenshire Council
- Audit – Pembrokeshire Council
- Scrutiny – Neath Port Talbot Council

Carmarthenshire Council will continue as the Accountable Body.

Having started in post in March 2020, the City Deal's Programme Director is also establishing a City Deal Programme Management Office (PMO). A draft Programme Management Office structure is now in place, which is due for consideration at Joint Committee in coming months.

### **5.9.1 Integrated Assurance and Approval Plan (IAAP)**

Other progress in meeting the requirements of the reviews includes the on-going development of an Integrated Assurance and Approval Plan, with the City Deal's Regional Programme Management Office working closely alongside the Welsh Government's Assurance Hub.

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.

### **5.9.2 Senior Responsible Owner (SRO)**

A City Deal Senior Responsible Owner (SRO) has been appointed by the City Deal's Joint Committee. The Chair of the Programme Board will assume the role of SRO and will ultimately oversee programme delivery ensuring that the correct governance arrangements are in place to deliver and manage any risks and issues.

### **5.9.3 OGC Gateway Reviews and further assurance**

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

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

Other assurance activities will include project validation reviews and project assessment reviews.

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## **5.10 Brexit and Covid-19**

The City Deal's Joint Committee Agreement will be kept under review by all City Region local authority partners, in the context of the UK withdrawing from the European Union and any changes in law that may consequently apply to parties.

The City Deal's Regional Programme Management Office has implemented a Covid-19 impact assessment, which all City Deal projects have populated and are actively managing. This will be reported through the City Deal's management and governance structures.



## Appendix 1 - Interdependencies and Synergies across the Portfolio

### Interdependencies

#### **Interdependence 1 - The SBCD Skills and Talent Initiative Project & *The Internet Coast***

The aim of the City Deal proposal is to create an uplift in GVA, helping close the gap between regional and national averages. In order to achieve this, the development of a workforce that is capable, responsive and skilled is key. The portfolio of City Deal projects shares this commonality in objective and each will create opportunities for the region's current and future workforce.

The Skills and Talent Initiative will be instrumental in determining the skills needs of the other projects in the portfolio and, in turn, will support regional education providers to deliver the skills solutions required. There will be opportunities for the transferability of skills between projects and therefore across the region, creating a thriving talent base.

The Skills & Talent Initiative will foster the themes of entrepreneurship and digital innovation, given their strategic importance to the Swansea Bay City Deal Programme, and work with key stakeholders to align provision to these key themes. As such, these two areas will be focussed on in schools and, increasingly so, in further and higher education institutions.

In addition, there is opportunity for synergy in terms of skills between the four themes at a more specific level. Energy, Life Science & Well-being and Smart Manufacturing are of critical strategic importance, but through the City Deal they are interconnected and mutually supportive.

#### **Interdependence 2 - The Internet of Economic Acceleration and its Constituent Projects**

The proposal and its constituent projects are built on a solid foundation characterised by an advanced digital infrastructure. A lack of an effective and reliable next generation digital infrastructure will hinder the development and exploitation of new technologies and capabilities which could negatively impact the success of key projects. The level of interdependency varies across the projects, with some relying on digital elements more than others.

Primarily, the successful implementation of the Digital Infrastructure project will allow for the establishment of 5G testbeds that will enable innovation and entrepreneurship. These are themes that are especially crucial for Yr Egin, and the Swansea City and Waterfront Digital District. A lack of these testbeds would create significant barriers to the attraction and retention of talent, businesses, key industry leaders and inward investment to the area which are crucial to the success of those projects.

#### **Interdependence 3 - The Internet of Economic Acceleration and the Internet of Energy**

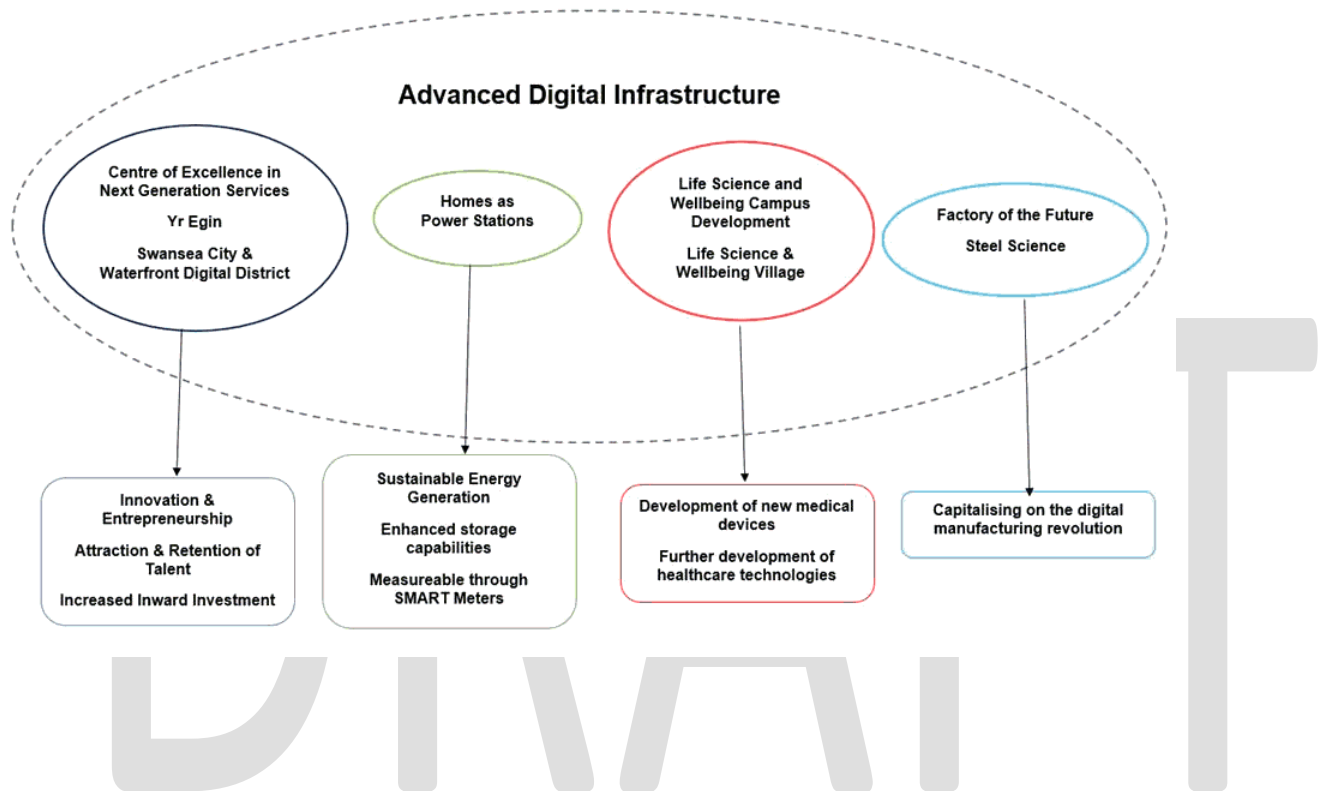
An innovative digital infrastructure is particularly pertinent for the Homes as Power Stations project. Imperative to the proposal is the utilisation of the internet to create innovative and sustainable energy generation. Combined with storage and efficiency, this will be supported by the use of smart metering. The effective use of smart metering is integral to the proposal as it will allow users to manage their own energy usage, while also assisting in the measurement of the efficiencies achieved.

#### **Interdependence 4 - The Internet of Economic Acceleration and the Internet of Life Science and Well-being**

The developments proposed by both the Life Science and Wellbeing Campus and Village projects are heavily reliant on an innovative digital infrastructure. A lack of this infrastructure would impact on the development of new medical devices and healthcare technologies forming part of these projects.

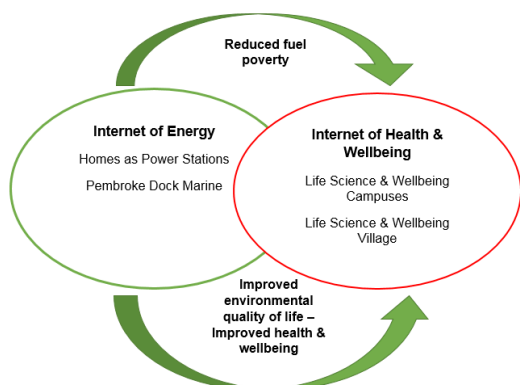
## Interdependence 5 - The Internet of Economic Acceleration and Smart Manufacturing

Manufacturing elements of the Homes as Power Stations, Factory of the Future and Steel Science projects are reliant on the use of next generation technologies. These technologies – which will further advance and emerge in coming years - include cyber-physical systems, the internet of things, cloud computing and cognitive computing. These are all elements that require a strong digital infrastructure to capitalise on continual advancements in digital manufacturing.



## Synergies

### Synergy 1 - Energy and Life Science & Wellbeing



The economic well-being of Wales has been historically reliant on the strength of heavy industry and traditional manufacturing. But with the gradual decline of these industries in recent decades, far greater emphasis is now placed on fostering economic growth, development and social inclusion, while ensuring natural assets continue to provide resources on which our well-being relies.

This further emphasises the importance of the green economy as a key component within the City Deal portfolio, with the investment programme's four themes closely aligning to well-being, the environment, manufacturing and economic growth.

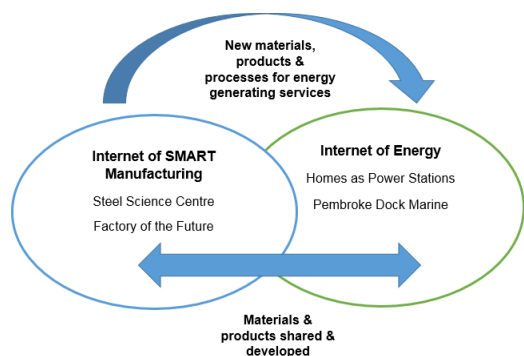
The environmental and resource productivity of the economy is strongly linked to Homes as Power Stations, Pembroke Dock Marine and the decarbonisation elements of the Supporting Innovation and Low Carbon Growth programme, with all aiming to produce and promote sustainable energy.

The production of green energy has a positive impact on the environment as it generates little if any of the water and air pollution associated with traditional fossil fuels which costs public health services an estimated \$74.6 billion a year, according to a Harvard University study.

This shows how green energy can directly affect the health and well-being of individuals living and working in the region by reducing the risk of cardiovascular and respiratory diseases associated with traditional energy production. This direct link creates synergy with the Life Science and Well-being Campus and Life Science and Well-being Village projects.

The Homes as Power Stations project will also help tackle fuel poverty, which has an impact on health and well-being. Research forming part of the project will create an evidence base in support of disruptive innovation to meet this objective.

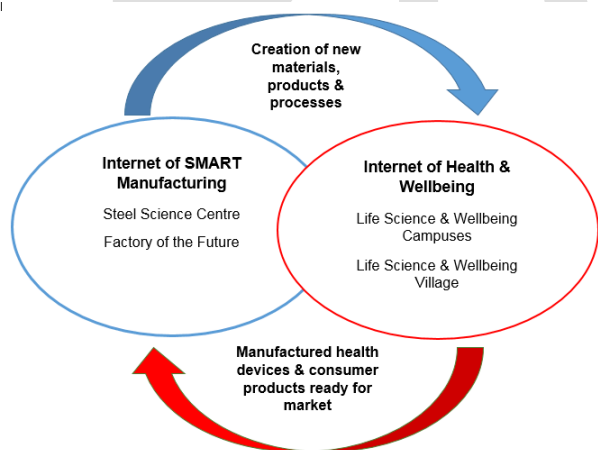
## Synergy 2 - Energy and Smart Manufacturing



The Steel Science project will be in a prime position to have a significant impact on the Green Growth agenda. As well as developing and implementing ultra-low carbon steel making technologies, the new materials, products and processes created at the Centre will provide the opportunity to radically rethink the built environment for energy generating services. This will improve the regional natural asset base, helping promote the implementation of good environmental management in primary industries. This substantiates its synergy to Homes as Power Stations and Pembroke Dock Marine where materials and products may be shared and developed.

Furthermore, the Pembroke Dock Marine programme builds on momentum already under way regionally, in developing innovative marine energy solutions. This technology will require a local manufacturing base which builds upon the heavy engineering and steel generating capability of the region. Additionally, Homes as Power Stations provides the opportunity to expand existing pilot activities across the UK steel sector. This extends from smart coatings on steel substrates through to innovative storage and control.

## Synergy 3 - SMART Manufacturing and Life Science & Well-Being



The connections between manufacturing and life science and well-being are long-established but the introduction of smart life science and smart manufacturing have placed more importance on this relationship in recent years. The Life Science and Well-being Campus, the Life Science and Well-being Village and the Steel Science projects are those which illustrate the greatest alignment.

The region already has examples of Life Science and Well-being innovation created locally, manufactured locally and exported from the region to global markets. Examples include therapeutic devices, diagnostic devices and consumer products.

The Steel Science Centre will create new materials, products and processes, many of which will have applications in life science & well-being. This will provide the opportunity to shape the development of

intelligent sterile environments, supporting disruptive technologies for telehealth like smart wearables and intelligent dressings.

The demand for next generation healthcare and smarter ways of manufacturing highlights the parallels between the two. They are both areas in transformation where new opportunities in IT to meet demands are creating more opportunities for closer working.

### **Revised Interdependencies and synergies**

The introduction of the Supporting Innovation and Low Carbon Growth project has amended some of the above interdependencies and synergies as explained below.

Advanced, innovative digital infrastructure will also accelerate the delivery and evaluation of marine energy solutions forming part of the Pembroke Dock Marine project, while also assisting the decarbonisation elements of Neath Port Talbot's Supporting Innovation and Low Carbon Growth programme, which includes real-time air quality modelling and monitoring as well as enhanced charging infrastructure for electric vehicles.

Manufacturing elements of the Supporting Innovation and Low Carbon Growth programme, including the Steel Science project, are reliant on the use of next generation technologies.

These technologies – which will further advance and emerge in coming years - include cyber-physical systems, the internet of things, cloud computing and cognitive computing. These are all elements that require a strong digital infrastructure to capitalise on continual advancements in digital manufacturing

Synergies between energy and life science & well-being can also be evidenced by the Supporting Innovation and Low Carbon Growth programme in Neath Port Talbot.

The programme's focus on decarbonisation and improving air quality will lead to environmental benefits in Neath Port Talbot and beyond that will boost the health and well-being of contemporary residents and generations to come. Also forming part of the programme is a drive to encourage greater uptake of electric vehicles, which will lead to environmental benefits throughout the region and elsewhere. This will place South West Wales at the heart of global innovation as an example of best practice for embracing this kind of technology as a conduit to environmental improvements.

As part of Neath Port Talbot's Supporting Innovation and Low Carbon Growth programme, excess energy from solar and other renewable technologies at the Swansea Bay Technology Centre will be converted into hydrogen at the nearby Hydrogen Centre to fuel hydrogen vehicles.

# Agenda Item 9



Swansea Bay City Region Joint Committee – 9 July 2020

## Implementation Plan

<b>Purpose:</b>	To inform Joint Committee of an updated SBCD Implementation Plan
<b>Policy Framework:</b>	Swansea Bay City Deal (SBCD) Joint Committee Agreement (JCA)
<b>Recommendation(s):</b>	It is recommended that:  Joint Committee reviews and approves the latest version of the SBCD Implementation Plan
<b>Report Author:</b>	Jonathan Burnes, SBCD Programme Director
<b>Finance Officer:</b>	Chris Moore, SBCD S151 Officer
<b>Legal Officer:</b>	Tracey Meredith, SBCD Monitoring Officer

### 1. Introduction

- 1.1. The Swansea Bay City Deal Implementation Plan has been developed to set out the high-level activities that will support the delivery of the Swansea Bay City Deal (SBCD).
- 1.2. The latest version of this document (version 25) includes revised key milestones for projects, given the impact of Covid-19/other factors on either project delivery or the development and consideration of project business cases. Updated financial forecasts as of 31st March 2020 have also been included. These revised key milestones and updated financial forecasts can be found in pages 26 to 51 of the attached appendix.
- 1.3. Further updates include the addition of the Senior Responsible Owner (SRO) role (P14), an updated table of SBCD projects and their financial contribution breakdowns (P11), and a Monitoring and Evaluation Plan update (P23). Reference has also been added to an external review into the SBCD Programme (P9) taking place in July 2020.

1.4. Diagrams on P16 (City Deal flow of finances for local authority projects), P24 (Project monitoring) and P52 to P57 (Interdependencies and project synergies) will be imminently revised.

## **2. Background**

2.1. Version 24 of the Implementation Plan was approved at Joint Committee in February, 2020.

2.2. The Plan outlines the work of the Joint Committee and supporting structures including programme governance, stakeholder engagement, programme implementation, monitoring, evaluation and milestone activity for the SBCD programme and its projects.

## **3. Financial Implications**

3.1 Each project has its own financial implications, which are the responsibility of each Project Authority Lead.

3.2 All figures included in the Implementation Plan are currently on an estimated basis. The scrutiny of all project figures will be undertaken when the detailed project business plan is considered by Programme Board and Joint Committee.

## **4. Legal Implications**

4.1 The terms of reference of the Joint Committee include approval of the Implementation Plan.

4.2 The Joint Committee Agreement provides that the Implementation Plan will be reviewed by the Joint Committee annually.

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

5.1 The Swansea Bay City Deal programme and its constituent projects are closely aligned to the Well-being of Future Generations (Wales) Act 2015. These alignments are detailed in the SBCD Implementation Plan and business cases for each project, as well as in an SBCD programme business case which is under development.

**Background Papers:** None

### **Appendices:**

Appendix A - SBCD Implementation Plan (Version 25)



## SWANSEA BAY CITY DEAL

June 2020

### Implementation Plan

SBCD Implementation Plan document control			
Version	Submitted	Feedback Via	Summary of changes/updates
V25	19.06.20	<p>Regional Programme Management Office</p> <p>Project Leads</p>	<p>Addition to work programme of SBCD Programme external review taking place in July 2020 (Page 9)</p> <p>Updated table for SBCD projects and their financial contribution breakdowns (Page 11)</p> <p>Addition of Senior Responsible Owner role (Page 14)</p> <p>Monitoring and Evaluation Plan update (Page 23)</p> <p>Revised key project milestones (Pages 26 to 51)</p> <p>Updated financial forecasts for projects as of March 31, 2020 (Pages 26 to 51)</p> <p>Note: Diagrams on page 16 (City Deal flow of finances for local authority projects), Page 24 (Project Monitoring) and Pages 52 to 57 (Interdependencies and project synergies) to be imminently updated</p>



## **1. Introduction**

The Swansea Bay City Deal Implementation Plan has been developed to set out the high-level activities that will support the delivery of the Swansea Bay City Deal (SBCD).

The Plan outlines the work of the Joint Committee and supporting structures including programme governance, stakeholder engagement, programme implementation, monitoring, evaluation and indicative milestones for the SBCD programme and its projects.

The Joint Committee will review the Implementation Plan annually, with the first review to take place no later than one year after the approval of the Implementation Plan. Reviews in later years will take place no later than one year after the previous review. The Programme should be managed as a Portfolio, not as a set of predetermined and immutable projects.

The City Deal's Implementation Plan is an evolving document.

The latest version of this document (version 25) includes revised key milestones for projects, given the impact of Covid-19/other factors on either project delivery or the development and consideration of project business cases. Updated financial forecasts, as of March 31 2020, have also been included.

Like the previous version of the Implementation Plan (version 24) which was considered at Joint Committee in February 2020, details are included on both the revised Neath Port Talbot programme of projects and the reviews into the City Deal. Information on interdependencies between key City Deal themes is also included.

### **1.0 Summary of Programme**

The Swansea Bay City Region covers the four local authority areas of Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea.

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

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

The Swansea Bay City Deal is a total investment of £1.3 billion over a period of 15 years. This consists of £241 million from the UK and Welsh Governments, £396 million from other public sector funding, and £637 million from the private sector.

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

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

The strands of innovation, skills and digital infrastructure create synergies across the themes and projects of the Swansea Bay City Deal.

## Partnership working



The Swansea Bay City Deal is an excellent example of partnership working between councils, universities and education providers, health boards, the UK and Welsh Governments, and the business community. It demonstrates what collaboration and joined-up thinking can achieve for our citizens.

The City Deal is also a good example of the 5 Ways of Working promoted by the Well-being of Future Generations (Wales) Act 2015. The City Deal will make a significant contribution to the seven well-being goals.

Being a 15-year programme, the Swansea Bay City Deal gives an excellent opportunity to address persistent challenges such as climate change, poverty, inequality, jobs, skills and rurality in a transformational and preventative way.

It is also an opportunity for the four local authorities and City Deal partners as a whole to demonstrate use of the 5 Ways of Working to maximise their contribution to the well-being goals required under the Act, through a major public and private sector investment programme.

The Regional Office has been in discussions with the Office of the Future Generations Commissioner in Cardiff to explore at the outset how the SBCD projects can use the Act as a framework at the design stage of projects. This approach would then ensure contribution of each SBCD project towards the Act's seven Goals, while improving the 5 Ways of Working during project development.

The 5 Ways of Working principles will be used as a starting point for helping projects consider how they can involve people in the project's development, who they should be collaborating with, and what the long-term trends are that need to be considered or addressed.

