



City and County of Swansea

Notice of Meeting

You are invited to attend a Special Meeting of the

Swansea Bay City Region Joint Committee

At: Remotely via Microsoft Teams
On: Thursday, 29 July 2021
Time: 9.00 am
Chair: Councillor Rob Stewart (Swansea Council)

Watch Online: <https://bit.ly/3jux7fT>

Membership:

Councillors:

Councillor Emlyn Dole	Carmarthenshire Council
Ted Latham	Neath Port Talbot Council
Councillor David Simpson	Pembrokeshire Council

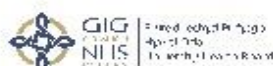
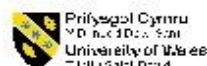
Co-opted Non-Voting Representatives:

Maria Battle	Hywel Dda University Health Board
Chris Foxall	Interim Chair of Swansea Economic Strategy Board
Professor Medwin Hughes	University of Wales Trinity Saint David
Ray Selby	University of Wales Trinity Saint David
Steve Wilks	Swansea University
Emma Woollett	Swansea Bay University Health Board

Agenda

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- 1 Apologies for Absence.**
- 2 Disclosures of Personal and Prejudicial Interests.**
www.swansea.gov.uk/disclosuresofinterests
- 3 Announcement(s) of the Chair.**
- 4 Public Questions**
Questions must be submitted in writing, no later than noon on the working day prior to the meeting. Questions must relate to items on the agenda. Questions will be dealt with in a 10 minute period.



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Next Meeting: Thursday, 2 September 2021 at 10.30 am

Huw Evans

Huw Evans
Head of Democratic Services
Friday, 23 July 2021

Contact: Democratic Services - 01792 636923

Agenda Item 5



Swansea Bay City Region Joint Committee – 29 July 2021

Audit Wales Report

Purpose:	The Auditor General is responsible for providing an opinion on whether the Statement of Accounts demonstrate a true and fair view of the position of the Swansea Bay City Deal Joint Committee as at 31 st March 2021. The report summarises the findings from the undertaken audit
Policy Framework:	Swansea Bay City Deal (SBCD) Joint Committee Agreement (JCA)
Recommendation(s):	It is recommended that Joint Committee: 1) Receive the Audit Wales audit of the 2020/2021 Statement of Accounts report for the Swansea Bay City Deal Joint Committee
Report Author:	Chris Moore (SBCD S151 Officer)
Finance Officer:	Chris Moore (SBCD S151 Officer)
Legal Officer:	Tracey Meredith (SBCD Monitoring Officer)

1. Introduction

Carmarthenshire County Council as the Accountable Body is responsible for the financial stewardship of the Swansea Bay City Deal. Accounts in respect of the Swansea Bay City Deal were not required in previous years and were presented through an annual return. This is the first year the Swansea Bay City Deal Joint Committee has had to compile a Statement of Accounts in line with the Accounts and Audit (Wales) Regulations 2014, as amended in 2018. The Statement of Accounts was audited by Audit Wales, with the audit letter including the audit opinion and findings presented in appendix A.

2. Audit Wales Report

The Auditor General is responsible for providing an opinion on whether the statements demonstrate a true and fair view of the position of the Swansea Bay City Deal Joint Committee as at 31st March 2021. The attached report summarises findings concluded from the audit undertaken.

3. Financial Implications

There are no financial implications within this report.

4. Legal Implications

There are no legal implications associated with this report.

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

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

Background Papers: None

Appendices:

A: Swansea Bay City Deal ISA260 Audit Report- Audit Wales

Audit of Accounts Report – Swansea Bay City Deal Joint Committee

Audit year: 2020-21

Date issued: July 2021

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

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

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

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

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

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Audit of Accounts Report

Introduction

- 1 We summarise the main findings from our audit of your 2020-21 accounts in this report.
- 2 We have already discussed these issues with the Section 151 officer and his team.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £118,785 for this year's audit.
- 5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these, as follows:
 - Senior Staff Remuneration - £1,000
 - Related Party disclosures for officers and members - £1000
- 6 Although we have completed the majority of our audit work at the time of drafting this report, we have yet to complete:
 - the final review of our audit file; and
 - our final review of the revised 2020-21 financial statements.
- 7 We would also like to draw to the attention of the Committee that on the 28th of July 2021, local government electors may exercise their rights under sections 30 and 31 of Public Audit (Wales) Act 2004 to question the Auditor General about or make objections to the joint committee's accounts for the year ended 31 March 2021. Should any issues arise from this process we would need to consider these before being able to certify the joint committee's financial statements. We will provide a verbal update of this situation to the Committee at its meeting on 29th July 2021.
- 8 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and, our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