The Office of the Future Generations Commissioner in Cardiff has developed a specific framework based on the 5 Ways of Working and the seven Well-being Goals. This Framework will allow SBCD Project Leads to use the Act to shape the development and assessment of projects and to drive their design and implementation. It has been shared with each of the Project Leads to assist in identifying improvements that need to be made to ensure the project adheres to the Act, while maximising the future benefits of the Swansea Bay City Deal Programme.

## **2.0 Outcomes and benefits**

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

By 2035 we will:

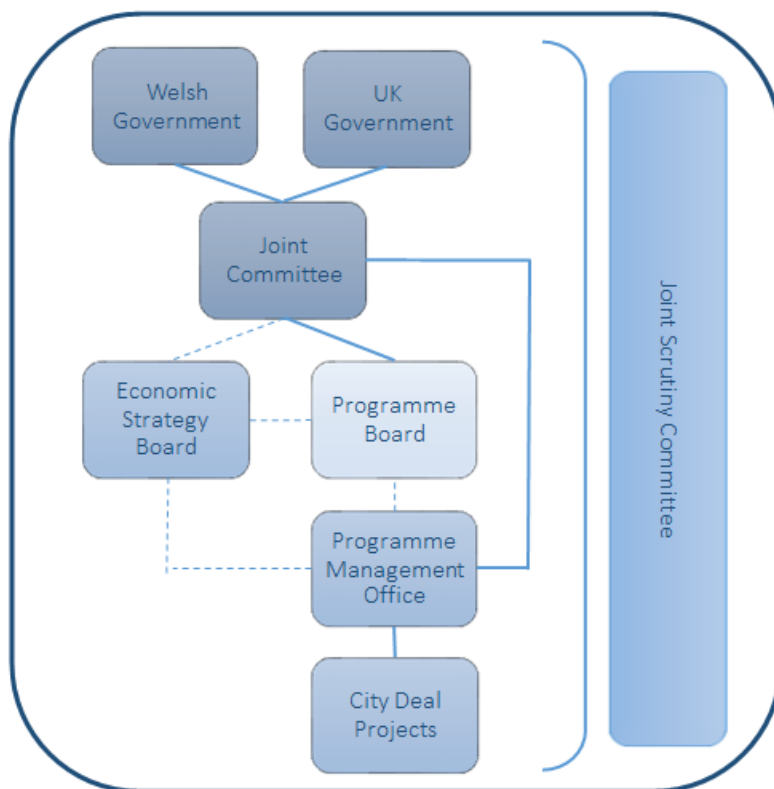
- Transform the regional economy
- Establish and maintain an effective and aligned skills base
- Create, prove and commercialise new technologies and ideas
- Be a recognised regional centre of excellence in:
  - The application of digital technologies
  - Life Science and Well-being
  - Energy
  - Advanced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

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

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

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

## **3.0 Programme Governance set out in City Deal heads of terms**



### 3.1 Joint Committee

The Joint Committee comprises the four local authority Leaders of Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea.

The Joint Committee will be chaired by a local authority Leader. Its current chair is the Leader of Swansea Council.

The Chair of the Joint Committee will be elected for a two-year term in the first instance, reviewed annually thereafter.

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

The first formal meeting of Joint Committee took place on 31<sup>st</sup> August 2018 when each of the four local authorities signed the Joint Committee Agreement – a legal document that sets out how the councils will work together.

The head of paid service, monitoring officer and section 151 officer of each of the Councils shall be entitled to attend meetings of the Joint Committee as an advisor, but they shall not have a vote.

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

The Joint Committee meets on a monthly basis and, as set out in the Joint Committee Agreement, its functions include:

- Identifying and introducing appropriate governance structures for the implementation of any projects within the Swansea Bay City Deal programme. This shall include the formation of corporate bodies and any other structures which the Councils can lawfully establish or participate in
- Agreeing and planning the overall strategy for and delivery of the Swansea Bay City Deal programme
- Performance management of the Swansea Bay City Deal programme
- Strategic communications
- Monitoring the City Deal programme's impact
- Reporting of impact to regional local authorities
- Authorising the Accountable Body to commission external support and to oversee the delivery and management of project expenditure
- Progressing a regional approach for the discharge of strategic functions. These functions may include land use, planning, transport and economic development
- Approval and adoption of the Implementation Plan
- Approval of any Implementation Plan deadline extension agreed by the Councils
- Agreeing the terms and conditions of Government funding
- Overseeing the proportion of each Council's responsibility for borrowing to provide funding for regional projects
- Reviewing performance of the Chair of the Economic Strategy Board on an annual basis
- Agreeing the annual costs budget
- Consideration of project business cases, based on recommendations from Programme Board and the Economic Strategy Board
- Determining whether or not to approve the submission of projects to the UK and Welsh Governments for approval/the release of government funds

### **3.2 Economic Strategy Board**

Reporting to the Joint Committee, the Economic Strategy Board (ESB) is made up of representatives from the private sector in key City Deal themes including energy, life sciences, manufacturing and housing.

The Economic Strategy Board acts as the voice of business, providing strategic direction for the City Deal through advice to the Joint Committee on matters relating to the City Region. It also has a role in advising the Joint Committee on opportunities to strengthen the City Deal's impact.

The Chair is accountable to the Joint Committee. Reaching agreement by consensus, the Economic Strategy Board does not have formal decision-making powers.

The Economic Strategy Board meets with the following frequency, or as and when required:

- Quarterly in advance of any Joint Committee meeting; and
- When necessary to deal with business as agreed by the Chair of the Economic Strategy Board.

The Regional Office will arrange for minutes of each meeting to be taken, approved and recorded. Key activities of the Economic Strategy Board include:

- Submitting strategic objectives for the Swansea Bay City Region
- Assessing the individual project business cases against the strategic aims and objectives of the City Deal
- Making recommendations to the Joint Committee on whether or not the project business cases should proceed
- Considering implications of a proposed withdrawal or change of project local authority lead
- Considering any proposal for a new project
- Providing recommendations to the Joint Committee on whether or not the new project proposed should replace the project to be withdrawn
- Determining the process for selecting new projects or reallocating funding
- Monitoring progress of the City Deal's delivery

The Chair of the Economic Strategy Board has been appointed following an open competition exercise. The process of appointing other members of the Economic Strategy Board has taken place through an open recruitment and nomination process, with membership being drawn from across private sector. The Economic Strategy Board membership was agreed through a vote at the first formal meeting of the Joint Committee on 31<sup>st</sup> August, 2018.

### **3.3 Programme Board**

Accountable to the Joint Committee, the Programme Board consists of the head of paid service of each of the four Councils, or another officer nominated by the head of paid service. The Programme Board Chair shall be reviewed annually.

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

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

The Programme Board has four distinct roles:

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

Meetings of the Programme Board will take place on a monthly basis before meetings of Joint Committee and the Economic Strategy Board.

### **3.4 Accountable Body**

In accordance with the Joint Committee Agreement, it was agreed that Carmarthenshire County Council would act as the Accountable Body responsible for discharging City Deal obligations for all regional councils.

The role of the Accountable Body is to:

- Act as the primary interface with the Welsh Government, the UK Government and any other funding bodies
- Hold and release any Government funding in relation to the Swansea Bay City Deal
- Only to use and release these funds in accordance with the terms of the Joint Committee Agreement
- Comply with the funding conditions set out in the Joint Committee Agreement
- Undertake the accounting and auditing responsibilities set out in the Joint Committee Agreement
- Employ Regional Office staff

### **3.5 Regional Office**

Reporting directly to the Joint Committee, the Regional Office plays a co-ordinating and supporting role. It is responsible for the day to day management of matters relating to the Joint Committee and the Swansea Bay City Deal.

Key activities of the Regional Office include:

- Strategic liaison with the UK Government, Welsh Government and policy advisors
- Governance support for all aspects of the City Deal governance structure
- Programme implementation, co-ordination, monitoring and evaluation
- Undertaking research, analysis and reporting as and when requested by groups within the governance structure
- Strategic project co-ordination including advising on and coordinating the development and submission of 5 case business models for City Deal projects
- Liaison and engagement with government funding bodies and programmes, Universities and Health Boards
- Responsibility for managing the identification, assessment, approval, monitoring and evaluation processes for regional interventions and projects
- Communications and engagement management for the Swansea Bay City Deal
- Private sector involvement, business development and inward investment
- The consideration and development of opportunities for additional funding sources to assist in the delivery of regional activities which are complimentary to the SBCD.

### **3.6 Swansea Bay City Deal reviews**

In December 2018, it was announced there would be two reviews into the Swansea Bay City Deal – an external, independent review; along with an internal review.

The findings of both the external review (carried out by Actica consulting) and the internal review (carried out by Pembrokeshire County Council) were published in March 2019.

Joint Committee has agreed to implement all recommendations arising from the reviews, which include:

- The appointment of a new City Deal Programme Director
- The establishment of a new City Deal Portfolio Management Office, led by the new Programme Director
- The management of the City Deal as a portfolio, as opposed to a set of pre-determined and immutable projects
- A redistribution of roles and functions to ensure an equitable balance across the City Deal partnership, each acting as a check and balance for the other

Progress includes the appointment of a new City Deal Programme Director, who started in post in March 2020. A recruitment process is underway to recruit further PMO staff to support assurance, governance and programme/business case developments.

Roles and functions have been redistributed as below to ensure a more equitable balance across the City Deal partnership:

- Legal and democratic services – Swansea Council
- Finance – Carmarthenshire Council
- Audit – Pembrokeshire Council
- Scrutiny – Neath Port Talbot Council

Carmarthenshire Council will continue as the Accountable Body.

#### **4.0 Joint Committee Work Programme**

A detailed work programme has been developed in Gantt format. This will be continually monitored and updated to ensure progress is being made.

Summarised key actions for the Joint Committee include:

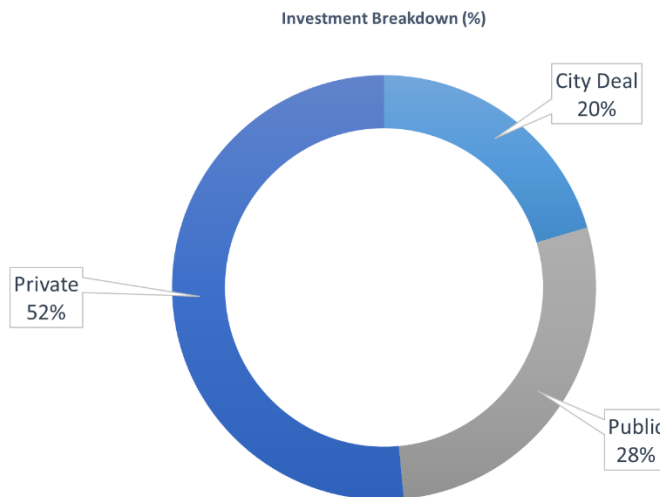
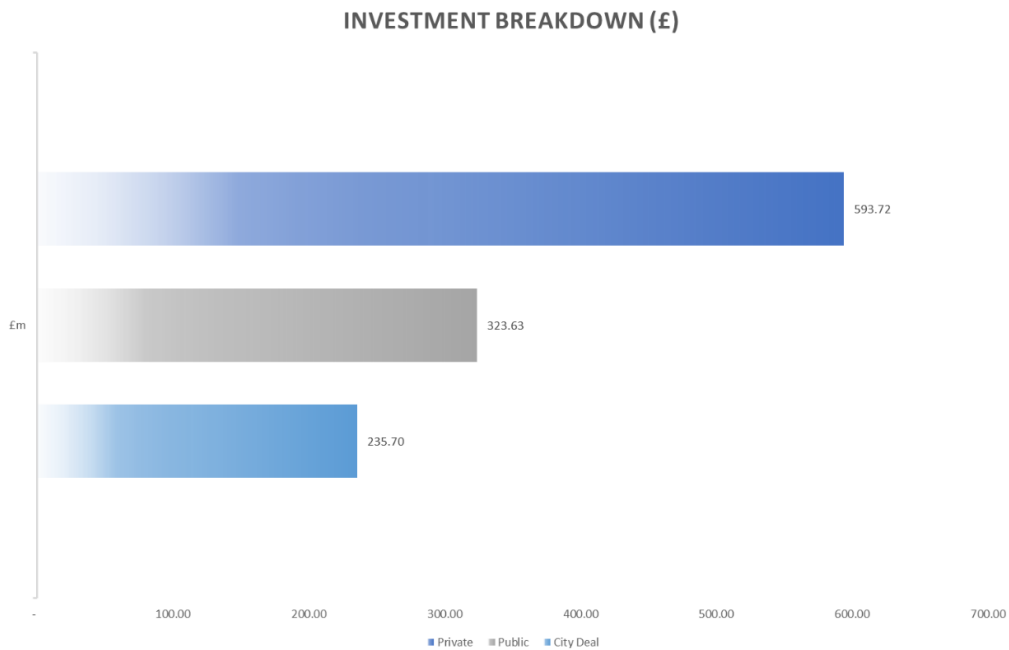
<b>Category</b>	<b>Action</b>	<b>Timeframe (Using Calendar Year)</b>	<b>Responsibility</b>
<b>Governance</b>	JCA & SBCD governance approved at Full Council meeting in each of the 4 LAs	Complete	4 LAs
	Formal agreement of JCA & SBCD governance	Complete	Joint Committee
	Formal establishment of Economic Strategy Board	Complete	Joint Committee /UKG & WG
	Establish Joint Scrutiny Arrangements	Complete	Neath Port Talbot
	Formal approval of Implementation Plan (version 24)	Complete	Joint Committee
	Appointment of a Senior Responsible Owner	Qtr2 2020	Regional Office / Joint Committee
	Monitoring and Evaluation Plan	Qtr2 2020	Regional Office / Joint Committee
	Updated Programme Business Case and Implementation Plan	Qtr2 2020	Regional Office / Joint Committee
	External review of SBCD Programme	Qtr3 2020 (July)	Regional Office / Joint Committee
<b>Finance</b>	Identify and agree LA borrowing requirements for regional projects	Qtr3 2020	LAs Section 151 Officers and Legal Officers / Accountable Body / JC
	Confirm position on NNDR and agree basis for distribution to the Project Lead Authorities.	In principle agreement	Accountable Body / LAs Section 151 Officers / Joint Committee



		reached Qtr2 2019	
	Agree Joint Committee Operational Budget for 2020/21, including the treatment of Benefit in Kind.	Qtr2 2020	Accountable Body / LAs Section 151 Officers / Joint Committee
<b>SBCD Project development /approval</b>	Agree submission process and timescales for projects to Governments	Complete	Regional Office / / UKG & WG / JC
	Agree project approval process	Complete	Accountable Body / 4 LAs / JC / UK & WG
<b>Legal and Procurement</b>	Draft SBCD JCA developed	Complete	Accountable Body/ LAs Section 151 Officers and Legal Officers
	Develop Economic Strategy Board TOR for approval	Complete	Accountable Body/ LAs Section 151 Officers and Legal Officers
	Develop City Deal Regional Procurement principles	Qtr2/3 2020	Accountable Body/Regional Office
	Contracts Register to be established to identify and report on community benefits	Qtr3 2020	Regional Office /Accountable Body
	Develop Template Funding Agreement between the Project Authority Lead and the Project Lead to allow the transfer of City Deal Funding	Complete	Accountable Body/ LAs Section 151 Officers and Legal Officers/ Joint Committee
<b>Monitoring and Evaluation</b>	Programme Risk Register Developed	Complete	Regional Office/Accountable Body
	Monitoring and Evaluation Plan agreed	Qtr2 2020	Regional Office / Joint Committee / UKG & WG
<b>Stakeholder Engagement</b>	Development and agreement of Business & Stakeholder Engagement Plan	Qtr2 2019 & Ongoing	Regional Office / Joint Committee
<b>Strategic Regional Functions</b>	Explore key strategic functions at a regional level that will support both the implementation of this Deal and wider development activity	Ongoing	Programme Board / Joint Committee / UK & WG

## **5.0 Programme Financing**

The Swansea Bay City Deal is a total investment of £1.3 billion over a period of 15 years. This consists of £241 million from the UK and Welsh Governments, £396 million from other public sector funding, and £637 million from the private sector.



The Joint Committee Agreement sets out details of the allocation of Government funding and private and public funding contributions for each project. The proportion of Government funding shall be in accordance with the details set out in the JCA Schedule 7 (table shown below) unless the Councils agree to vary this.

The City Deal portfolio of projects set out in the heads of terms can be seen in the diagram below.

<u>Theme</u>	<u>City Deal</u>	<u>Public</u>	<u>Private</u>	<u>Total</u>
<b><i>Internet of Economic Acceleration</i></b>				
Swansea Waterfront	50.00	81.15	39.97	171.12
Yr Egin	5.00	20.17	-	25.17
Skills & Talent	10.00	16.00	4.00	30.00
Digital Infrastructure	25.00	-	30.00	55.00
<b>Total</b>	<b>90.00</b>	<b>117.32</b>	<b>73.97</b>	<b>281.29</b>
<b><i>Internet of Life Science &amp; Well-being</i></b>				
LS&WB Village	40.00	51.00	108.19	199.19
LS&WB Campuses	15.00	20.00	10.00	45.00
<b>Total</b>	<b>55.00</b>	<b>71.00</b>	<b>118.19</b>	<b>244.19</b>
<b><i>Internet of Energy</i></b>				
Homes as Power Stations	15.00	114.60	375.90	505.50
Pembroke Dock Marine	28.00	17.85	14.70	60.55
<b>Total</b>	<b>43.00</b>	<b>132.45</b>	<b>390.60</b>	<b>566.05</b>
<b><i>Smart Manufacturing</i></b>				
Supporting Innovation and Low Carbon Growth	47.70	7.70	6.11	61.51
<b>Total</b>	<b>47.70</b>	<b>7.70</b>	<b>6.11</b>	<b>61.51</b>
<b>Programme Total</b>	<b>235.70</b>	<b>328.47</b>	<b>588.87</b>	<b>1,153.04</b>

## 5.1 Revised Neath Port Talbot programme

The City Deal projects originally due to be led by Neath Port Talbot Council included Centre of Excellence in Next Generation Services (CENGS), Factory of the Future and the Steel Science Centre.

To better meet the needs of Neath Port Talbot/regional residents and businesses, however, a new programme of projects to be part City Deal funded was approved by Neath Port Talbot Council's Cabinet in July 2019.

The £58.7 million Supporting Innovation and Low Carbon Growth programme has been developed to deliver a co-ordinated delivery of sustainable growth and job creation in the region, with a targeted focus on the Port Talbot Harbourside area.

The Programme aims to create the right environment for innovation, new technologies and a decarbonised local and regional economy.

A GVA contribution of £6.2 million a year is being projected once all projects are operational, along with the creation of 446 new, high-value added jobs. This would generate a GVA impact of £93 million over 15 years.

A 15-year Net Present Value (NPV) of £145 million is also projected.

Funding of £47.7 million is being sought from the Swansea Bay City Deal, with other funding coming from Neath Port Talbot Council and the private sector.

The Supporting Innovation and Low Carbon Growth programme has been developed around four interlinked themes:

1. **Swansea Bay Technology Centre** – An energy positive building on Baglan Energy Park providing flexible office space for start-up companies and indigenous

businesses, with a focus on the innovation, ICT and R&D sectors. The excess energy from solar and other renewable technologies will be converted into hydrogen at the nearby Hydrogen Centre to be used to fuel hydrogen vehicles.

2. **National Steel Innovation Centre** that aims to support the steel and metals industry in Port Talbot and Wales – with the aim of reducing the carbon footprint of the steel and metals industry, and increasing the sustainability of the industry, linking in to the circular economy.
3. **Decarbonisation** – To assist with the delivery of decarbonising the City Region, a number of core projects will be undertaken in collaboration with public, private and academic partners including the FLEXIS research operation. These projects include a hard-wired electrical link between the Swansea Bay Technology Centre and the nearby Hydrogen Centre, as well as an electrical charging infrastructure route map. Encouraging the uptake of electric vehicles, this includes the development and implementation of an electric vehicle charging network that meets the demands of residents, businesses and visitors. New charging stations will contribute to solving Wales' lag in electrical vehicle charging infrastructure and coverage compared to the rest of the UK. Air quality modelling and real-time monitoring will also be introduced to enable better informed air quality decisions in future. This project will include data analytics to identify correlation with pollution sources, evaluation of intervention measures, and area wide, real-time data with significantly more geographic detail than is currently available.
4. **Industrial Futures** – This will address the gap between demand and supply for businesses and available land in the Port Talbot Waterfront Enterprise Zone, with a hybrid building providing production units as well as office space to support start-ups and indigenous businesses - especially those in the innovation and manufacturing sectors. There will also be laboratory space supported by Industry Wales for spin-outs to monetise research and development projects, as well as land remediation, flood defence work, construction of access roads and upgrading of highways. A Property Development Fund will also be made available to support the viability of private sector schemes to develop buildings in the Enterprise Zone.

The portfolio of projects meets the requirements of recommendations arising from reviews into the City Deal, while also representing a first stage response to the climate change emergency declared by the Welsh Government in April, 2019.

The programme will develop over 18,000 square metres of business space, primarily to meet evidenced demand from small to medium sized businesses, while providing the technological platforms essential for them to grow.

## 5.2 Synergies with the Swansea Bay City Deal programme

The Programme will meet City Deal portfolio objectives by:

- Reducing gap in GVA performance between the Region and the UK through improving regional productivity - Analysis estimates an annual GVA impact of £6.2 million once all projects are fully operational. It's also estimated that the programme will deliver a positive, cumulative NPV of £145 million over 15 years.
- Creating high-value jobs - 1,320 jobs (including construction) will be safeguarded/created, with at least 30% of these to be new. Jobs will be created in the advanced manufacturing, energy, engineering and technology sectors.

- Establishing and maintaining an effective and aligned skills base - All Programme projects will work with the Regional Learning and Skills partnership to ensure there is an appropriate skills base to take advantage of the investment.
- Creating, proving and commercialising new technologies and ideas - The overall project will develop over 18,000 square metres of business space. This will include flexible office space for start-up companies and indigenous businesses to commercialise their ideas and technologies. There will also be laboratory space supported by Industry Wales for spin-outs to monetise research and development projects. The National Steel Innovation Centre will facilitate the commercialisation of steel science research and development.
- Building capacity and driving forward further and greater inward investment - Employment sites and premises will be developed to house growing indigenous businesses and attract investment, helping meet gaps in business property supply through a demand-led approach with sufficient capacity. A distinctive programme of decarbonisation for manufacturing will also be developed, helping attract investment, along with a property development fund to stimulate private sector investment. The marketability of the Enterprise Zone for further investment will also be enhanced.
- Creating a sustainable regional economy that contributes meaningfully to the economy of Wales and the UK - The project will inject momentum into the delivery of sustainable growth and job creation in Neath Port Talbot and the wider City Region. A sustainable regional economy will be created via decarbonisation to establish cleaner processes for industry and cleaner air for communities. Decarbonisation interventions will also promote sustainable travel, buildings and economic growth, while creating a more diversified economy. This will contribute to Wales and UK-wide climate change targets. The project will also invest in 21<sup>st</sup> century employment facilities to create sustainable jobs in identified sectors, with innovative steelmaking research and development due to benefit the steel industry in Neath Port Talbot, the City Region and far beyond.

The Supporting Innovation and Low Carbon Growth programme is also aligned to the four 'internet' themes within the City Deal programme:

- The Internet of Economic Acceleration: next generation digital infrastructure
- The Internet of Life Science and Well-being: expanding research and innovation
- The Internet of Energy: energy innovation and sustainable housing
- Smart manufacturing

The energy efficient buildings and decarbonisation elements of the programme align to the regional Homes as Power Stations project, as well as the Pembroke Dock Marine project aimed at boosting South West Wales' blue economy

Next generation digital infrastructure, as well as the potential for early in-region access to 5G, will boost business productivity in the new employment spaces being developed, helping attract further investment.

The Programme will also accelerate work to decarbonise the economy, while facilitating advanced research and development to safeguard the future of the steel industry.

All projects forming part of the programme will work with the Regional Learning and Skills Partnership to ensure there is an appropriate skills base to take advantage of this investment.

### **5.3 Alignment to the Well-being of Future Generations Act**

The Programme will meet the requirements of the Well-being of Future Generations Act by helping create:

- **A prosperous Wales** through the provision of new employment and efficient use of resources via building design and the re-use of brownfield land
- **A resilient Wales** via new business premises, with the necessary technological infrastructure to promote diversification and reduce overreliance on traditional industries and public sector employment
- **A healthier Wales**, with long-standing evidence demonstrating the positive impact of employment on health and well-being
- **A more equal Wales**, thanks to the programme including opportunities accessible to all to reduce societal inequalities
- **Cohesive Communities** through sustainable, viable employment
- **A Vibrant Culture and thriving Welsh Language**, with increased employment opportunities supporting the language in the medium and longer term
- **A Globally Responsible Wales**, thanks to the design and delivery of buildings in line with required sustainable development principles

#### **5.4 Responsibilities and accountability**

The Joint Committee is ultimate accountable for the delivery of the Swansea Bay City Deal objectives, delivering the projected outcomes and realising the required benefits and will make decisions relating to the Swansea Bay City Deal. 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. It is the role of Programme Board to ensure that all schemes are developed in accordance with the agreed package by analysing the financial viability, deliverability and risk of each City Deal project proposal. This detailed analysis will then be reported to the ESB and Joint Committee.

Private Sector investment is fundamental to the overall success of the Deal. There is a requirement for each City Deal project to have a credible and robust financial profile in place from the outset. All letters confirming both private and public sector match funding are to be in place for the project prior to City Deal funding approved, confirming amount and timing as set out in the project's approved financial profile. The Project Authority Lead and Project Delivery Lead are to put in place effective project monitoring processes. Funding agreements will be signed at the outset between Project Authority Leads and Project Delivery Leads setting out funding conditions.

For all projects, in addition to the 5-case model assessment process, the Accountable Body will undertake an assessment of the Project's Financial Profile to check that private and public sector contribution/s are in line with that set out in the initial project business case from the Project Lead. All variances and changes, including implications of these, will be reported to the PB, ESB and JC for consideration and decision of course of action as deemed necessary before City Deal funding is approved for the project.

It is the aim of the Swansea Bay City Deal that all projects will be delivered in five years in order to maximise the full benefits realisation of the operational schemes during the lifetime of City Deal funding, which is to be released to the Region from the governments over a 15-year period.

As set out in the JCA, making decisions on borrowing and finding other sources of funding other than Government Funding for projects is a matter reserved to the Councils. Each Council shall be responsible for borrowing or providing other funding for projects located in its area.

If a project is located in more than one Council area, each local authority involved may agree that borrowing or funding should either be shared equally, or in proportions approved by all.

The Programme Board will prepare recommendations to Joint Committee on all schemes, while also ensuring project development in accordance with the agreed package.

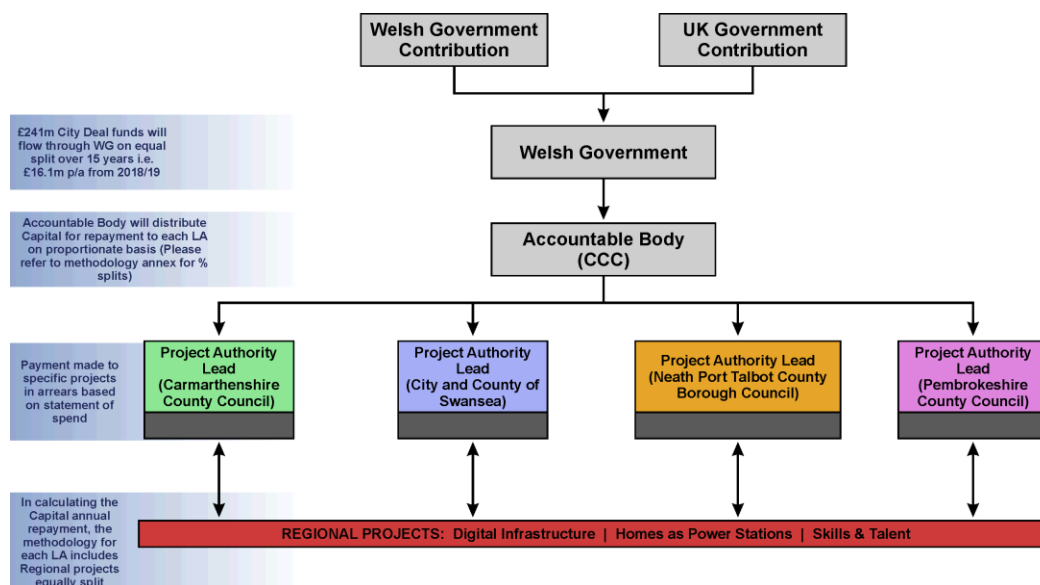
The Joint Committee is responsible for overseeing the proportion of each Council's responsibility for borrowing to provide funding for regional projects. The capital borrowing (in respect of the Government funded element) for the SBCD projects will be re-paid by identified Government funds (UK & Welsh Government) over the 15-year period.

The exact level of borrowing and the structure and terms of the borrowing is yet to be confirmed, although it will be calculated based on the amount required per relevant local authority, and will be in line with individual local authority internal requirements. This is being determined by the four regional local authority Section 151 Officers. All borrowing will be agreed based on the principles of the Prudential Code and Treasury Management Policy and Strategy for each Authority. When further details of the investments required for each project are known, a full business case appraisal for each individual project will be completed and submitted to the relevant local authority for approval before submission to the Joint Committee. These full business cases will include the detailed funding proposals and requirements of the local authority.

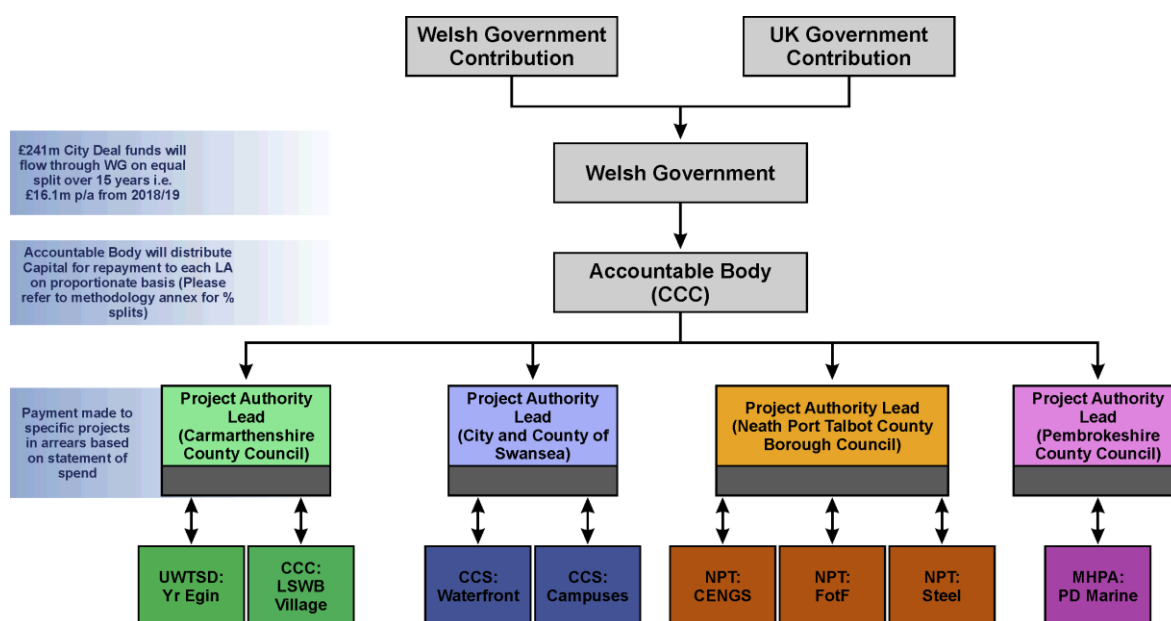
The Welsh Government has given an in-principle agreement that the local authorities in the SBCD region will be allowed to retain 50% of the additional net yield in the non-domestic rates generated by City Deal projects. The basis of the allocation of the rates generated within the SBCD is yet to be agreed. This is being negotiated by the four Section 151 Officers of the four local authorities. There's additional information that provides authorities with support to utilise funding flexibilities within the Joint Committee Agreement appendices

Once the UK Government and Welsh Government have approved release of City Deal funding for individual City Deal projects, this funding will be released to the Region via the Accountable Body who, in accordance with the Joint Committee Agreement, will distribute the funds to the regional local authorities as demonstrated in the following flow charts:

### 5.5 City Deal flow of finances (Regional projects)



## 5.6 City Deal flow of finances (Local authority projects)



## 6.0 Strategic Programme Risks

Each Swansea Bay City Deal project carries its own 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 5 case business model process, with a project specific risk register established to assist in the ongoing management and mitigation of all risks.

A detailed Programme Risk Register has been developed for the Swansea Bay City Deal Programme. This risk register will be managed, revised and updated by the Regional Office, with both Programme Board and Joint Committee tasked with its continual review.

A summary of the most significant programme risks is outlined in the table below. It should be noted, however, that these risks are shown at this point in time and that the status of each will alter throughout the Programme's duration.

Category	Risk	Probability Scale Low 1:5 High	Impact Scale Low 1:5 High	Mitigation
Development	Delay in approval of Joint Committee Agreement	1	1	JCA formally approved by each of the four LAs at meetings of the Full Council. JCA signed-off at first formal JC meeting in August 2018.  Revised JCA also now approved by JC and all 4 LAs



Category	Risk	Probability Scale Low 1:5 High	Impact Scale Low 1:5 High	Mitigation
	Delay in approval of Implementation Plan	2	3	IP signed off in principle at the first JC on 31st August 2018.  Revised IP following SBCD reviews due for completion and approval in January 2020. Update will be presented at JC on 9th July 2020
	Delay in establishment of Economic Strategy Board	1	1	ESB Chair and membership approved at first formal Joint Committee meeting on 31st August 2018. Introductory session held on 19th September 2018 to assist members in their new role.
Implementation	Delay in development of Business Cases by Project Leads	2	3	Critical dates developed to assist in mapping out project development, submission and approval process timelines. Programme Board and ESB in place to oversee the development of business cases. Joint Committee Agreement in place which sets out agreed processes for deciding on any actions required. Three projects now submitted for formal approval following sign off by City Deal governance. Work to develop other business cases continues, with a number soon earmarked for approval and submission to both governments.
	Delay in approval of City Deal Business Cases	2	3	JCA and governance structure formalised in August 18. Regional Project Authority Leads / Project Authority Leads will have early sight of relevant draft version business cases.  Agreement of submission process and timescales for review of final business plans with both governments.  Joint Committee forward work programme approved in December 2018. Forward work programme for ESB approved in January 2018.  The region has worked closely to support both reviews to ensure timely, speedier approval of project business cases can be obtained.  Regional and external stage gate reviews are being scheduled for remaining projects.  Terms and conditions from the external review are being met with completion scheduled for the end of June 2020.
	Business case is not approved / project falls	2	3	Open and regular dialogue between Accountable Body, RO, Project Delivery Lead and Project Lead. . Early identification of potential trigger points and any potential mitigating/rectifying actions. If irreconcilable, Joint Committee Agreement in place which sets out agreed processes for identifying new project(s) to

Category	Risk	Probability Scale Low 1:5 High	Impact Scale Low 1:5 High	Mitigation
				achieve the outcomes of the City Deal. Findings of the UK and Welsh Government independent review and the internal SBCD review in Jan 2019 will further assure that the processes outlined in the previous update are robust and effective in mitigating the likelihood that a business case is not approved.
	Slippage in Programme delivery	3	3	<p>Establish robust monitoring and evaluation framework to ensure programme and project delivery remains within agreed timescales, and to ensure that all targeted project outputs and outcomes will be achieved. Regional Team in place to undertake monitoring role. Accountable Body/Section 151 officers will undertake programme level financial profiling to ensure borrowing and distribution of City Deal funding is reflective of programme delivery.</p> <p>Independent and internal City Deal reviews completed in March 2019, with Joint Committee agreeing to implement all recommendations.</p> <p>The implementation of these recommendations is ongoing.</p>
Operational	Withdrawal of Local Authority	1	2	JCA signed by each LA which clearly sets out agreed provisions for such a scenario.
	Failure to engage relevant stakeholders including private sector to enable wider development of the programme	2	1	<p>Economic Strategy Board in place from the outset providing private sector involvement. Key stakeholders already engaged. SBCD Business Engagement Manager and Communications Officer employed in the RO to ensure early and ongoing involvement.</p> <p>Regular City Deal attendance of business events across the region, with a major event held in December 2018. A further City Deal event for the business community is planned for Qtr1 2020.</p> <p>Regular City Deal communications ongoing via the media, the City Deal website, the City Deal social media accounts, and e-newsletters targeted at the business community.</p> <p>Communications and engagement plan in place, and being continually monitored and updated to reflect developments/milestones.</p> <p>Covid-19 Impact Assessment established and being reported to PB and JC.</p>
	Failure to achieve agreed outcomes /	3	4	Develop robust baseline. Establish monitoring and evaluation framework including key milestones and timescales for review. Regular performance reporting

Category	Risk	Probability Scale Low 1:5 High	Impact Scale Low 1:5 High	Mitigation
	outputs in agreed timeframe			to Programme Board, ESB and Joint Committee to enable decisions on any mitigating actions deemed necessary to keep the programme on track.
<b>Financial</b>	Failure to identify / secure City Deal revenue funding	2	2	Ongoing dialogue with governments under way to identify potential solutions.
	Private Sector funding contribution/s not in line with initial business case projections	3	4	For all projects, in addition to the 5 case model assessment, the Accountable Body will undertake an assessment of the Project's Financial profile to check that the private sector contribution is in line with the initial business case financial projections. Any implications resulting from variance to be reported to PB, ESB and JC for action.
	EU match funding contributions contribution/s not in line with initial business case projections	3	4	For all projects, in addition to the 5 case model assessment, the Accountable Body will undertake an assessment of the Project's Financial profile to check that the private sector contribution is in line with the initial business case financial projections. Any implications resulting from variance to be reported to PB, ESB and JC for action. RO in dialogue with WEFO.
	Failure of projects to secure committed full funding package (cap & rev)	2	5	Credible and robust financial profiles need to be in place for each City Deal Project from the outset. Letters confirming match funding to be in place for the project before City Deal funding is approved, confirming amount and timing as set out in the project's financial profile. Timely monitoring and review following approval of five case business plan. Robust and timely procurement activity must be planned, executed and monitored. All Project Authority Leads to put in place effective monitoring and evaluation processes. Funding agreements signed between Project Authority Lead and Project Lead.

## **7.0 Business Case Assessment Process**

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

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

Each business case in support of SBCD project must evidence:

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

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

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

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

Following the City Deal reviews, the relationship between individual local authorities, project leads, the Regional Office, the UK Government and Welsh Government has been improved to create enhanced communication.

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

## **Regional Office Project Assessment Criteria**

### **1. Fit with the WG Future Well-being Act**

- Clear evidence of the 5 Ways of Working;
- Clear evidence of contributing to Well-being goals
- Clear evidence of alignment with local well-being plans

### **2. Strategic Fit**

- Alignment with the strategic aims and objectives of the Swansea Bay City Deal and wider regeneration regional strategy, while demonstrating the City Region's ambitions

- Demonstrable synergies with other Swansea Bay City Deal projects

### **3. Financial**

- Credible and robust financial profile with cost breakdown is in place for each City Deal project before funding approval
- Private sector contribution/s are as set out in the initial business case financial projections for the project and in the Heads of Terms document
- Letters confirming project match funding from all sources must be in place before City Deal funding is approved. These letters should confirm amount/s and timing – and any dependencies - as set out in the project's Financial Profile for both the public and private sectors
- Evidence of ongoing project sustainability for a period of at least the 15-year SBCD Programme period to include a credible operational/commercial case that sets out full details on proposed income sources, income flows and any dependencies.