Impact of COVID-19 on this Year's Audit

- 9 The COVID-19 pandemic has had a significant impact on all aspects of our society and continues to do so. You are required by law to prepare accounts and it is of considerable testament to the commitment of your accounts team that you have succeeded in doing so this year in the face of the challenges posed by this pandemic. We are extremely grateful to the professionalism of the team in supporting us to complete our audit in such difficult circumstances.
- 10 The pandemic has unsurprisingly affected our audit and we summarise in **Exhibit 1** the main impacts. Other than where we specifically make recommendations, the

detail in **Exhibit 1** is provided for information purposes only to help you understand the impact of the COVID-19 pandemic on this year's audit process.

Exhibit 1 – impact of COVID-19 on this year's audit

Timetable	<ul style="list-style-type: none"> • The deadline for completing your accounts was 31/05/2021. • We received the draft accounts on 10/06/2020. • Our deadline for completing our audit was 29/07/21 • We expect your audit report to be signed on 30/07/21
Electronic signatures	<p>The current plan is for the Committee to approve the 2020-21 financial statements at its virtual meeting on 29/07/21. If still necessary at the time of approval and signing, we will accept electronic signatures. We anticipate that your audit report will be signed electronically.</p>
Audit evidence	<p>We received the majority of audit evidence in electronic format and have used various techniques to ensure its validity. Where we have been unable to obtain certain audit evidence due to it not being available electronically we have devised alternative audit methodologies to obtain sufficient audit evidence. Specifically:</p> <ul style="list-style-type: none"> • officers provided electronic working papers in accordance with our agreed working paper schedule; • officers provided audit evidence to the audit team via email; and • officers were available by video conferencing for discussions, and for the sharing of on-screen information/evidence.
Other	<ul style="list-style-type: none"> • Video conferencing has enabled the audit team to correspond effectively with officers throughout the audit. • Video conference based Committee meetings have enabled us to proficiently discharge our responsibility for reporting to those charged with governance.

- 11 We will be reviewing what we have learned for our audit process from the COVID-19 pandemic and whether there are innovative practices that we might adopt in the future to enhance that process.

Proposed Audit Opinion

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

Significant Issues arising from the Audit

Uncorrected misstatements

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

Corrected misstatements

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

Other Significant Issues arising from the Audit

- 18 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. There was one issue arising in these areas this year as shown in **Exhibit 2**:

Exhibit 2 – significant issues arising from the audit

Significant issues arising from the audit		
<p>Collation of Declarations of Interest and disclosure of related party transactions</p>	<p>In order to support the related party transactions disclosed in the 2020-21 financial statements, we reviewed all declarations of interests obtained from officers and members of the following committees:</p> <ul style="list-style-type: none"> • Joint Committee • Programme Board • Economic Strategy Board <p>Weaknesses in the process of collating and recording declarations of interest were identified and reporting on in 2019-20.</p> <p>It is pleasing to note that improvements have been made in 2020-21. However, we identify several declarations which had not been updated during 2020-21. We are of the opinion that this process would be more robust if members of all the above committees were required to provide an annual declaration even if this was a nil return.</p>	<p>Requesting annual updates from all members of the relevant committees relating to their declaration of interests would be an improvement to the governance internal controls</p>

Appendix 1

Final letter of representation

[Audited body's letterhead]

Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

[Date]

Representations regarding the 2020-21 financial statements

This letter is provided in connection with your audit of the financial statements of Swansea Bay City Deal joint committee for the year ended 31 March 2021 for the purpose of expressing an opinion on their truth and fairness and their proper preparation. We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom UK 2020-21; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

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

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

Financial statement representations

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

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

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

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

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

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Representations by those charged with governance

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Committee on 10 September 2021.

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

Signed by:

Section 151 officer

Date:

Signed by:

Chair of the Committee

Date:

Appendix 2

Proposed Audit Report

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

Opinion on financial statements

I have audited the financial statements of:

- Swansea Bay City Deal Joint Committee for the year ended 31 March 2020 under the Public Audit (Wales) Act 2004.