### **4. Deliverability**

- Robust governance & partnership approach
- Project management - team and experience
- Clear project plan

### **5. Outputs and Outcomes**

- SMART (specific, measurable, achievable, results-based, time-bound) project outcomes with associated baseline data is in place in line with overall City Deal plan
- Projects should clearly establish intended outputs with a clear definition of what success would look like

### **6. Risk Management**

- Project Risk Register and risk management process in place - identification, management and mitigation of all risks

### **7. Procurement**

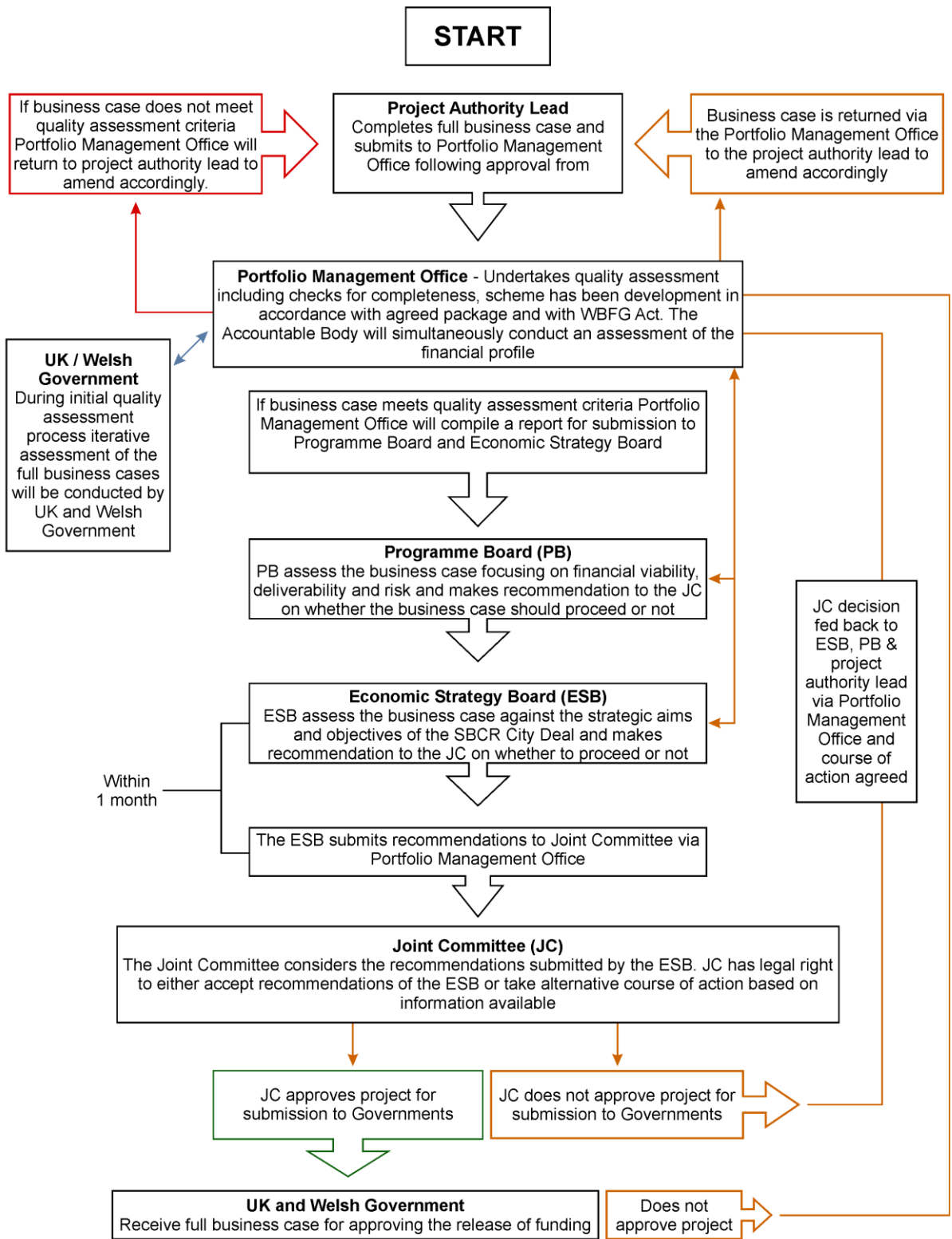
- Projects must set out how they will procure all project activity to benefit regional businesses and residents
- Wider community benefits demonstrated in the business case - local supply chain support and apprenticeships, for example

### **8. Project Monitoring & Evaluation**

- All Project Leads to have clear and effective Monitoring and Evaluation Plans
- Key delivery steps and associated milestones demonstrated
- Detailed proposal for how and when all outputs and outcomes will be measured and reported to the Project Lead Authority and the Regional Office
- Evaluation proposal
- Exit Strategy in place

The four local authorities have agreed the following process for the formal assessment of final SBCD business cases:

# FULL BUSINESS CASE APPROVAL PROCESS FOR AGREED SBCR CITY DEAL PROJECTS



v6.2

## **8.0 SBCD Programme Monitoring and Reporting**

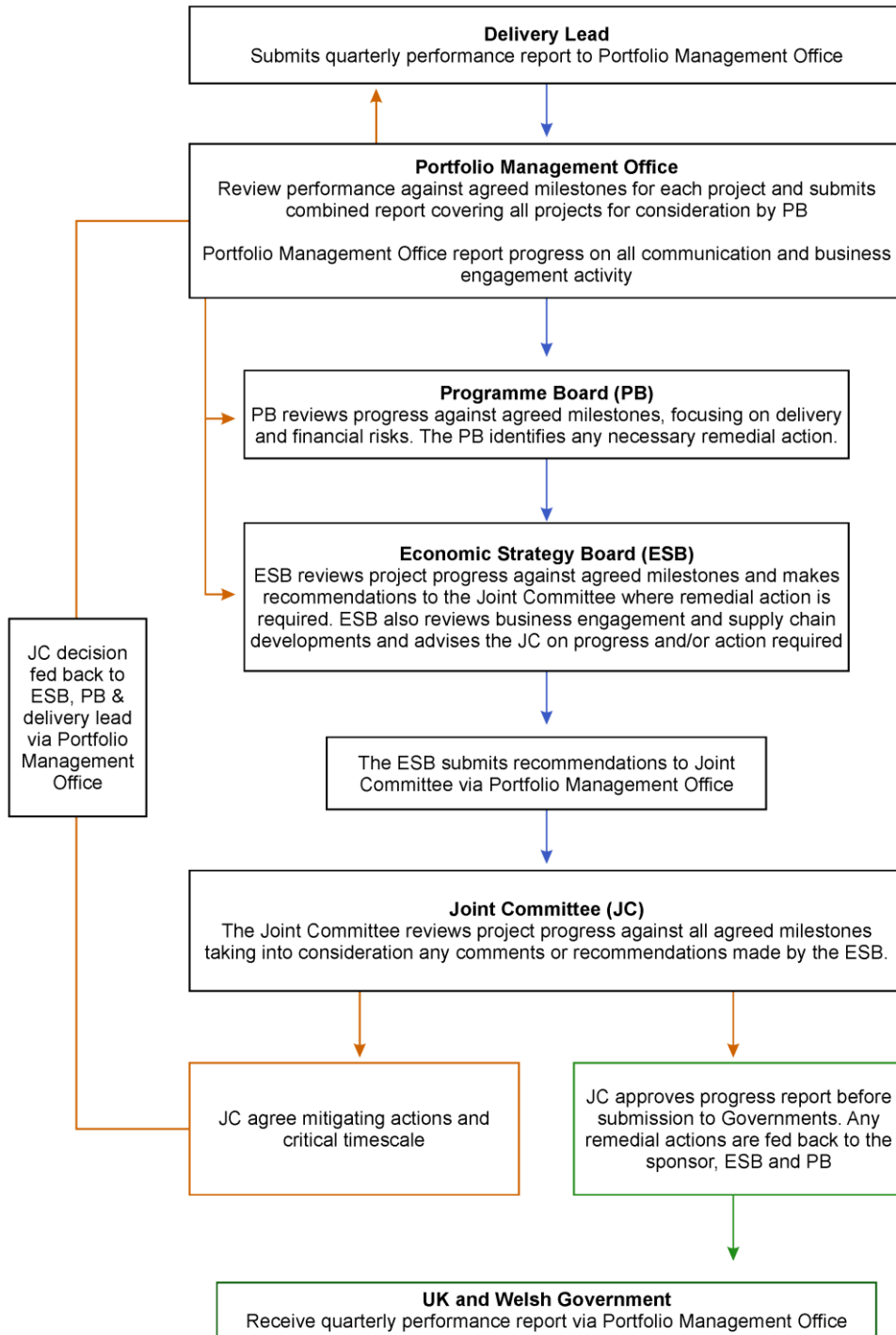
The Regional Office have responsibility for the SBCD Monitoring and Evaluation (M&E) Plan and co-ordinating and reviewing the associated activity. The robust M&E plan will be developed and shared with the UK and Welsh Governments, and agreed by the Joint Committee, which sets out the proposed approach to monitor and evaluate the progress and the impact of the nine Swansea Bay City Deal projects. The monitoring and evaluation plan will be shared with the Joint Committee on July 9<sup>th</sup>, 2020 for approval.

Once approved, key actions include:

- Developing and sharing robust baseline
- Establishing a monitoring and evaluation framework including key milestones and timescales for review
- Setting up quarterly meetings with Project Delivery Leads and Regional/Project Authority Leads to discuss progress
- Regular performance reporting to Programme Board, Economic Strategy Board and Joint Committee.

All programme level reporting in relation to the City Deal and its associated projects will follow a process that has been agreed by the four local authorities. This is set out in the following chart:

# PROJECT MONITORING



v6.2

## 8.1 SBCD Joint Scrutiny Committee

As set out in the Joint Committee Agreement, the Joint Scrutiny Committee will provide a scrutiny function to ensure greater public accountability over decisions made by the Joint



Committee and any of its sub-committees/related entities. It has been agreed by the four Councils that Neath Port Talbot County Borough Council will be the lead authority to take responsibility for the scrutiny function responsibility and its administration.

The membership of the Joint Scrutiny Committee will consist of 12 members. Each of the Councils shall nominate three members for appointment to the Joint Scrutiny Committee. The member nominated by each Council shall be an elected member of that Council but shall not be a member of that Council's executive and shall not be a member of the Joint Committee. The Chair of the Joint Scrutiny Committee shall not be a member of the Council which is providing the Chair of the Joint Committee.

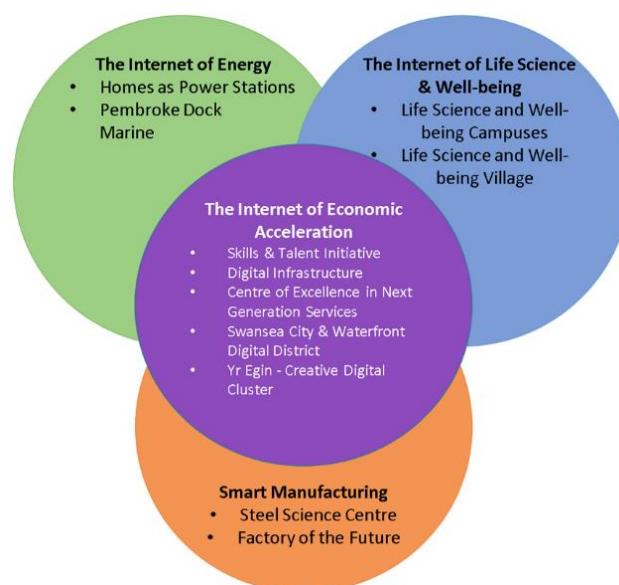
The role of the Joint Scrutiny Committee is to provide advice, challenge and support to the Joint Committee. The full terms and reference for the Joint Scrutiny Committee are set out in the Joint Committee Agreement.

The Joint Scrutiny Committee shall be required to:

- Review and scrutinise the Joint Committee's financial affairs
- Review and assess the Joint Committee's risk management, internal control and corporate governance arrangements
- Review and assess the economy, efficiency and effectiveness with which resources have been used
- Make reports and recommendations to the Joint Committee in relation to the points in 1 and 3 above

## **9.0 Swansea Bay City Deal Project Portfolio**

The Swansea Bay City Deal comprises a portfolio of projects across four inter-related themes. Each thematic project has been developed to integrate with existing cluster strengths and infrastructure, supporting development of next generation services and products. In parallel, rollout of cutting-edge digital infrastructure will be accelerated to support exploitation of new technologies and capabilities. This will be underpinned by a Skills & Talent Initiative that will put pathways in place for people across the region to access the thousands of high-skilled jobs the City Deal will create.



## 9.1 SBCD Theme - Internet of Economic Acceleration

Skills and Talent		
<b>Regional Project Authority Lead</b>	Carmarthenshire County Council	
<b>Project Delivery Lead</b>	Carmarthenshire County Council	
<b>Total Cost</b>	£30,000,000	<b>City Deal:</b> £10,000,000
<b>Description</b>	The Skills and Talent initiative, being led by the South West Wales Regional & Skills Partnership, will be a key component in ensuring that local people and businesses have the appropriate skills to benefit from each of the City Deal projects.	
<b>Key Milestones</b>	<b>Activity</b>	<b>Date (using calendar year)</b>
	<b>Business Case Development</b>	
	Initial draft business plan for consideration by RLSP Board	Qtr3 2017
	Initial draft Skills and Talent business plan shared with UKG/WG	Qtr4 2017
	Project discussion at Economic Strategy Board	Qtr2 2020
	Business plan submitted to the four regional Local Authorities	Qtr3 2020
	Business case submitted to Economic Strategy Board, Programme Board and Joint Committee for approval of the project's submission to the UKG/WG	Qtr3 2020
	External review of project business case	Qtr3 2020
	UKG/WG approval of the release of Government funding to the project	Qtr4 2020
<b>Risks</b>	<b>Description</b>	<b>Mitigation</b>
	<b>Operational</b>	
	The potential for partners disengaging from the project could pose a risk to the achievement of some of the delivery outputs	The structure and constitution of the City Deal and the robust partnership within the RLSP. All partners are fully committed to the project, and the size and number of partners from all sectors significantly reduces this risk. Only if a whole sector were to withdraw would this risk be classed as high.
Lead times in the development of a new skills offer in the region / identifying the key skills and ensuring that Welsh Government agree to include the courses	As one of the WG's three Regional Skills Partnerships, the RLSP is well-placed to support this development, with its annual submission of a Regional Employment and Skills Plan which is utilised to directly affect the allocation of funding to FE and apprenticeship provision.	

	within future provision within FE and apprenticeships						
	Project activity overlapping or duplicating existing provision within the region	The RLSP provides a platform to work across the public, private and education sectors. This partnership will ensure that there is an appropriate and timely response to industry and emerging project demands, remaining relevant and effective while avoiding duplication or missed opportunities.					
	Impact of Covid-19 on skills requirements	Impact of Covid-19 being considered to gauge what new skills businesses will require.					
	<b>Implementation</b>						
	Project management, leadership and control of the project to deliver the stated activities and results	Management, leadership and control of the project will benefit from the experience and expertise which exists across the Partnership. The Partnership will establish clear lines of management responsibility, reporting and accountability from the outset.					
	Project does not meet the needs of the other SBCD projects	Early engagement with each of the SBCD project leads has taken place to map out skills need, and will continue alongside the design and delivery stages of each project.					
	Slippage to the project timescales	It is intended that management of all work detailed in the action plan will be subject to a regular, ongoing process of performance review by the RLSP Board in order to maintain progress in relation to the projected outputs and timelines. Where required, this will be reported through the SBCD programme governance structure.					
	<b>Financial</b>						
	Significant changes to the match funding package	The level of match funding levered will be monitored on a quarterly basis by the Project Delivery Lead and Project Local Authority Lead to ensure that it is line with the agreed financial profile.					
	Organisational and financial risks	The level of experience within the organisations involved in the Partnership is such that relatively high levels of knowledge, skills and experience in financial management and probity can be clearly demonstrated. This, coupled with regular performance reviews, will serve to minimise the financial risks associated with the project.					
	City Deal funding assurances following Covid-19	No indication that City Deal funding won't be forthcoming. Discussions on-going with WG and UKG.					
	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	Business case development on-going for consideration via City Deal internal governance, regional local authorities and both the UKG and WG. Business case discussed at Economic Strategy Board in June, 2020.					
<b>Spend Profile</b>							
	2019/20 (£m)	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)	TOTAL (£m)
<b>City Deal</b>	0.25	1.00	1.50	2.50	2.50	2.25	<b>10.00</b>
<b>Public</b>	0.25	1.00	3.00	4.00	4.00	3.75	<b>16.00</b>

	<b>Private</b>	-	0.50	0.50	1.00	1.00	1.00	<b>4.00</b>
	<b>TOTAL</b>	<b>0.50</b>	<b>2.50</b>	<b>5.00</b>	<b>7.50</b>	<b>7.50</b>	<b>7.00</b>	<b>30.00</b>
<b>Constraints</b>	State Aid rules as they apply							
<b>Dependencies</b>	Continued core funding from Welsh Government for the RLSP Revenue support for the project from the local authorities							

Digital Infrastructure		
<b>Regional Project Authority Lead</b>	Carmarthenshire County Council	
<b>Project Delivery Lead</b>	Carmarthenshire County Council	
<b>Total Cost</b>	£55,000,000	<b>City Deal</b> £25,000,000
<b>Description</b>	<p>This regional project is made up of three elements:</p> <ul style="list-style-type: none"> <li>• The introduction of world class digital connectivity in key urban areas and economic growth zones</li> <li>• Improving digital connectivity in underserved communities</li> <li>• The provision of next generation wireless technology and infrastructure</li> </ul>	
<b>Key Milestones</b>	<b>Activity</b>	<b>Date (using calendar year)</b>
	<b>Business Case Development</b>	
	Project Scope Set	Qtr1 2018
	Consultant appointed to develop full 5 case business plan based on agreed scope / outline proposal	Qtr4 2018
	Local, regional and national stakeholder engagement. Workshops and business case review based on draft business case	Qtr2 and Qtr3 2020
	Business case rewrite with appointed consultants	Qtr3 2020
	Business case submitted to all four regional Local Authorities	Qtr3 2020
	Independent peer review	Qtr3 2020
	Business case submitted to Economic Strategy Board, Programme Board and Joint Committee for approval of the project submission to the UKG/WG	Qtr3 2020
UKG/WG approval of the release of Government funding to the project	Qtr4 2020	
<b>Risks</b>	<b>Description</b>	<b>Mitigation</b>
	Unsuccessful project delivery /	Experienced project management and project delivery team in place from the outset. Project Implementation Plan to be agreed by all partners. Established robust monitoring and evaluation framework at project

	Slippage in project delivery	development stage to ensure programme and project delivery remains within agreed timescales and to ensure that all targeted project outputs and outcomes will be achieved.							
	Lack of commercial confidence	Robust governance structure will need to in place from the outset to carefully manage both governance and commercial risks.							
	Project not sustainable	Project will develop a sustainable business model. On-going dialogue with key government, public sector officers and private sector organisations is key. Sustainability is an integral part of this project, so early engagement with operators/providers is embedded within the proposals.							
	Failure to secure full funding package	The digital plan will be implemented via partners through a competitive tendering process.							
	Non-compliance with State Aid Regulation and public procurement rules	Use is made of existing compliant procurement frameworks to enable speedier delivery. Different aspects of the project might entail different approaches.							
	Engagement/partnership with industry is unsuccessful.	Dedicated project manager started in post in February, 2020. Industry engagement ongoing to assess and prepare for the exploitation of Digital Infrastructure related opportunities once the project moves to delivery.							
	A lack of regional understanding regarding the digital programme and its purpose	Project board created with senior representation requested from City Deal partners and other stakeholders. Discussions and workshops with partners and stakeholders on-going to ensure alignment to regional needs. Project discussed at Economic Strategy Board and Programme Board in June, 2020.							
	City Deal funding assurances following Covid-19	No indication that City Deal funding won't be forthcoming. Discussions ongoing with WG and UKG.							
<b>Spend Profile</b>		<b>2019/20 (£m)</b>	<b>2020/21 (£m)</b>	<b>2021/22 (£m)</b>	<b>2022/23 (£m)</b>	<b>2023/24 (£m)</b>	<b>2024/25 (£m)</b>	<b>2025/26 (£m)</b>	<b>TOTAL (£m)</b>
	<b>City Deal</b>	-	0.10	0.40	9.00	9.00	5.50	1.00	<b>25.00</b>
	<b>Public</b>	-	-	-	-	-	-	-	-
	<b>Private</b>	-	-	3.50	7.50	8.50	7.00	3.50	<b>30.00</b>
	<b>TOTAL</b>	-	<b>0.10</b>	<b>3.90</b>	<b>16.50</b>	<b>17.50</b>	<b>12.50</b>	<b>4.50</b>	<b>55.00</b>
<b>Dependencies</b>	<p>Roll-out of UK and Wales-wide ICT policies and programmes.</p> <p>Alignment with Superfast Cymru is an important requirement.</p> <p>Engagement with service providers to gain an understanding of future plans and potential opportunities for the SBCD and Digital Infrastructure proposals is vital.</p> <p>The expectation is that the digital plan will be implemented through partner(s) via a competitive tendering process.</p>								

<b>Swansea City &amp; Waterfront Digital District</b>			
<b>Project Authority Lead</b>	Swansea Council		
<b>Project Delivery Lead</b>	Swansea Council		
<b>Total Cost</b>	£171,126,000	<b>City Deal</b>	£50,000,000
<b>Description</b>	<p>The Swansea City and Waterfront Digital District will capitalise on the next generation connectivity available within the region, developing a vibrant and prosperous city centre that facilitates the growth of high-value ICT and digitally enabled sectors.</p> <p>The project includes a 3,500-capacity digital indoor arena, a digital square, a digital village for tech and digitally focussed businesses, and a box village and innovation precinct development for start-up businesses at the University of Wales Trinity Saint David SA1.</p>		
<b>Key Milestones</b>	<b>Activity</b>	<b>Date (using calendar year)</b>	
	<b>Business Case Development</b>		
	Initial draft business case shared with UK/WG	Qtr4 2017	
	Final review of draft version business case by UKG / WG	Qtr4 2018	
	Business case submitted to Council	Qtr4 2018	
	Business case submitted to Economic Strategy Board, Programme Board and Joint Committee for approval of the project's submission to the UKG/WG	Qtr1 2019	
	UKG/WG approval of the release of Government funding for the project	Qtr4 2019	
	<b>Project Development</b>		
	<b>Milestone Activity - Box Village/Innovation Precinct</b>		
	Planning Submission	Qtr3 2020	
	Detailed Design	Qtr1 2021	
	Tender and Contractor Procurement	Qtr2 2021	
	Construction	Qtr4 2021	
	Fit Out	Qtr2 2023	

	Completion and Occupation	Qtr2 2023
	<b>Milestone Activity - Digital Village</b>	
	Planning Submission	Qtr1 2020 Done
	Detailed Design	Qtr1 2020 Done
	Tender and Contractor Procurement	Qtr2 2020 Underway
	Construction	Qtr1 2021
	Fit Out	Qtr4 2021
	Completion and Occupation	Qtr4 2022
	<b>Milestone Activity - Digital Square &amp; Arena</b>	
	Outline planning consent granted	Qtr2 2017
	End of Design Stage 2	Qtr4 2017
	Arena Operator Contract Signed	Qtr1 2018
	Contractor Procurement	Qtr3 2018
	Construction	Qtr4 2019
	Arena construction complete	Qtr3 2021
	Arena open	Qtr1 2022
<b>Risks</b>	<b>Description</b>	<b>Mitigation</b>
	Covid-19	See separate Covid-19 risk assessment
	<b>Development</b>	
	Failure to obtain relevant approvals	All approval processes for the project will be identified to allow sufficient time to prevent project timeline impacts. Dedicated team and organisation structure will further mitigate this risk. In addition, expert advice will be sought to ensure that all required approvals are captured.
	Failure to agree project specification	Project will continue to work extensively with all key stakeholders to ensure that agreement on specification is achieved as a priority before progressing the project further.
	Commercial floor space and other facilities do not meet the needs of start-ups and tech based businesses	Project has consulted with members of the targeted industries to establish needs. The project to continue to liaise with members of the industry to ensure that the evolving project delivers on key requirements at every stage, and to continuously monitor and proactively engage with the industry to ensure that needs are appropriately met in the operational phase on an on-going basis.
	<b>Financial</b>	
	Failure to secure funding package	Swansea Council and the University of Wales Trinity Saint David funding are committed. Ensure credible and robust business plan and financial profile is in place at outset. Written letters confirming all sources of funding to be in place at approval stage

	Rise in construction costs	Ensure detailed costs are in place for the entire project at the outset. Allow for a suitable contingency. Detailed tender bids. Ensure experienced project manager is in place.							
<b>Implementation</b>									
	Delays in construction programme/ Project slippage	Ensure project team in place using recognised project management tools to enable the developments to be delivered on time. The project to proactively monitor construction progress and to work extensively with the principal contractor to minimise any disruption to the programme							
	Temporary traffic management failing	Project will ensure TM contractor aware of sensitivity of route and applies appropriate resources. Advance communications to 1st Responders to take into account the impact on emergency services and providing advance notice of restrictions. Involve transport team in a timely manner. Regular review of programme and timely information to Client.							
<b>Operational</b>									
	The commercial floor space and other facilities do not meet the needs of start-ups and tech-based businesses	Project continues to consult with members of the targeted industries to establish needs and to ensure that the evolving project delivers on key requirements at every stage. Project to continuously monitor and proactively engage with the industry to ensure that needs are appropriately met in the operational phase on an on-going basis							
	Lower than expected demand	The project is working extensively with potential tenants and occupiers to ensure that initial demand is sufficient. In addition, the project will be focused on supporting growth and successfully managing the success of the operational phase. Project to allocate sufficient resource to ensure that any period of lower than expected demand is successfully bridged							
	Failure to provide knowledge transfer and commercial opportunities	The University to adequately resource teams to ensure that knowledge transfer and the development of commercial opportunities are given adequate priority in terms of delivery							
	Focus on physical property aspects and the wider economic needs to support business creation and growth are not achieved	The projects are being developed in consultation with a wide range of public and private sector partners to understand demand in the market. The schemes are also designed to meet the current and future needs of an innovative business community.							
<b>Spend Profile</b>		<b>2017/18 (£m)</b>	<b>2018/19 (£m)</b>	<b>2019/20 (£m)</b>	<b>2020/21 (£m)</b>	<b>2021/22 (£m)</b>	<b>2022/23 (£m)</b>	<b>2023/24 (£m)</b>	<b>TOTAL (£m)</b>
	<b>City Deal</b>			7.53	42.47				<b>50.00</b>
	<b>Public</b>	4.21	5.20	61.47	10.28				<b>81.16</b>



	<b>Private</b>			7.99	7.99	7.99	7.99	7.99	<b>39.97</b>
	<b>TOTAL</b>	<b>4.21</b>	<b>5.20</b>	<b>76.99</b>	<b>60.74</b>	<b>7.99</b>	<b>7.99</b>	<b>7.99</b>	<b>171.13</b>
<b>Dependencies</b>	Planning consents The digital indoor arena and digital square features of this project form part of the overall Swansea Central regeneration plan.								

<b>Yr Egin - Creative Digital Cluster</b>			
<b>Project Authority Lead</b>		Carmarthenshire County Council	
<b>Project Delivery Lead</b>		University of Wales Trinity Saint David	
<b>Total Cost</b>	£25,170,000	<b>City Deal</b>	£5,000,000
<b>Description</b>		Yr Egin will create a digital and creative industry cluster in Carmarthen, joined by S4C as the key anchor tenant alongside other digital and creative media SMEs as tenants. The centre will create a clustering effect which will generate major and positive change to the creative and digital economy of Wales. This development will include business accelerator facilities and incubation, as well as shared spaces for interaction between each of the tenants, which will drive entrepreneurial development.	
<b>Key Milestones</b>	<b>Activity</b>		<b>Date (using calendar year)</b>
	<b>Business Case Development</b>		
	Initial draft version 5 case business plan shared with UKG/WG		Qtr4 2017
	Final review of draft version business case by UKG/WG		Qtr4 2018
	Business case submitted to the Council		Qtr4 2018
	Business case submitted to Economic Strategy Board, Programme Board and Joint Committee for Approval of the project submission to the UKG/WG		Qtr1 2019
	UKG/WG approval of the release of Government Funding for the project		Qtr4 2019
	<b>Project Development</b>		
	Phase 1 Practical completion of construction		Qtr3 2018
	Phase 1 Occupation & official opening		Qtr4 2018
	Phase 2 Development of updated requirements (Refurbish/new build)		Qtr2 2020
	Phase 2 Detailed design		Qtr3 2020
	Phase 2 Approval to proceed (RIBA stages 3 and 4 design)		Qtr2 2021
	Phase 2 Planning submissions as required		Qtr4 2021

	Phase 2 Construction		Qtr3 2022
	Phase 2 Fit-out, completion and occupation		Qtr3 2023
<b>Risks</b>	<b>Description</b>		<b>Mitigation</b>
		<b>Development</b>	
	Failure to agree project specification		The University will work extensively with all key stakeholders, including potential occupiers, to ensure that agreement on specification is achieved as a priority before progressing the project further.
	Failure to deliver the wider benefits identified in the business case		The project's Monitoring and Evaluation Plan to set out clear proposals of how and when the Project Lead is going to monitor the impact of the wider benefits as set out in the 5 case business model for Yr Egin. Project M & E Plan to be in place before funding is released to the project. Quarterly reporting to the Regional Office by the Project Lead and Local Authority Leads to highlight all changes to outputs, outcomes and milestones.
		<b>Implementation</b>	
	Failure to obtain relevant approvals		All approval processes for the project will be identified and approvals will be applied for with sufficient time to prevent project timeline impacts. The University's existing dedicated team and organisation structure will further mitigate this risk.
	Delays in construction programme		Phase one complete and occupied, with S4C as anchor tenant.  University to work closely with delivery partner for Phase 2 to ensure that any delays in construction programme are mitigated and avoided.
	Skills and capacity issues in terms of project delivery		The core project delivery team has been specifically appointed and retained to ensure that enough skill and capacity is available to deliver the Yr Egin project. The University will appoint third party specialists as required and will ensure that the project procurement process is competitive to encourage regional suppliers to engage.
		<b>Operational</b>	
	Lower than expected demand		The University has already seen a strong uptake with lettable space in Phase 1 and will work extensively to engage with prospective tenants for Phase 2. The University to also continuously review rent and service charge costs to ensure that

										Yr Egin remains highly competitive	
										Failure to provide knowledge transfer and commercial opportunities	The University has extensive experience and expertise in both knowledge transfer and the development of commercial opportunities. The University will adequately resource teams to ensure that both of these aspects are given adequate priority in terms of delivery.
										Failure to meet industry needs	The University has undertaken extensive consultation to ensure that the Yr Egin project will match the requirements of the industry. Key stakeholder management to be undertaken extensively to ensure that the project continues to do so throughout phase 2 and beyond.
		<b>Financial</b>									
										Failure to secure funding package	Ensure credible and robust detailed business plan and financial profile is in place at outset. Written letters confirming all sources of funding to be in place at approval stage
										Rise in construction costs	Construction cost increases have been adequately anticipated through the use of third-party experts and will be integrated throughout the cost estimations for Yr Egin phases one and two. The University will continue to provide adequate contingency for any unexpected increases.
<b>Spend Profile</b>		<b>2017/18 (£m)</b>	<b>2018/19 (£m)</b>	<b>2019/20 (£m)</b>	<b>2020/21 (£m)</b>	<b>2021/22 (£m)</b>	<b>2022/23 (£m)</b>	<b>2023/24 (£m)</b>	<b>TOTAL (£)</b>		
	<b>City Deal</b>	-	-	3.00	2.00	-	-	-	5.00		
	<b>Public</b>	14.87	-	-	0.15	0.35	0.86	3.94	20.17		
	<b>Private</b>	-	-	-	-	-	-	-	-		
	<b>TOTAL</b>	<b>14.87</b>	<b>-</b>	<b>3.00</b>	<b>2.15</b>	<b>0.35</b>	<b>0.86</b>	<b>3.94</b>	<b>25.17</b>		
<b>Dependencies</b>		Planning consents									

## 9.2 SBCD Theme - Internet of Life Science and Well-being

Life Science and Well-being Campuses			
<b>Project Authority Lead</b>	City and County of Swansea		
<b>Project Delivery Lead</b>	Swansea University		
<b>Total Cost</b>	£45,000,000	<b>City Deal</b>	£15,000,000
<b>Description</b>	<p>The Campuses project will further develop the region's thriving life science sector to help prevent ill-health, develop better treatments and improve patient care. Advanced research and development facilities will be created, building on the success of the Institute of Life Science at Swansea University's Medical School.</p> <p>Projects will include a facility at Swansea University's Singleton Campus, as well as a Morriston Campus where research will be undertaken alongside world-leading clinical delivery.</p> <p>The strategy has also been strengthened by the inclusion of sport and sport science as an emerging priority alongside health and well-being.</p>		
<b>Key Milestones</b>	<b>Activity</b>	<b>Date (using calendar year)</b>	
	<b>Business Case Development</b>		
	Review of Outline Business Case	Qtr1 2018	
	Completed options appraisal	Qtr1 2018	
	Draft Full Business Case	Qtr1 2019	
	Partner Review of FBC	Qtr1 2019	
	Strategy strengthened by alignment with regional priorities in sport in addition to health and well-being	Qtr4 2019	
	Project presentation at Programme Board	Qtr2 2020	
	Business case submitted to sponsor local authority, Economic Strategy Board, Programme Board and Joint Committee for approval of the project submission to the UKG/WG	Early Qtr3 2020	
	External review of project	Qtr3 2020	
UKG/WG approval for project	Qtr1 2021		
<b>Risks</b>	<b>Description</b>	<b>Mitigation</b>	
	<b>Development</b>		
	Failure to ensure stakeholder buy-in to project concept	Project to have regular engagement with key stakeholders including Swansea Bay University	

		Heath Board, Swansea University, private sector and SBCD Programme Board and Joint Committee.						
	Delay in Swansea University decision making and internal governance procedures	Reviewed at SU project development board regularly.						
	<b>Implementation</b>							
	Procurement delays	Make use of existing procurement frameworks.						
	Appropriateness of partnering arrangements	Make use of existing procurement frameworks.						
	<b>Operational</b>							
	Project fails to meet City Deal outputs	Project M&E Plan in place at project start. Regular review and monitoring - loHWB leadership.						
	Operation of new facilities - laboratory environments	Integrate with existing operations.						
	Failure to secure commercial tenants	End user discussions taking place.						
	<b>Financial</b>							
	Failure to secure funding package	Ensure credible and robust detailed business plan and financial profile is in place at outset. Written letters confirming all sources of funding to be in place at approval stage						
	Covid-19	Covid-19 risk assessment submitted to regional PMO						
<b>Financial Profile</b>		2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)	Total (£m)
	<b>City Deal</b>	-	2.50	2.50	5.00	5.00	-	<b>15.00</b>
	<b>Public</b>	-	5.00	10.00	5.00	-	-	<b>20.00</b>
	<b>Private</b>	-	2.00	2.00	2.00	2.00	2.00	<b>10.00</b>
	<b>TOTAL</b>	-	<b>9.50</b>	<b>14.50</b>	<b>12.00</b>	<b>7.00</b>	<b>2.00</b>	<b>45.00</b>
<b>Dependencies</b>	Planning Consent							
	Alignment with Digital Infrastructure project							

## Life Science and Well-being Development

<b>Project Authority Lead</b>	Carmarthenshire County Council		
<b>Project Delivery Lead</b>	<p>Carmarthenshire County Council</p> <p>SRO - Chris Moore (Director of Corporate Services and Section 151 Officer at Carmarthenshire County Council)</p> <p>Chair of Project Board - Wendy Walters (Chief Executive at Carmarthenshire County Council)</p> <p>Project Management Office Established June 2016 (Project Manager - Dr Sharon Burford)</p>		
<b>Total Cost</b>	£199,186,972	<b>City Deal</b>	£40,000,000
<b>Description</b>	<p>The Life Science &amp; Well-being development will be located across 86 acres of brownfield land in Llanelli. The project is led by Carmarthenshire County Council with key stakeholders including Hywel Dda University Health Board, further and higher education providers, and a range of local and regional organisations, third sector and local community representatives.</p> <p>The whole development will create a suite of facilities tailored to innovation and integrated working. Through the infrastructure and associated working arrangements, the project will create around 2,000 high-quality jobs and £467 million GVA over 15 years.</p> <p>The development incorporates a number of interrelated facilities. City Deal funding will deliver:</p> <ul style="list-style-type: none"> <li>• A business development centre providing research and pilot manufacturing accommodation along with incubation and acceleration space for business start-ups and business growth within life sciences.</li> <li>• A well-being skills centre providing facilities for education and training including simulation and practice suites.</li> <li>• A clinical delivery centre where the local health board will provide a range of community focussed health services in conjunction with opportunities for education placements within the operational clinical environment. Adjacent to the clinical delivery centre will be facilities for clinical trials and associated research.</li> </ul> <p>The other elements of the development will be funded through a mixture of public and private sourced funding. These will operate in partnership with the City Deal funded elements to create an ecosystem that will ensure that benefits across the site can be maximised. These include:</p> <ul style="list-style-type: none"> <li>• A state-of-the-art sports and leisure and aquatics centre</li> <li>• A range of assisted accommodation, including a nursing home, residential physical rehabilitation, extra care and supported living of mixed size and tenure.</li> <li>• A hotel</li> <li>• Two areas of housing development - one of which will be linked to the wider regeneration plans for the adjacent ward.</li> </ul> <p>To achieve the whole site vision facilities have been designed to enable new ways of working across traditional service boundaries. The pathways created will aim to create a unique operating environment to enable benefits to be maximised and deliver on the Critical Success Factors identified through the business case.</p> <p>Accredited training programmes will be delivered on site by further and higher education providers. Courses will be designed to meet the needs for modernised working practices, improve local retention in key disciplines and contribute to the delivery of a sustainable health</p>		

	<p>workforce. The education partners will together provide training and skills programmes across the education continuum, from work-ready to undergraduate, postgraduate and continuing professional development. To maximise the impact locally a support system will be introduced to encourage the local community access to training and provide whole career guidance for progression through the training pipeline.</p> <p>The development will be linked with local schools including a new special needs school to be constructed to the north of the site with supported employment where appropriate.</p> <p>Outline planning permission has been granted.</p> <p>Design Development for phase 1, which includes the proposed City Deal elements, has progressed to RIBA Stage 3. Detailed designs were submitted to the Authority for review in May 2020. These designs will provide the physical infrastructure to ensure that the joint working objectives can be realised and are the result of a detailed and incremental planning process with the stakeholder tenants.</p> <p>The project is due to proceed to procurement during Q3 2020. Procurement will be through the new South West Wales Contractor Framework. The current design retains a degree of flexibility for tenants to define internal specification, which will be finalised during the next design stage. The schedule is to commence construction on site Q1 2021. In order to meet this commencement date ecology work has just been commissioned as a requirement of the planning permission.</p> <p>The project is one of the first projects in the UK to be awarded full funding (£60,000) by the Department for Business, Energy and Industrial Strategy to undertake a heat network feasibility study. This funding recognises the potential value of the project within the local area and the council's commitment to become a zero-carbon authority by 2030. The study will look at optimising energy use and recovery at the Village and, upon completion, could be used as a demonstrator site/project.</p>	
<b>Milestones</b>	<b>Activity</b>	<b>Date (using calendar year)</b>
	<b>Business Case Development</b>	
	<p>Initial business case submission</p> <ul style="list-style-type: none"> <li>• Business case submitted to Governments for initial review</li> <li>• First review meeting with UK and Welsh Government</li> <li>• Business case resubmitted</li> <li>• Second review meeting with UK and Welsh Government</li> <li>• Business Case sent to Welsh Government – including table of response to previous feedback</li> <li>• BC submitted to ESB – full approval given</li> <li>• Response to comments sent to WG</li> <li>• Joint Committee approved BC</li> <li>• BC formally submitted to WG for approval</li> <li>• BC put on hold</li> </ul>	<p>Qtr1 2018</p> <p>Qtr1 2018</p> <p>Qtr1 2018</p> <p>Qtr2 2018</p> <p>Qtr3 2018</p> <p>Qtr4 2018</p> <p>Qtr4 2018</p> <p>Qtr4 2018</p> <p>Qtr4 2018</p> <p>Qtr4 2018</p>

	Revised business case submitted to Economic Strategy Board and Programme Board	Qtr3 2020
	Revised business case submitted to Joint Committee	Qtr3 2020
	Independent peer review	Qtr3 2020
	UKG/WG approval of the release of Government funding to the project	Qtr4 2020
	<b>Project Development</b>	
	Ground investigation preparatory works on site	Qtr3 2019
	Outline planning consent	Qtr3 2019
	Information memorandum to financial markets to secure institutional funding	Qtr4 2019
	New branding launch for project	Qtr3 2020
	Procurement of principal contractor	Qtr3/4 2020
	Contract award – construction contractor	Qtr4 2020
	Start of main construction works on site	Qtr1 2021
	Wellbeing Skills Centre complete	Qtr4 2022
	Clinical Delivery Centre complete	Qtr4 2022
	Business Development Centre complete	Qtr1 2023
<b>Risks</b>	<b>Description</b>	<b>Mitigation</b>
	Site planning – environmental, ecological, land and other infrastructure planning issues could potentially delay the project.	External consultants were engaged to undertake a range of environmental studies required to evidence a planning application and to detail any remedial action required. Detailed flooding modelling undertaken.  Outline planning granted.  Ecology work underway to commence discharge of planning conditions.
	Partner communication and understanding	A full Communications and Engagement Strategy has been prepared, which prescribes early and frequent public involvement in the development of the project.  Stakeholders engaged in the development of a 'brand' to be launched in Q3 2020.  Engagement will continue in line with both statutory and best practice guidelines.



	Revenue streams				Business planning ongoing with Hywel Dda University Health Board and academic partners to achieve an optimal revenue solution with a projection of revenue savings over the 15-year City Deal programme.					
	Failure to achieve a whole site vision to maximise benefits				<p>The complexity of the aims and the range of partners required to develop this integrated vision brings significant challenges. The Project Board ensures strategic and operational alignment. In addition, partners are engaged across all project work streams. This representation ensures that opportunities for joint working are maximised.</p> <p>A bespoke framework has been developed which is used to manage work and partners' objectives and to provide a structure for benefits realisation and post implementation analysis.</p>					
<b>Financial Profile</b>		<b>2017/18 (£m)</b>	<b>2018/19 (£m)</b>	<b>2019/20 (£m)</b>	<b>2020/21 (£m)</b>	<b>2021/22 (£m)</b>	<b>2022/23 (£m)</b>	<b>2023/24 (£m)</b>	<b>2024/25 (£m)</b>	<b>TOTAL (£m)</b>
	<b>City Deal</b>	0.27	1.13	1.95	4.74	18.95	12.97	-	-	<b>40.00</b>
	<b>Public</b>	-	-	0.74	18.17	18.37	13.72	-	-	<b>51.00</b>
	<b>Private</b>	-	-	-	3.17	19.79	22.69	33.42	29.112	<b>108.19</b>
	<b>TOTAL</b>	<b>0.27</b>	<b>1.13</b>	<b>2.68</b>	<b>26.08</b>	<b>57.11</b>	<b>49.38</b>	<b>33.42</b>	<b>29.11</b>	<b>199.19</b>
<b>Dependencies</b>	<p>Securing City Deal funding</p> <p>Links with Digital project</p>									

### 9.3 SBCD Theme - Internet of Energy

Homes as Power Stations		
<b>Regional Project Authority Lead</b>	Neath Port Talbot County Borough Council	
<b>Project Delivery Lead</b>	Neath Port Talbot County Borough Council	
<b>Total Cost</b>	£505,500,000	<b>City Deal:</b> £15,000,000
<b>Description:</b>	<p>The regional Homes as Power Stations project aims to facilitate the coordinated and quality assured adoption of renewable technologies and innovative design solutions to prove the concept of smart, low carbon, energy efficient homes in both new build and existing housing stock across the region.</p> <p>The project aims to develop a sustainable and skilled regional supply chain in renewable energy in housing. It will offer a regional targeted financial incentives scheme to encourage the adoption of technologies. It will monitor and evaluate developments to create an evidence base to inform future developments and ascertain viability.</p> <p>The projects investment objectives include:</p> <ul style="list-style-type: none"> <li>• Encouraging the adoption of renewable technologies and energy efficiency design in at least 10,300 properties</li> <li>• Increase affordable warmth and reduce fuel poverty</li> <li>• Establish a regional supply chain</li> </ul> <p>Supporting measures to mitigate climate change by reducing carbon emissions</p>	
<b>Milestones</b>	<b>Activity</b>	<b>Date (using calendar year)</b>
	<b>Business Case Development</b>	
	Consultants engaged to assist in development of the 5 case business model	Qtr2 2018
	Initial draft Strategic Case shared with RO	Qtr3 2018
	Initial draft business case shared with UKG/WG	Qtr4 2018
	Policy workshops held with UKG/WG	Qtr2, Qtr 3 2019
	Independent peer review	Qtr1 2020
	Business case submitted to the 4 Councils and approved	Qtr1,2 2020

	Business case submitted to Economic Strategy Board, Programme Board and Joint Committee for Approval of the project submission to the UKG/WG	Qtr1,2 2020
	PAR review	Q2 2020
	UKG/WG approval of the release of Government funding to the project	Qtr3 2020
<b>Project Development</b>		
	Regional Local Authority Steering and Working Group established to coordinate the regional activity at scale and develop business case	Qtr3 2017
	Regional Social Landlord engagement initiated	Qtr4 2017
	Initiated pathfinder/proof of concept development at Neath (Hafod Site)	Qtr4 2017
	Regional Stakeholder Workshops initiated	Qtr1 2018
	Work complete on pathfinder site in Hafod, Neath	Qtr4 2019
	Appoint Project Manager / formalise team	Q3 2020
	Establish formal governance incl. steering group	Q3 2020
	Formalise stakeholder engagement plan	Q3 2020
	Formalise project delivery / implementation plan	Q3 2020
	Establish regional supply chain fund & financial incentives scheme	Q4 2020
	Establish monitoring and evaluation process	Q4 2020
<b>Risks</b>	<b>Description</b>	<b>Mitigation</b>
	<b>Development</b>	
	Land costs and availability	Project to ensure that local authorities provide a land bank.
	Supply chain development	Robust supply chain strategy and on-going industry engagement plan in place.
	Approved design specification	Development and implementation of holistic, flexible, industry approved design standards.
	<b>Operational</b>	
	Supply chain capacity and capability	Robust supply chain strategy and on-going industry engagement plan to be in place Supply chain fund to support development
	Appropriate land availability	Ensure that local authorities provide land bank opportunities
	Not achieving project targets	Ensure effective programme management.
	Insufficient capacity to deliver the programme	Ensure that the right levels of skills and experience are in place. This includes an experienced regional project team and manager, as well as robust stakeholder management/ coordination.
	<b>Financial</b>	
	Failure to secure funding package	Ensure credible and robust detailed business plan and financial profile is in place at outset.