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

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

In my opinion the financial statements:

- give a true and fair view of the financial position of Swansea Bay City Deal Joint Committee as at 31 March 2021 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Joint Committee in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Joint Committee's ability to continue to adopt the going concern basis of

accounting for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other Information

The other information comprises the information included in the annual statement of accounts other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual statement of accounts. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21;
- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

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

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

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

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on pages 22 and 23, the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the Joint Committee's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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

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

My procedures included the following:

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

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

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

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

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

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

Certificate of completion of audit

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

Adrian Crompton
Auditor General for Wales
30 July 2021

24 Cathedral Road
Cardiff
CF11 9LJ

Appendix 3

Summary of Corrections Made

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. None of these errors had any impact on the Total comprehensive income figure for 2020-21.

Exhibit 3: summary of corrections made

Value (£)	Nature of correction	Reason for correction
£18,215,278	Financial Instruments – Note 11 The note per the draft statements provided for audit, only disclosed the in-year movement and omitted the balance brought forward.	To ensure compliance with the CIPFA code
£54,000,000	Movement in Reserves Statement The general fund and capital grants unapplied balances in the movement in reserves statement as 31 March 2021 were inconsistent with those disclosed in the balance sheet. The balance sheet figures were correct and there was an adjustment of £54,000,000 made to both the general fund and capital grants unapplied figures in the movement in reserves statement.	The Movement in Reserves Statement was amended in line with CIPFA code requirements.
£34,398	Cashflow Statement The draft cashflow did not reflect the Investment Income received in year within the Investing Activities section of the Cashflow.	The Cashflow Statement was amended in line with CIPFA code requirements.

Not applicable

Some minor narrative revisions and disclosure amendments. We have not listed these items as the amounts involved have been classified as trivial.

To improve clarity of the financial statements

Audit Wales

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

Agenda Item 6



Swansea Bay City Region Joint Committee – 29 July 2021

Joint Committee Statement of Accounts 2020/21

Purpose:	To seek Joint Committee's approval for the SBCD Programme's Annual Statement of Accounts for the 2020/2021 financial year.
Policy Framework:	Swansea Bay City Deal (SBCD) Joint Committee Agreement (JCA)
Recommendation(s):	It is recommended that Joint Committee: Approves the 2020/2021 post-audited SBCD Statement of Accounts
Report Author:	Chris Moore, SBCD S151 Officer
Finance Officer:	Chris Moore, SBCD S151 Officer
Legal Officer:	Tracey Meredith, SBCD Monitoring Officer

1. Introduction

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

2. Statement of Accounts 2020/21

The Statement of Accounts present full financial statements for the financial year 2020/2021, as required by legislation.

To the period which ended on 31st March 2021, the expenditure incurred totalled £675k, with income contributions from partners, the 'Top Slice' of Government grant and a one-off assurance grant resulting in income totalling £583k. This resulted in a deficit position with the balance being funded from the City Deal reserve, which now demonstrates £215k in total.

Further income received by the Joint Committee included the second and third instalment of Welsh and UK Government City Deal Grant totalling £36m and generated interest of £34k on cash programme cash surpluses. Grant of £11.2m was dispersed projects during the year.

Accrued interest will be dispersed to projects on an annual basis apportioned on the basis of the City Deal grant award. This was approved at Joint Committee on July 10, 2020.

Debtor and creditor amounts represent contributions outstanding from partners and funders, and the amount owing to Carmarthenshire County Council as the Accountable Body.

3. Financial Implications

The total annual expenditure of the Joint Committee was £675k, with income through partner contributions totalling £582k. This resulted in deficit position of £58k. This is as a result of a change in presentation of the “Top Slice” slice and a timing effect due to reduced grant being dispersed to projects within the year. The current reserves reside at £215k for the Joint Committee, and £43m for the portfolio investment fund.

City Deal grant totalling £36m and generated interest of £34k was accounted for within the year. To date one grant payment of £11.2m has been disseminated from the Accountable body, which was paid to the City and County of Swansea Council in respect of the Swansea Waterfront Project.

The estimated portfolio forecasted investment position (as at 31st March 2021) demonstrates an underinvestment of £126m (10%). Currently the portfolio is presenting a total investment over the fifteen-year life span of the Swansea Bay City Region Deal of £1.148bn, which is less than the original investment the region committed of £1.274bn. This is subject to fluctuation over the life span of the project and will be monitored quarterly through financial templates and through the Portfolio risk register.