		Ensure policy alignment to secure external funding							
	Significant changes in the funding package, including public and private sector match funding.	Ensure commitment of match funding partners through signed partner funding letters in place at project approval stage. The delivery profile and associated match funding components to be monitored on a regular basis to ensure that it is in line with the agreed financial profile. Ensure policy alignment							
	<b>Implementation</b>								
	Deliverability of HAPS within the City Deal programme timeframe.	Detailed time bound project delivery proposals for HAPS to be set out in the 5 case business model							
	Slippage including delays in procurement / delivering contracts	All work detailed in the programme plan will be subject to a regular, on-going process of performance review. The benefits realisation plan will also be monitored and reviewed on a regular basis.							
	Project management to deliver the agreed activities and results.	Dedicated project management and delivery team to be appointed at the outset of the project to ensure effective implementation of the programme.							
	Complex nature of retrofit	Robust and detailed implementation and delivery plan will be formulated to ensure that an approved and tested retrofit approach is set in place.							
<b>Financial Profile</b>		<b>2018/19 (£m)</b>	<b>2019/20 (£m)</b>	<b>2020/21 (£m)</b>	<b>2021/22 (£m)</b>	<b>2022/23 (£m)</b>	<b>2023/24 (£m)</b>	<b>2024/25 (£m)</b>	<b>TOTAL (£m)</b>
	<b>City Deal</b>	-	-	2.90	4.40	4.40	3.00	0.30	<b>15.00</b>
	<b>Public</b>	-	-	6.43	14.08	22.20	31.40	40.50	<b>114.60</b>
	<b>Private</b>	-	-	23.08	47.68	73.05	102.60	129.50	<b>375.90</b>
	<b>TOTAL</b>	-	-	<b>32.40</b>	<b>66.15</b>	<b>99.65</b>	<b>137.00</b>	<b>170.30</b>	<b>505.50</b>
<b>Dependencies</b>	Viability of renewable technologies Building regulations Policy								

<b>Pembroke Dock Marine</b>			
<b>Project Authority Lead</b>	Pembrokeshire County Council		
<b>Project Delivery Lead</b>	Milford Haven Port Authority		
<b>Total Cost</b>	£60,550,000	<b>City Deal</b>	£28,000,000
<b>Description</b>	Helping considerably boost the region's blue economy, this project will include:		

	<ul style="list-style-type: none"> <li>• The development of a Marine Energy Test Area (META) utilising the deep port of Milford Haven</li> <li>• A Marine Energy Engineering Centre of Excellence (MEECE)</li> <li>• Infrastructure improvements to Pembroke Port</li> <li>• A Pembrokeshire Demonstration Zone (PDZ) for wave energy developers</li> </ul> <p>By creating a cluster of resources, knowledge and capabilities, Pembroke Dock Marine will accelerate technology development, enhancing the sector's success and ensuring continued investment and development in test sites on a regional, Welsh and UK scale.</p>	
<b>Milestones</b>	<b>Activity</b>	<b>Date (using calendar year)</b>
	<b>Business Case Development</b>	
	Initial draft business case shared with UKG / WG	Qtr4 2017
	Revised business case shared with UKG / WG	Qtr3 2018
	Final review of draft version business case by UKG / WG	Qtr2 2019
	Independent peer review	Qtr4 2019
	Business case submitted to the Council	Qtr4 2019
	Business case submitted to Economic Strategy Board, Programme Board and Joint Committee for approval of the project submission to the UKG/WG	Qtr4 2019
	UKG/WG approval of the release of Government funding to the project	Qtr2 2020
	<b>Project development</b>	
	<b>Pembroke Dock infrastructure</b>	
	Planning permission, CPO and consents	Qtr1 2019
	Construction phase area 1 (Hangar annexes)	Qtr2 2019 to Qtr4 2020
	Construction phase area 2 (Amenity and pocket park)	Qtr2 2019 to Qtr4 2020
	Construction phase areas 3, 4 and 5 (Slipway and berthing)	Qtr2 2019 to Qtr2 2023
	Construction phase areas 6, 7, 8 and 9 (land prep at south of site and pickling pond)	Qtr3 2020 to Qtr4 2021
Construction phase area 10 (Graving dock)	Qtr1 2022 to Qtr4 2023	
Construction phase areas 11, 12 and 13 (levelling, transportation corridor and light fab shed construction)	Qtr3 2023 to Qtr4 2024	

	Operation to fullest extent	Qtr1 2025 onwards
	<b>Marine Energy Test Area (META)</b>	
	Site identification	Qtr1 2018
	Site management	Qtr1 2018 to Qtr4 2022
	Consenting and leasing	Qtr2 2019
	Official opening of phase one	Qtr3 2019
	Legacy operation	Qtr1 2023 onwards
	<b>Pembrokeshire Demonstration Zone (PDZ)</b>	
	Project preparation and procurement	Qtr1 2020
	Consenting, EIA and surveys	Qtr1 2020 to Qtr2 2023
	Grid connection preparations	Qtr4 2020
	FEED and site investigations	Qtr1 2020 to Qtr3 2023
	Site resource data	Qtr1 2020 Qtr3 2023
	Seabed lease	Qtr4 2019 to Qtr3 2023
	Delivery strategy	Qtr4 2019 to Qtr3 2023
	Project management	Qtr3 2019 to Qtr1 2024
	Phase 3 commencement (Enabled by SBCD)	Qtr2 2024
	<b>Marine Energy Engineering Centre of Excellence (MEECE)</b>	
	Mobilisation	Qtr3 2018 to Qtr1 2019
	Delivery	Qtr2 2019 to Qtr4 2024
	Legacy operation	Qtr1 2025 onwards
<b>Risks</b>	<b>Description</b>	<b>Mitigation</b>
	<b>Development &amp; Delivery</b>	

One or more of the 4 PDM project partners withdraws from the project	Memorandum of Understanding/SLA to be signed by each of the 4 project partners and to be in place at the outset of the PDM project. This document to be approved by the Project Authority Lead. Funding approval letter in place between Project Lead and Project Authority Lead.
<b>Development</b>	
Environmental/ecological/archaeological constraints	Project to appoint specialist planning consultant to work with relevant planning/consenting agencies and ensure any findings and necessary mitigating measures are incorporated into outline planning application report
<b>Implementation</b>	
Deliverability of PDM within the City Deal programme timeframe.	Detailed time bound project delivery proposals for 4 elements of PDM to be set out in the 5 case business model.
Delay/failure to secure required consents	Early engagement with consenting authorities and key stakeholders. Project to appoint specialist consultants where appropriate. Ensure key consent milestones and interdependencies are included in project schedule and monitored closely. Project to carry out comprehensive surveys, where appropriate, and include findings and necessary mitigating measures in consent applications
Failure to ensure stakeholder buy-in to project concept	Project engaging with local community through public exhibitions and liaison groups, for example, to ensure that stakeholders are fully informed of impacts and there is opportunity for concerns to be addressed where possible.
<b>Operational</b>	
Failure to attract developers/end users	Project partners to undertake market research to assess need and identify end user requirements.
<b>Financial</b>	
Failure to secure funding package	Ensure credible and robust detailed business plan and financial profile is in place at outset. Written letters confirming all sources of funding to be in place at approval stage
Increase in design and construction costs	Ensure detailed costs in place for the all 4 elements of this project. Prepare tender in line with agreed budgets. Ensure project manager is in place from outset. Allow for a suitable contingency in the financial profile.

Financial Profile		2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)	TOTAL (£m)
	<b>City Deal</b>	-	2.16	3.59	5.37	9.78	7.10	-	<b>28.00</b>
	<b>Public</b>	1.31	2.95	5.13	4.52	3.64	0.30	-	<b>17.85</b>
	<b>Private</b>	0.80	0.44	1.94	3.58	6.37	1.58	-	<b>14.70</b>
	<b>TOTAL</b>	<b>2.10</b>	<b>5.55</b>	<b>10.66</b>	<b>13.47</b>	<b>19.79</b>	<b>8.98</b>	<b>-</b>	<b>60.55</b>
<b>Constraints</b>	State Aid rules								
<b>Dependencies</b>	<p>There are 4 elements to this project, each led by a different organisation.</p> <p>ERDF funding for PDI, MEECE, &amp; PDZ.</p> <p>Planning Consents</p>								

Supporting Innovation and Low Carbon Growth			
<b>Project Authority Lead</b>	Neath Port Talbot County Borough Council		
<b>Project Delivery Lead</b>	Neath Port Talbot County Borough Council		
<b>Total Cost</b>	£61,510,000	<b>City Deal</b>	£47.7 million
<b>Description</b>	<p>The Supporting Innovation and Low Carbon Growth project has been developed to deliver a coordinated portfolio of projects to create the right environment for innovation, new technologies and a decarbonised local and region economy leading to sustainable growth and job creation in the region with a targeted focus on the Port Talbot Harbourside area.</p> <p>The programme is focused on four interlinked projects as detailed below:</p> <p><b>Swansea Bay Technology Centre</b> Developed in response to demand for high quality, flexible business / lab premises. it will be constructed as an energy positive building on Baglan Energy Park providing flexible office / lab space for start-up companies and indigenous businesses, with a focus on the innovation, ICT and R&amp;D sectors.</p> <p><b>National Steel Innovation Centre</b> This project has been developed in partnership with Swansea University and the steel and metals industry to support the steel and metals industry, and potentially wider industrial processes – with the aim of reducing the carbon footprint of industrial processes.</p> <p><b>Decarbonisation</b> This theme has been developed in response to climate change issues and is aligned to deliver decarbonisation agenda. It comprises a hydrogen stimulus programme, air quality monitoring programme, and electric vehicle charging infrastructure route map</p> <p><b>Industrial Futures</b></p>		



	This theme aims to address the gap between demand and supply for business and industrial sites and premises and includes a number of core projects including advanced manufacturing production facility, RD&I facility, and a Property Development Fund – to gap fund private sector development of business premises in the Port Talbot Waterfront / Enterprise Zone area.	
<b>Key Milestones</b>	<b>Activity</b>	<b>Date (using calendar year)</b>
	<b>Business Case Development</b>	
	Business case approved by NPT council cabinet	Qtr3 2019
	UKG and WG policy sessions	Q3/4 2019
	Independent peer review	Qtr4 2019
	Business case submitted to Economic Strategy Board, Programme Board and Joint Committee for approval of the project submission to the UKG/WG	Qtr4 2019 Qtr1 2020
	Business case submitted to UKG and WG	Qtr1 2020
	UKG/WG approval of the release of Government funding to the project	Qtr3 2020
	<b>Project Development</b>	
	Appoint project manager / formalise team	Qtr 3 2020
	Formalise governance arrangements	Qtr3 2020
	Formalise stakeholder engagement plan	Qtr3 2020
	Confirm the project delivery / implementation plan	Q3 2020
	<b>Swansea Bay Technology Centre</b>	
	Two-stage design and build contract award	Qtr3 2019
	Pre-Application Consultation (PAC)	Qtr2 2020
	Technical design	Qtr2 2020
	Full planning consent	Qtr2/3 2020
	Construction start	Qtr3 2020
	Construction complete	Qtr1 2022
	<b>National Steel Innovation Centre</b>	
	Site confirmation	Qtr4 2019
	Confirm revised scope	Qtr2/3 2020
	Tender period two stage-procurement (Design and build)	Qtr3 2020
	Pre-Application Consultation (PAC)	Qtr3 2020
	Full planning consent	Qtr4 2021

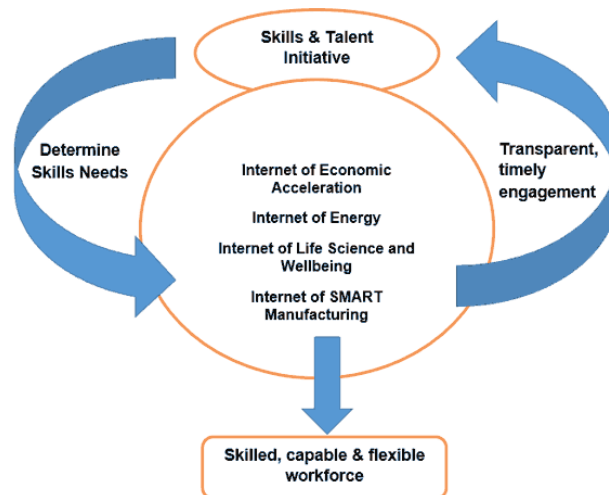
	Start construction	Qtr2 2021					
	Construction complete	Qtr3 2022					
	<b>Decarbonisation</b>						
	Purchase and install air quality monitors	Qtr4 2019					
	Monitor air quality via data analytics	Qtr3 2020					
	Start work with key partners on evidence-based electric vehicle charging strategy	Qtr3 2020					
	Mobilisation of electric link between Swansea Bay Technology Centre and Hydrogen Centre	Qtr4 2021					
	Development of commercial strategy	Qtr1 2022					
	<b>Industrial futures</b>						
	Start of two-stage design and procurement process for production facility	Qtr4 2020					
	Start of two-stage design and procurement process for R&D innovation and growth facility	Qtr4 2020					
	Opening of three-year Property Development Fund scheme	Qtr4 2020					
	Completion of production facility construction	Qtr1 2022					
	Completion of R&D innovation and growth facility construction	Qtr1 2022					
<b>Risks</b>	<b>Description</b>	<b>Mitigation</b>					
	<b>Development</b>						
	Delay in planning conditions / consent	Early engagement with stakeholders and consent authorities to raise any issues early on.					
	Delay in procurement of contractors	Utilise existing procurement frameworks. Early engagement with contractors to identify issues which may cause delay and require specialist input. Monitor and review progress of contractor throughout procurement process.					
	<b>Operational</b>						
	New centres do not suit end-user needs	Regular design meetings involving end-users at initial design and fit-out stage. Early identification of supply chain.					
	<b>Financial</b>						
	Failure to secure funding package	Ensure credible and robust detailed business plan and financial profile is in place at outset. Written letters confirming all sources of funding to be in place at approval stage. Ensure policy alignment					
	<b>2019/20 (£m)</b>						
<b>Financial Profile</b>	<b>City Deal</b>	-	<b>2020/21 (£m)</b>	<b>2021/22 (£m)</b>	<b>2022/23 (£m)</b>	<b>2023/24 (£m)</b>	<b>TOTAL (£m)</b>
	<b>Public</b>	0.25	11.60	25.10	9.75	1.25	<b>47.70</b>
	<b>Private</b>	-	3.80	1.55	1.05	1.05	<b>7.70</b>

	<b>TOTAL</b>	<b>0.25</b>	1.53	1.53	1.53	1.53	<b>6.11</b>
	Planning consents		<b>16.93</b>	<b>28.18</b>	<b>12.33</b>	<b>3.83</b>	<b>61.51</b>
<b>Dependencies</b>	Planning consents						

## 10.0 Interdependencies & Project Synergies

### 10.1 Interdependencies

#### Interdependence 1 - The SBCD Skills and Talent Initiative Project & *The Internet Coast*



The aim of the City Deal proposal is to create an uplift in GVA, helping close the ever-increasing gap between regional and national averages. In order to achieve this, the development of a workforce that is capable, responsive and skilled is key. The portfolio of City Deal projects share this commonality in objective and each will create opportunities for the region's current and future workforce.

The Skills and Talent Initiative will be instrumental in determining the skills needs of the other projects and, in turn, will support regional education providers to deliver the skills solutions required. It is anticipated that skills will broadly be required in, but not limited to, the areas of ICT and digital, health, manufacturing and engineering, aligning closely to the four themes of the SBCD programme. There will be opportunities for the transferability of skills between projects and therefore across the region, creating a thriving talent base.

Undeniably, underpinning each of the projects, therefore, is skills and talent, a theme that runs strongly throughout and which will determine the overall success of the City Deal Programme. The right people with the right skills, available in the region at the right time, is the most important consideration and challenge for the City Deal. Without a strong, capable and flexible workforce the SBCD would struggle to deliver programme outcomes and therefore not have the transformational effect it aims to achieve.

A further key determinant of success is the preparedness and capability of future generations to capitalise on the opportunities presented by the proposal. The Skills & Talent Initiative recognises the importance of younger generations being well-informed. This will help create a sustainable pipeline of talent which is ready and able to both support and further develop the future economy of the Swansea Bay City Region.

It is therefore the intention of the Skills & Talent Initiative to foster the themes of entrepreneurship and digital innovation, given their strategic importance to the Swansea Bay City Deal Programme, and to work with key stakeholders to align provision to these key themes. As such, these two areas will be focussed on in schools and, increasingly so, in further and higher education institutions.

In addition, there is opportunity for synergy in terms of skills between the four themes at a more specific level. Energy, Life Science & Well-being and Smart Manufacturing are of critical strategic importance in their own right, but through the City Deal they are interconnected and mutually supportive.

The 21<sup>st</sup> Century is a multidisciplinary age which transcends sectors, with the majority of innovative solutions to the most pressing challenges residing in the collision of disciplines. The further and higher education institutions operating within the region already have an exemplary offer of provision within these areas. Aligning their offer more closely to the specific needs of the City Deal and identifying where there are opportunities for multi-disciplinary teaching will create skilled individuals with the transferable skills needed to work across the region.

### **Interdependence 2 - The Internet of Economic Acceleration and its Constituent Projects**

The proposal and its constituent projects are built on a solid foundation characterised by an advanced digital infrastructure. A lack of an effective and reliable next generation digital infrastructure will hinder the development and exploitation of new technologies and capabilities which could negatively impact the success of key projects. The level of interdependency varies across the projects, with some relying on digital elements more than others.

Primarily, the successful implementation of the Digital Infrastructure project will allow for the establishment of 5G testbeds that will enable innovation and entrepreneurship. These are themes that are especially crucial for Yr Egin, the Swansea City and Waterfront Digital District and the Industrial Futures element of the Supporting Innovation and Low Carbon Growth programme. A lack of these testbeds would create significant barriers to the attraction and retention of talent, businesses, key industry leaders and inward investment to the area which are crucial to the success of those projects.

### **Interdependence 3 - The Internet of Economic Acceleration and the Internet of Energy**

An innovative digital infrastructure is particularly pertinent for the Homes as Power Stations project. Imperative to the proposal is the utilisation of the internet to create innovative and sustainable energy generation. Combined with storage and efficiency, this will be supported by the use of smart metering. The effective use of smart metering is integral to the proposal as it will allow users to manage their own energy usage, while also assisting in the measurement of the efficiencies achieved.

Advanced, innovative digital infrastructure will also accelerate the delivery and evaluation of marine energy solutions forming part of the Pembroke Dock Marine project, while also assisting the decarbonisation elements of Neath Port Talbot's Supporting Innovation and Low Carbon Growth programme, which includes real-time air quality modelling and monitoring as well as enhanced charging infrastructure for electric vehicles.

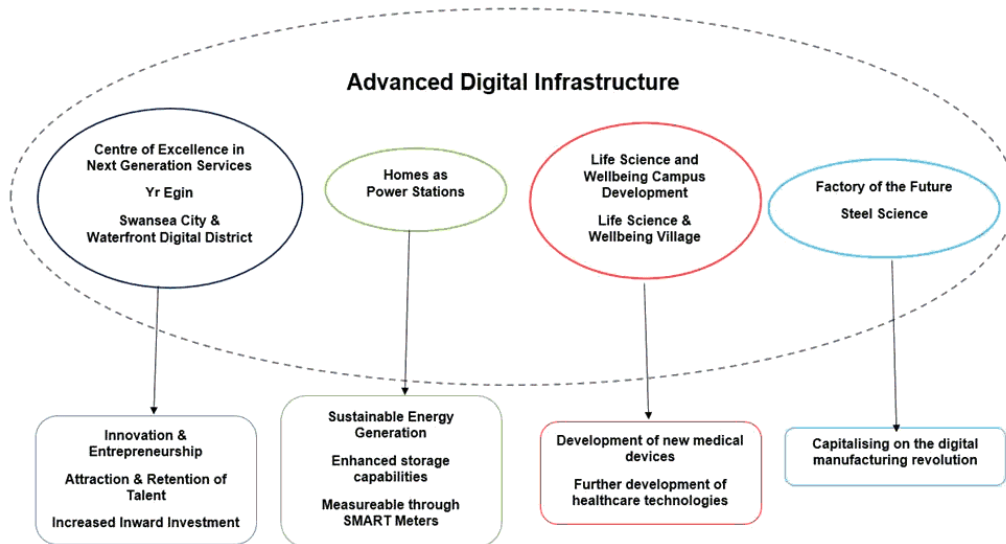
### **Interdependence 4 - The Internet of Economic Acceleration and the Internet of Life Science and Well-being**

The developments proposed by both the Life Science and Wellbeing Campus and Village projects are heavily reliant on an innovative digital infrastructure. A lack of this infrastructure would impact on the development of new medical devices and healthcare technologies forming part of these projects.

### **Interdependence 5 - The Internet of Economic Acceleration and Smart Manufacturing**

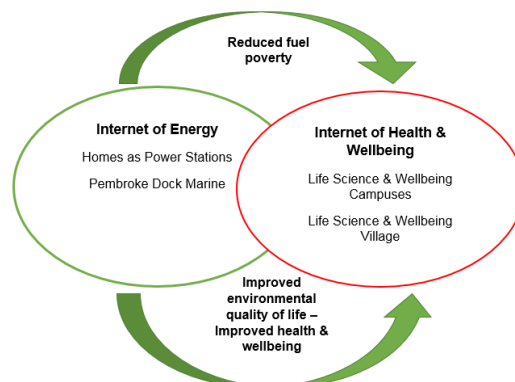
Manufacturing elements of the Supporting Innovation and Low Carbon Growth programme, including the Steel Science project, are reliant on the use of next generation technologies.

These technologies – which will further advance and emerge in coming years - include cyber-physical systems, the internet of things, cloud computing and cognitive computing. These are all elements that require a strong digital infrastructure to capitalise on continual advancements in digital manufacturing.



## 10.2 Synergies

### Synergy 1 - Energy and Life Science & Wellbeing



The economic well-being of Wales has been historically reliant on the strength of heavy industry and traditional manufacturing.

But with the gradual decline of these industries in recent decades, far greater emphasis is now placed on fostering economic growth, development and social inclusion, while ensuring natural assets continue to provide resources on which our well-being relies.

This further emphasises the importance of the green economy as a key component within the City Deal portfolio, with the investment programme's four themes closely aligning to well-being, the environment, manufacturing and economic growth.

The environmental and resource productivity of the economy is strongly linked to Homes as Power Stations, Pembroke Dock Marine and the decarbonisation elements of the Supporting Innovation and Low Carbon Growth programme, with all aiming to produce and promote sustainable energy.

The production of green energy has a positive impact on the environment as it generates little if any of the water and air pollution associated with traditional fossil fuels which costs public health services an estimated \$74.6 billion a year, according to a Harvard University study.

This shows how green energy can directly affect the health and well-being of individuals living and working in the region by reducing the risk of cardiovascular and respiratory diseases associated with traditional energy production. This direct link creates synergy with the Life Science and Well-being Campus and Life Science and Well-being Village projects.

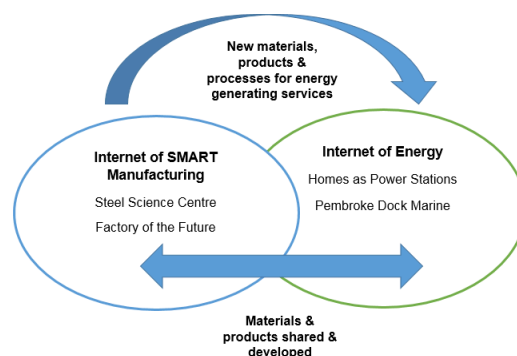
The Homes as Power Stations project will also help tackle fuel poverty, which has an impact on health and well-being. Research forming part of the project will create an evidence base in support of disruptive innovation to meet this objective.

Synergies between energy and life science & well-being can also be evidenced by the Supporting Innovation and Low Carbon Growth programme in Neath Port Talbot.

The programme's focus on decarbonisation and improving air quality will lead to environmental benefits in Neath Port Talbot and beyond that will boost the health and well-being of contemporary residents and generations to come.

Also forming part of the programme is a drive to encourage greater uptake of electric vehicles, which will lead to environmental benefits throughout the region and elsewhere. This will place South West Wales at the heart of global innovation as an example of best practice for embracing this kind of technology as a conduit to environmental improvements.

## Synergy 2 - Energy and Smart Manufacturing

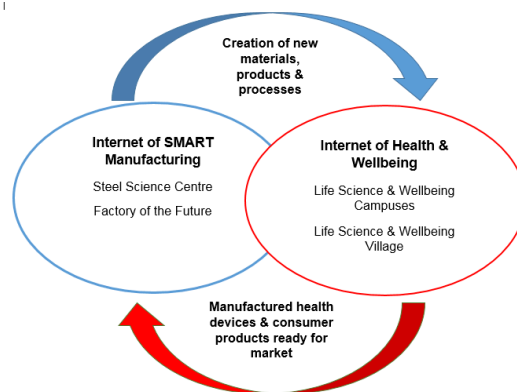


The Steel Science project will be in a prime position to have a significant impact on the Green Growth agenda. As well as developing and implementing ultra-low carbon steel making technologies, the new materials, products and processes created at the Centre will provide the opportunity to radically rethink the built environment for energy generating services. This will improve the regional natural asset base, helping promote the implementation of good environmental management in primary industries. This substantiates its synergy to Homes as Power Stations and Pembroke Dock Marine where materials and products may be shared and developed.

Furthermore, the Pembroke Dock Marine programme builds on momentum already under way regionally, in developing innovative marine energy solutions. This technology will require a local manufacturing base which builds upon the heavy engineering and steel generating capability of the region. Additionally, Homes as Power Stations provides the opportunity to expand existing pilot activities across the UK steel sector. This extends from smart coatings on steel substrates through to innovative storage and control.

As part of Neath Port Talbot’s Supporting Innovation and Low Carbon Growth programme, excess energy from solar and other renewable technologies at the Swansea Bay Technology Centre will be converted into hydrogen at the nearby Hydrogen Centre to fuel hydrogen vehicles.

### Synergy 3 - SMART Manufacturing and Life Science & Well-Being



The connections between manufacturing and life science and well-being are long-established but the introduction of smart life science and smart manufacturing have placed more importance on this relationship in recent years. The Life Science and Well-being Campus, the Life Science and Well-being Village and the Steel Science projects are those which illustrate the greatest alignment.

The region already has examples of Life Science and Well-being innovation created locally, manufactured locally and exported from the region to global markets. Examples include therapeutic devices, diagnostic devices and consumer products.

The Steel Science Centre will create new materials, products and processes, many of which will have applications in life science & well-being. This will provide the opportunity to shape the development of intelligent sterile environments, supporting disruptive technologies for telehealth like smart wearables and intelligent dressings.



The demand for next generation healthcare and smarter ways of manufacturing highlights the parallels between the two. They are both areas in transformation where new opportunities in IT to meet demands are creating more opportunities for closer working.

# Agenda Item 10



Swansea Bay City Region Joint Committee – 9 July 2020

## Joint Committee Revised Budget 2020/2021

<b>Purpose:</b>	To inform Joint Committee of a revised budget in respect of the administration and support functions for the Swansea Bay City Deal programme.
<b>Policy Framework:</b>	Swansea Bay City Deal (SBCD)
<b>Consultation:</b>	Programme Board
<b>Recommendation(s):</b>	It is recommended that Joint Committee:  1) Considers and agrees the revised budget in respect of the administration required to support and deliver the Swansea Bay City Deal.
<b>Report Author:</b>	Chris Moore, Section 151 Officer, SBCD
<b>Finance Officer:</b>	Chris Moore, Section 151 Officer, SBCD
<b>Legal Officer:</b>	Tracey Meredith, Monitoring Officer, SBCD

### 1. Introduction

1.1 Joint Committee has previously agreed and set a five-year operational budget which has been revised on a continual basis as the City Deal has developed over the last two years. Joint Committee received and agreed the last budget proposed on 30<sup>th</sup> July 2019. Programme Board received a further updated budget on 14<sup>th</sup> January 2020, but due to the Covid-19 crisis and the cancellation of the Joint Committee meeting in March, this was unable to be presented.

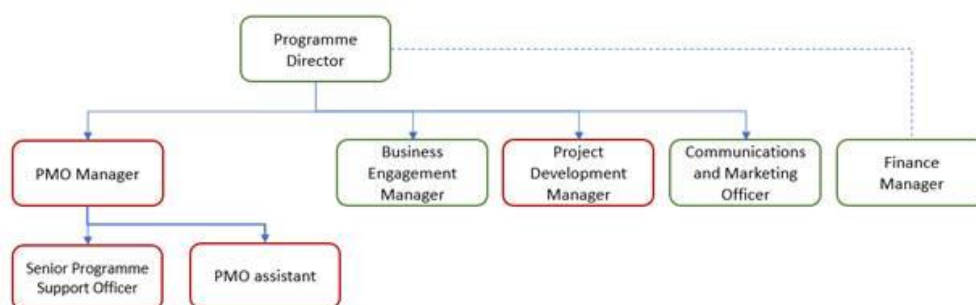
1.2 This report brings the Joint Committee budget up to date, taking into account changes that have been agreed in respect of the PMO staffing establishment and proposals in respect of the benefit in kind that was submitted and agreed by Programme Board in January.

1.3 The current income profile to resource this function is also detailed.

## 2. Revised Programme Management Office

The agreed budget in relation to the Programme Management Office, Joint Committee, Joint Scrutiny Committee, Legal and Monitoring Officer, Accountable Body and Internal Audit as per Joint Committee is set at £1.123m for the year ending 31st March 2021. On the appointment of the Programme Director, a PMO is being established, with the budget based on the below staffing establishment:

### Programme Management Office Structure (Based on Option B2 of the PMO Structure report – Joint Committee 11<sup>th</sup> June 2020)



Joint Committee agreed the following in respect of the PMO staffing structure (as per 11<sup>th</sup> June 2020):

- 1) Option B2 as set out in Appendix A of the PMO Structure Report be approved as the Programme Management Office (PMO) Structure to enable recruitment to the PMO
- 2) The Programme Management Office structure be reviewed within 12 months.

This agreed structure will retain existing roles and recruit four new 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.

The revised PMO budget (including non-staffing expenditure) demonstrates £581,204.

The Finance Manager, who is currently in post, will be directly responsible to the Programme Section 151 Officer. No provision has been included for additional financial support that was originally planned and agreed. This will be considered further when the structure is reviewed within the 12-month period (as agreed above).

## 3. Income Arrangements

There is an agreement to top slice 1.5% of the Government grant funding to support the administration of the City Deal (Agreed at Joint Committee 31st August 2019). This central funding is complemented with contributions of £50k from each of the key City Deal partners.

The current set budget is affordable within allocated budget subject to ongoing partner contributions and the front loading of the top slice of Government grant over a five-year period by constituent Authorities.

Consideration needs to be given to partner contributions from 2023/24 onwards. 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.

The current income allocation is detailed below:

### Current Income and Expenditure Summary

Description	2017/18	2018/19	2019/20	Total
Balance B/F from previous year	0	(113,547)	(99,871)	-
Total Expenditure	238,821	471,308	271,507	981,636
<b>INCOME</b>				
Welsh Government Grant	(2,368)	(57,632)	(11,840)	(71,840)
Top Slice Government Grant	0	0	0	0
Partner Contributions	(350,000)	(400,000)	(400,000)	(1,150,000)
<b>Balance C/F</b>	<b>(113,547)</b>	<b>(99,871)</b>	<b>(240,204)</b>	<b>(240,204)</b>

\*Original budget assumes £723k income (1.5% top slice of grant), however this has not been allocated as yet, and will be utilised within the forthcoming five years.

### Partner Contribution

Partner*	£
Local Authorities	200,000
Universities**	100,000
Local Health Boards**	100,000
<b>Total</b>	<b>400,000</b>

\*Partner contributions set at £50k per organisation for a five-year period to 2022/23.

### Budget Basis and Assumptions

- The budget proposed is currently for a five-year period from 2020/21.
- Partner contributions have been included as per the commitment outlined in the JCA up to and including financial year 2022/23.
- Budget underspends will be transferred to a ring-fenced reserve for utilisation in future years.
- Salary costs have been based on the agreed PMO staffing structure (Joint Committee - 11<sup>th</sup> June 2020) represented at the top of grade, with an inflation rate of 2.75% going forward. The staffing budget is still subject to change as the new roles are subject to Carmarthenshire's Job Evaluation process.
- The 2020/21 staffing budget has reflected the commencement of the four new agreed posts as at 1<sup>st</sup> August 2020.

- Redundancy costs have been difficult to budget for at this point in time. An estimate has been provided for over the five-year period, with a review of this needed upon full recruitment of the PMO. Surpluses on operational activities could potentially be utilised to support any increases to the current estimation.
- Inflationary rates have been included based on the below assumptions:

<u>Description</u>	<u>Inflationary Rates</u>
Salary	<b>2.75%</b>
Training	<b>2.00%</b>
Premises	<b>3.00%</b>
Transport	<b>2.00%</b>
Supplies and Services	<b>2.00%</b>
Support Services	<b>2.00%</b>

- Costs in respect of the Administration functions have been provided by the Local Authority responsible for providing each function.

#### **4. Benefit in Kind**


##### **Detail of Benefit in Kind**

Within the submission of the previous interim annual budget (Joint Committee – 30<sup>th</sup> July 2019), estimated indirect costs in respect of the administration functions employed by the City Deal were removed under the agreement by the four Local Authority partners. It was accepted that these estimated costs would be absorbed by Authorities on the basis of the function they were responsible for providing.

Details of these functions per Local Authority are demonstrated below, which demonstrate a significant imbalance between Authorities.

On review of the budget by Officers, the Chair of the Joint Committee and Joint Scrutiny Committee (28<sup>th</sup> October 2019), it was highlighted that there is significant inequity in the disbursement between Authorities in respect of these estimated costs for the provision of key support functions. Subsequently a report was presented to Programme Board to consider the inclusion of these costs within the overall budget, with this being a fairer and more appropriate way of accounting for these costs. This was agreed by Programme Board, and this revised budget now includes the appropriate figures.

## Breakdown of Benefit in Kind Costs

		Benefit in Kind Costs				
		5 Year Operational Budget				
Programme Year	Year 3	Year 4	Year 5	Year 6	Year 7	
Operational Year	Year 1	Year 2	Year 3	Year 4	Year 5	
Description	2020/21	2020/22	2022/23	2023/24	2024/25	
<b>Carmarthenshire County Council</b>						
<b><u>Accountable Body</u></b>						
Section 151 Officer	54,244	55,329	56,436	57,564	58,716	
<b>Carmarthenshire County Council Total</b>	<b>54,244</b>	<b>55,329</b>	<b>56,436</b>	<b>57,564</b>	<b>58,716</b>	
<b>City and County of Swansea</b>						
<b><u>Legal and Governance</u></b>						
Monitoring Officer	34,705	35,659	36,640	37,648	38,683	
<b>Legal and Governance Total</b>	<b>34,705</b>	<b>35,659</b>	<b>36,640</b>	<b>37,648</b>	<b>38,683</b>	
<b><u>Joint Committee</u></b>						
Room Hire	1,800	1,854	1,910	1,967	2,026	
Subsistence & Meeting Expenses	3,360	3,427	3,496	3,566	3,637	
Democratic, Scrutiny and Legal Support Costs	25,200	25,893	26,605	27,337	28,088	
<b>Joint Committee Total</b>	<b>30,360</b>	<b>31,174</b>	<b>32,010</b>	<b>32,869</b>	<b>33,751</b>	
<b>City and County of Swansea Total</b>	<b>65,065</b>	<b>66,834</b>	<b>68,650</b>	<b>70,517</b>	<b>72,434</b>	
<b>Neath Port Talbot County Borough Council</b>						
<b><u>Joint Scrutiny Committee</u></b>						
Subsistence & Meeting Expenses	6,740	6,875	7,012	7,153	7,296	
Travel	1,200	1,224	1,248	1,273	1,299	
Democratic, Scrutiny and Legal Support Costs	20,105	20,658	21,226	21,810	22,409	
<b>Joint Scrutiny Committee Total</b>	<b>28,045</b>	<b>28,757</b>	<b>29,487</b>	<b>30,236</b>	<b>31,004</b>	
<b>Pembrokeshire County Council</b>						
<b><u>Internal Audit</u></b>						
Audit Support	20,000	20,550	21,115	21,696	22,292	
<b>Internal Audit Total</b>	<b>20,000</b>	<b>20,550</b>	<b>21,115</b>	<b>21,696</b>	<b>22,292</b>	
<b>Total Expenditure</b>	<b>167,354</b>	<b>171,469</b>	<b>175,688</b>	<b>180,013</b>	<b>184,446</b>	

The proposed revised budget has incorporated these costs from the financial year 2020/21 forward, funded by the Programme's central budget. This re-introduction of costs to the City Deal budget removes the requirement of each Local Authority to financially support their area of service provision.

### 4.1 Financial Support Service

This allocation is in relation to the proportion of time charges in respect of the service provision of the Accountable Body function - specifically the Director of Corporate Services and Section 151 Officer (SBCE) and support officers. Costs (provided by Carmarthenshire County Council) are based on the requirement to attend Joint Committee and Programme Board meetings, and Joint Scrutiny Committee when required.

### 4.2 Audit Support Function

This charge is in respect of the Internal Audit function provided to the City Deal by Pembrokeshire County Council.

### 4.3 Legal and Democratic Support

This cost (provided by the City and County of Swansea) is broken down into two main areas:

#### Democratic – Joint Committee

This cost is based on 12 meetings per annum and the costs of hosting and preparing for these.

## Monitoring Officer

This allocation is in relation to the proportion of time charges in respect of the service provision of the Monitoring Officer function - specifically the Head of Legal Services and SBCD Monitoring Officer, and support officers. Costs are based on the requirement to attend Joint Committee and Programme Board meetings, and Joint Scrutiny Committee when required.

### **4.4 Joint Scrutiny Committee**

This cost (provided by Neath Port Talbot County Borough Council) is based on 6 meetings per annum and the costs of hosting and preparing for these.

## **5. Financial Implications**

The total operational budget for 2020/21 is £818k, raising to £1,062m in financial year 2021/22. Funding will be provided through partner contributions and the 1.5% top slice of Government grant.

Funding through the top slice of City Deal grant award is reliant upon the full package of the City Deal funding being achieved over the full fifteen-year period. The five-year operational budget is resourced utilising 1.5% of the City Deal grant award of the total grant award of £241m.

The Joint Committee budget is supported subject to the front loading of Government grant by Authorities over five years, due to the award of grant funding over a period of fifteen years.

Inherent financial implications exist with the translation of the top slice element of the City Deal Government grant from a capital grant award to supporting the revenue expenditure of the operational activities of the Joint Committee.

Surpluses that accrue in any year will be contained within the SBCD reserve account and will be utilised for future expenditure. The current five-year operational period of the Joint Committee, based on current estimates, is anticipated to operate within the current agreed funding profile for the full five-year period. This is based on the current staffing structure and will inevitably change as further projects obtain approval. Care needs to be taken to manage the budget within the over resource envelope and the budget should therefore not be fully committed until there is more surety over the income flows and the expenditure. The current forecasted rolling balance will help protect against over and underspends within the early years until the costs and income stabilise.

The first operational year budget (2020/21) has been adjusted to reflect the agreed staffing expenditure profiled to realistic recruitment expectations.

The budget will be reviewed later in the financial year and revised as appropriate for the next financial year and future years.

## 6. Legal Implications

There are no legal implications associated with this report.

**Background Papers:** None

**Appendices:** Appendix A (Joint Committee Revised Budget 2020/21 – Five Year Operational Budget)

Appendix A

		Joint Committee - Revised Budget					Total
		Five Year Operational Budget					
Programme Year	Year 3	Year 4	Year 5	Year 6	Year 7		
Operational Year	Year 1	Year 2	Year 3	Year 4	Year 5		
Description	2020/21	2020/22	2022/23	2023/24	2024/25		
<b>Expenditure</b>							
<b><u>Programme Management Office</u></b>							
Salary (Inc. On-costs)	354,596	536,759	552,056	566,952	582,258	2,592,620	
Training of Staff	25,500	26,010	26,530	27,061	27,602	132,703	
Rents (The Beacon)	15,336	15,796	16,270	16,758	17,261	81,421	
Rates (The Beacon)	6,772	6,975	7,184	7,400	7,622	35,953	
Public Transport - Staff	2,000	2,040	2,081	2,122	2,165	10,408	
Staff Travelling Expenses	16,000	16,320	16,646	16,979	17,319	83,265	
Admin, Office & Operational Consumables	2,500	2,550	2,601	2,653	2,706	13,010	
Furniture	12,000	1,000	1,000	1,000	1,000	16,000	
Fees	25,000	25,500	26,010	26,530	27,061	130,101	
ICTs & Computer Hardware	10,000	2,500	2,500	2,500	2,500	20,000	
Subsistence & Meetings Expenses	8,000	8,160	8,323	8,490	8,659	41,632	
Conferences, Marketing & Advertising	75,000	76,500	78,030	79,591	81,182	390,303	
Projects & Activities Expenditure	14,000	14,280	14,566	14,857	15,154	72,857	
Translation/Interpret Services	10,000	10,200	10,404	10,612	10,824	52,040	
Printing & Copying	4,500	4,590	4,682	4,775	4,871	23,418	
<b>Programme Management Office Total</b>	<b>581,204</b>	<b>749,180</b>	<b>768,883</b>	<b>788,280</b>	<b>808,185</b>	<b>3,695,732</b>	
<b><u>Accountable Body</u></b>							
Wales Audit Office Financial Audit	25,000	25,000	25,000	25,000	25,000	125,000	
Section 151 Officer	54,244	55,329	56,436	57,564	58,716	282,288	
<b>Accountable Body Total</b>	<b>79,244</b>	<b>80,329</b>	<b>81,436</b>	<b>82,564</b>	<b>83,716</b>	<b>407,288</b>	
<b><u>Legal and Governance</u></b>							
Monitoring Officer	34,705	35,659	36,640	37,648	38,683	183,335	
Legal Advisory Fees	25,000	25,000	25,000	25,000	25,000	125,000	
<b>Legal and Governance Total</b>	<b>59,705</b>	<b>60,659</b>	<b>61,640</b>	<b>62,648</b>	<b>63,683</b>	<b>308,335</b>	
<b><u>Joint Committee</u></b>							
Room Hire	1,800	1,854	1,910	1,967	2,026	9,556	
Subsistence & Meeting Expenses	3,360	3,427	3,496	3,566	3,637	17,486	
Democratic, Scrutiny and Legal Support Costs	25,200	25,893	26,605	27,337	28,088	133,123	
<b>Joint Committee Total</b>	<b>30,360</b>	<b>31,174</b>	<b>32,010</b>	<b>32,869</b>	<b>33,751</b>	<b>160,165</b>	
<b><u>Joint Scrutiny Committee</u></b>							
Subsistence & Meeting Expenses	6,740	6,875	7,012	7,153	7,296	35,075	
Travel	1,200	1,224	1,248	1,273	1,299	6,245	
Democratic, Scrutiny and Legal Support Costs	20,105	20,658	21,226	21,810	22,409	106,208	
<b>Joint Scrutiny Committee Total</b>	<b>28,045</b>	<b>28,757</b>	<b>29,487</b>	<b>30,236</b>	<b>31,004</b>	<b>147,528</b>	
<b><u>Internal Audit</u></b>							
Audit Support	20,000	20,550	21,115	21,696	22,292	105,653	
<b>Internal Audit Total</b>	<b>20,000</b>	<b>20,550</b>	<b>21,115</b>	<b>21,696</b>	<b>22,292</b>	<b>105,653</b>	
<b><u>Provision for Unwinding of PMO</u></b>							
Redundancies	19,684	19,684	19,684	19,684	19,684	98,420	
<b>Provision for Unwinding Total</b>	<b>19,684</b>	<b>19,684</b>	<b>19,684</b>	<b>19,684</b>	<b>19,684</b>	<b>98,420</b>	
<b>Total Expenditure</b>	<b>818,242</b>	<b>990,334</b>	<b>1,014,255</b>	<b>1,037,977</b>	<b>1,062,315</b>	<b>4,923,122</b>	
<b><u>Funding Contributions</u></b>							
SBCD Grant Revenue Contribution	723,000	723,000	723,000	723,000	723,000	3,615,000	
Partner Contributions	400,000	400,000	400,000	-	-	1,200,000	
<b>Total Income</b>	<b>1,123,000</b>	<b>1,123,000</b>	<b>1,123,000</b>	<b>723,000</b>	<b>723,000</b>	<b>4,815,000</b>	
<b>Provision of Service - Surplus / (Deficit)</b>	<b>304,758</b>	<b>132,666</b>	<b>108,745</b>	<b>(314,977)</b>	<b>(339,315)</b>	<b>(108,122)</b>	

Movement to Reserves					
Description	£	£	£	£	£
Balance Brought Forward from previous year	272,668	577,426	710,093	818,838	503,861
Net Provision of Service - Surplus / (Deficit)	304,758	132,666	108,745	(314,977)	(339,315)
<b>Balance Carry Forward</b>	<b>577,426</b>	<b>710,093</b>	<b>818,838</b>	<b>503,861</b>	<b>164,546</b>



# Agenda Item 11



Swansea Bay City Region Joint Committee – 9 July 2020

## Covid-19 Impact Assessment

<b>Purpose:</b>	To present an overview and status update of the Covid-19 impact self-assessments covering the nine SBCD projects
<b>Policy Framework:</b>	Swansea Bay City Deal (SBCD) Joint Committee Agreement (JCA)
<b>Recommendation(s):</b>	It is recommended that: Joint Committee receives the status update of the Covid-19 impact assessment
<b>Report Author:</b>	Jonathan Burnes, SBCD Programme Director
<b>Finance Officer:</b>	Chris Moore, SBCD S151 Officer
<b>Legal Officer:</b>	Tracey Meredith, SBCD Monitoring Officer

### 1. Introduction

- 1.1. The Covid-19 impact assessment is the method used by the Swansea Bay City Deal to assess the potential impact that the Covid-19 crisis has on each of the nine SBCD projects and the overarching City Deal programme. This assessment is based on recognition that the national and regional economic recovery will rely upon City Deal projects to support and stimulate national and regional economic growth and attract inward investment during these times of uncertainty.
- 1.2. The assessment will assure the viability and successful delivery of the City Deal projects during the crisis and recovery stages of the Covid-19 pandemic. This assessment will complement existing City Deal governance procedures and documentation and any Covid-19 recovery plans for all primary stakeholders. It is envisaged that risks impacting the project and mitigations to overcome them will be dealt with at project level. Any risks deemed to place significant pressures on the project or overarching programme such as significantly changing the project scope, significant variance in the defined project outputs, significant stage gate delays or continued commitment from key stakeholders, will be assessed by the Regional Programme Management Office and escalated to Joint Committee. If a project is exposed to have significant risk and impact, a task and finish group will be established to gather evidence, identify mitigations and determine an appropriate course of action.

1.3. Project managers were provided guidance and a template to complete a self-assessment of their associated project(s) in May 2020. The following document and attached Master Covid-19 Impact Assessment provides the overview and details of the assessments.

## 2. Background

2.1. Each project was tasked with completing the template provided by the Regional PMO. Project leads were asked to:

- 2.1.1. Identify key risks and assess the potential impact of those risks as high, medium or low against eight impact criteria (Scope and key objectives, targets, timescales, reputation if project fails to deliver, stakeholder/partnerships commitment, project costs, procurement and staff resourcing)
- 2.1.2. Identify corrective action for each risk based on mitigations, requirements and recovery time objectives
- 2.1.3. Provide an impact score for each of the eight impact criteria. The impact score is then allocated a level of facilitation from no facilitation required to Joint Committee commissioning a task and finish group to conduct an in-depth review.

Project Risk and Impact Score	Suggested Project Category	Facilitation
100+	A	Joint Committee commissioned task and finish group to conduct an in-depth review
50-99	B	Intervention required. Monitored and supported by the Regional Programme Office in conjunction with Project Team
25-49	C	No intervention required. Continue to monitor locally with support from the Regional Programme Office
0-24	D	No intervention required. Continue to monitor at a project level

2.2. Project assessments have been compiled into a master Covid-19 Impact Assessment (Appendix 1). This summary summarises the project risks that were assessed as high (red). Six of the nine projects identified high (red) risks across the eight impact criteria.

2.3. The number of occurrences of these red risks against the impact criteria are as follows:

	Scope and key objectives	Targets	Timescales	Reputation if project fails to deliver	Stakeholders/partnerships commitment	Project costs	Procurement	Staff resourcing
<b>Red risk entries by impact criteria</b>	<b>10</b>	<b>12</b>	<b>5</b>	<b>11</b>	<b>9</b>	<b>4</b>	<b>2</b>	<b>3</b>

2.4. This demonstrates that, at the point in time of assessment, the projects have identified achievement of targets, reputational effect and impact on scope and objectives to be their main concerns, closely followed by stakeholder/partnership commitment in relation to the Covid-19 crisis and recovery period.

2.5. Each project provided an impact score against the eight assessment criteria. The scoring for each project provides a facilitation course of action. Based on the point in time assessment there are no projects requiring an in-depth review. Swansea Waterfront requires supportive facilitation from the Regional PMO and the remaining projects can continue closely monitoring Covid-19 risks and impacts at a local level.

2.6. The scorings also show that the Pembroke Dock Marine, Campuses and Digital projects are at the high end of locally monitoring their risks with support from the Regional PMO (Facilitation C).

2.7. The Impact scoring matrix for the nine SBCD projects can be found in Appendix 2.

2.8. Working closely with the Regional PMO, projects will be required to continually assess and report changes on their Impact Assessment and Risk Register. Until further notice, the Covid-19 Impact Assessment will be updated and presented to the Programme Board.

### **3. Financial Implications**

3.1. Financial implications are identified at project level within Appendix 1. Several projects have identified having high-risk implications on funding and project costs as a result of the Covid-19 crisis.

3.2. The impact assessment identifies direct risks at project level. However, financial implications exist which cannot be qualified in respect of the costs associated to the ongoing management of the crisis and the effects of legislation imposed to support this management (such as a restricted workforce due to social distancing). This will potentially cause delays in project delivery and an increase in costs.

### **4. Legal Implications**

4.1. None identified at this time

### **Background Papers:**

1. Master Covid-19 Impact Assessment Workbook

### **Appendices:**

Appendix 1 – High risk assessment summary

Appendix 2 – Impact assessment scoring matrix

# Appendix 1 – High (red) risk assessment summary

Project	Ref No.	Risk	Impact Criteria								Corrective action			
			Scope and key objectives	Targets	Timescales	Reputation if project fails to deliver	Stakeholders/ partnerships commitment	Project costs	Procurement	Staff resourcing	Risk mitigation(s)	Requirements for recovery	Recovery time objective	
Digital Infrastructure	1	Project funding is reduced or removed as a result of Covid19 and it's economic impact.	High	High	High	High	High	High	High	High	Seek assurances from regional office, Welsh and UK Government regarding Project funding.	Assurances received regarding security of Project/Deal funding.	Jun-20	
Yr Egin	1	impacts	High	High	Medium	Low	Low	Medium	Low	Low	Monitoring/industry analysis	Demand levels post-Covid	6 months	
	2	Reduced occupier demand	High	High	Low	Medium	Medium	Low	Low	Low	Dialogue with industry/occupiers	Demand levels post-Covid	6 months	
	8	Changed industry requirements	High	High	Medium	Low	Medium	Low	Low	Low	Dialogue with industry/users	Specification of demand post Covid	6 months	
	9	Reduction in service needs and commercial opportunities	High	High	Low	Medium	Medium	Low	Low	Low	Dialogue with industry/users	Specification of demand post Covid	Ongoing	
LS & WB Development	2	Ability to secure institutional funding	Medium	Medium	Medium	High	Low	Low	Low	Low	Prior to COVID positive feedback received from selected funders. One of which has re-engaged and is currently preparing funding bid. The understanding is that this type of investment is likely to be more attractive going forward than for example office/fretail investment. Financial consultant maintained to ensure a proactive approach to securing institutional investment.	Proactive management of approach to investors to ensure that CCC can maintain flexibility to progress with optimal funding in the changing market.	3 month	
	7	Delay in securing approval for City Deal Funding	Low	Medium	Medium	High	Low	Low	Low	Low	Full Business Case redrafted and prepared for resubmission. Business case identified as a priority for gateway process.	Prioritise/Agree approval process with Programme Management Office	none	
Swansea Waterfront	1	Construction Delays	High	High	High	High	High	Medium	Low	Low	Work with contractor	Working practice	min time to PC	
	2	Contractor Failure	High	High	High	High	High	High	Low	High	Enter deed with Cont	Copm ASAP	PC	
	3	Anchor failure	High	High	High	High	High	Medium	High	High	Meet regularly	Monitor	By PC	
	5	Project Outputs	Medium	High	Low	High	High	Medium	Low	Medium	Review and monitor	Economic recovery	Now	
	6	Recession	High	High	Medium	High	High	Medium	Low	Medium	Review and monitor	Economic recovery	By PC	
PDM			Investment Objectives											
	PDM_7	Universities do not sign up to MEECE collaboration agreement because of uncertainty of, or late confirmation of	Medium	High	Low	High	High	Low	Low	Medium	ORE Catapult continues without university partners, with a smaller project, narrower scope and less likelihood of a long term legacy presence.	SBCE sign-off in time for universities to commit to recruitment on three year contracts.	April 30th 2020	
	PDM_9	PDZ Objectives - with significant SBCE approval delay, floating offshore wind (FLOW) market leaves PDZ behind and public sector money impact is	High	High	Medium	High	Medium	Low	Low	Medium	Consider PDZ FLOW fit in light of delay, and be prepared to adjust project objectives and business plan, through Project Change Request (PCR)	Updated FLOW market analysis together with continued engagement with Welsh Gov on FLOW opportunity.	PCR developed once approval received	
			Costs											
	PDM_12	Increase in cost due to having to pay for acceleration charges from consultants to maintain delivery timescales	Low	Low	Medium	Low	High	High	Medium	Medium	review project timescale to see if delay in project end date possible. if not, assess the pros and cons of paying acceleration and make case to stakeholders for additional intervention if required.	Site work enabled to inform design work.	31-Mar-21	
PDM_13	Increase in cost for construction and service due to high demand of contractors and consultants during recovery phase as a result of market	Low	Low	Medium	Low	High	High	Medium	Medium	potential to delay construction works planning in the immediate term out beyond period of 'economic bounce' to allow for supply demand curve to settle	timely approval to unlock ability to tender for detailed design.	31-May-20		
PDM_14	PDZ Consents - approval delay together with COVID-19 constraints critically prejudices PDZ consent programme	Medium	Medium	High	Low	Medium	Low	Low	Low	Review PDZ Consent programme in the light of FLOW market analysis, and adjust programme to conform with ERDF funding timeline	Economic recovery	By PC		
Skills	7	Delay in securing approval for City Deal Funding	Low	Medium	Medium	High	Low	Low	Low	Low	Full Business Case redrafted and prepared for resubmission. Business case identified as a priority for gateway process.	Prioritise/Agree approval process with Programme Management Office	none	
		Red risk entries by criteria	10	12	5	11	9	4	2	3				

## Appendix 2 – Impact assessment scoring matrix

ASSESSMENT CRITERIA	SCORING				Impact score								
	0	5	10	20	PDM	Yr Egin	Campuses	Digital	HAPS	SI & LCG	LSWBD	Swansea Waterfront	Skills
Scope and key objectives	No change to project scope and key objectives	Limited and minor changes to project scope and key objectives	Widespread and major changes to project scope and key objectives	Significant change to project scope and key objectives	5	10	5	0	5	5	0	0	0
Targets	No risk to achieving project targets	Short-term, limited impact to achieving project targets	Widespread, but relatively short term impact on achieving project targets	Significant, long-lasting impact on achieving project targets	10	20	5	5	5	5	5	20	0
Timescales	No foreseeable delays to progress project	Potentially minor delays (0-6 months)	Potentially major delays (6-12 months)	Potentially significant delays (1 year+)	5	0	5	5	5	5	5	10	5
Reputation if project fails to deliver	No negative impact on City Deal reputation and programme	Local and limited negative impact on City Deal reputation and programme	Regional and limited negative impact on City Deal reputation and programme	Significant impact on City Deal reputation and programme	5	10	10	10	10	10	10	20	10
Stakeholders/partnerships commitment	No issues over stakeholder commitment and involvement	Limited and minor issues over stakeholder commitment and involvement	Widespread and major issues over major or multiple stakeholder commitment and involvement	Significant issues over a major or multiple key stakeholder commitment and involvement	10	0	5	5	0	0	0	10	0
Project costs	No variance to project costs	0-10% variance	10-20% variance	20%+variance	5	0	5	5	5	5	5	5	0
Procurement	No impact on procuring services or infrastructure	Minor impact on procuring services or infrastructure	Major impact on procuring services or infrastructure	Significant impact on procuring services or infrastructure	5	0	5	10	5	5	5	5	5
Staff resourcing	No impact to recruit and retain required staff	Limited impact to recruit and retain required staff	Widespread and major impact to recruit and retain required staff	Significant impact to recruit and retain required staff	0	0	5	5	5	5	5	10	0
				<b>TOTAL</b>	<b>45</b>	<b>40</b>	<b>45</b>	<b>45</b>	<b>40</b>	<b>40</b>	<b>35</b>	<b>80</b>	<b>20</b>
				Facilitation	C	C	C	C	C	C	C	B	D
Facilitation key													
Project Risk and Impact Score	Suggested Project Category	Facilitation											
100+	<b>A</b>	Joint Committee commissioned task and finish group to conduct an in-depth review											
50-99	<b>B</b>	Facilitation required. Monitored and supported by the Regional Programme Office in conjunction with Project Team											
25-49	<b>C</b>	No facilitation required. Continue to monitor locally with support from the Regional Programme Office											
0-24	<b>D</b>	No facilitation required. Continue to monitor at a project level											

# Agenda Item 12



Swansea Bay City Region Joint Committee - 9 July 2020

## Joint Scrutiny – Change to Terms of Reference

<b>Purpose:</b>	To update Joint Committee on a request from Joint Scrutiny to change Terms of Reference
<b>Policy Framework:</b>	Swansea Bay City Deal (SBCD) Joint Committee Agreement
<b>Recommendation(s):</b>	It is recommended that Joint Committee: <ol style="list-style-type: none"><li>1. Approves the amendment to the Terms of Reference set out at paragraph 1.5 below for the Joint Scrutiny Committee</li><li>2. Authorises the Monitoring Officer of Swansea Council/Heads of Legal of Carmarthenshire, Pembrokeshire and Neath Port Talbot Councils to enter into any agreement necessary to effect the changes to the Joint Committee Agreement.</li></ol>
<b>Report Author:</b>	Tracey Meredith, Monitoring Officer, SBCD
<b>Finance Officer:</b>	Chris Moore, SBCD S151 Officer
<b>Legal Officer:</b>	Tracey Meredith, SBCD Monitoring Officer

### 1. Introduction

- 1.1 Following the Actica Consulting Ltd review report together with the internal review by Pembrokeshire County Council the Joint Committee agreed to amend the Joint Committee Agreement. Following an approval process by all four constituent authorities the Joint Committee Agreement was amended to incorporate changes recommended by the Reviews.
- 1.2 During the process of amending the Joint Committee Agreement the Joint Scrutiny Committee Chair wrote to the Joint Committee requesting some changes which included that the quorate number for the Joint Scrutiny Committee was reduced from 8 to 6. The membership of the Joint Scrutiny Committee stands at 12.

- 1.3 In their meeting of the 29 October 2019 the Joint Committee agreed that the Joint Committee Agreement should be finalised by a Deed of Variation and that legal officers consider whether the amendment to the quorate number can be made under delegated powers.
- 1.4 Legal officers have considered the position now that the Deed of Variation has been finalised. Whilst NPT, Swansea Council and Pembrokeshire are able to make the amendment under delegated powers, Carmarthenshire Council have advised that they will need to take a report through their democratic process. It was also felt appropriate to add in the same caveat that was made to the Joint Committee Terms of Reference voting clause around not being able to vote on a project if the member representative of a Council involved in a project is not present at the meeting.
- 1.5 It is therefore proposed that there is an amendment to Clause 7 of Schedule 12 – Terms of Reference of Joint Scrutiny Committee in that the current Clause 7.1 is deleted and amended as follows:

#### 7. Quorum

- 7.1 The quorum for meetings shall be no less than 6 members, which must include at least 1 member from each of the 4 Authorities. The Joint Scrutiny Committee is not permitted to scrutinise a matter relating to a project if a member representative of the Councils involved in that project is not present at the meeting.

## **2. Financial Implications**

- 2.1 There are no financial implications associated with this report.

## **3. Legal implications**

- 3.1 There are no further legal implications associated with this report.

**Background Papers:** None

**Appendices:** None