4. Legal Implications

The Joint Committee is required to approve a full set of accounts to comply with the Accounts and Audit (Wales) Regulations 2014, as amended in 2018

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

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

Background Papers: None

Appendices:



Swansea Bay City Deal

Joint Committee

Annual Statement of Accounts

2020/21



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Swansea Bay City Deal

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

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

Over the next 12 years, the City Deal will boost the regional economy by £1.8bn and generate almost 9,000 new, high-quality jobs.

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

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

PUBLISHED SUBJECT TO AUDIT

Chair's Statement

"It is my pleasure to introduce the Swansea Bay City Deal financial statement for 2020/2021.

This has been a year of considerable progress for the Swansea Bay City Deal, with the investment portfolio due to play a key role in helping accelerate the Swansea Bay City Region's economic recovery from Covid-19.

With a dedicated City Deal Portfolio Management Office now in place, progress over the last 12 months has included the securing of £36 million worth of UK Government and Welsh Government funding for the City Deal. This means a total of £54 million has now been released, with further annual government funding drawdowns to follow.

An announcement from the UK Government earlier this year will also enable the release of their funding to the portfolio over 10 years instead of 15 years, with similar discussions with the Welsh Government on-going. This is important because it will enable the quicker delivery of our portfolios and projects for the benefit of regional residents and businesses, while reducing regional local authority borrowing.

Five projects forming part of our exciting City Deal portfolio have also now been approved by both governments – the Swansea City and Waterfront Digital District, Yr Egin, Pembroke Dock Marine, Pentre Awel and Digital Infrastructure.

More approvals are expected as all projects move from planning into delivery, with the iconic Swansea Arena scheme due for completion this autumn.

Together, these portfolios and projects are worth at least £1.8 billion and over 9,000 jobs to the City Region. This will help boost our economic prosperity and act as a catalyst to attract further investment and economic growth in future."



Councillor Rob Stewart

Chair of Swansea Bay City Region Deal Joint Committee

Leader of City and County of Swansea Council

Narrative Report

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

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

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

The City Deal is expected to boost the region estimating;

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

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

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

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

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

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

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

OUR VISION

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

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

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

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

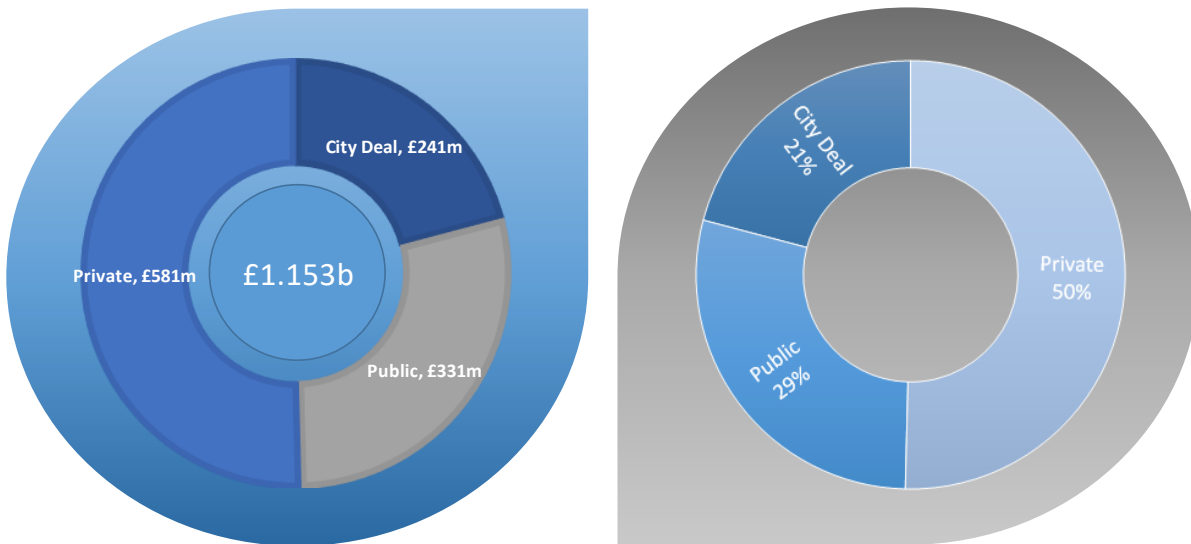
Swansea Bay City Region Deal Investment

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

The total investment package is made up of £241 million (21%) UK and Welsh Government funding, £331 million (29%) other public sector investment, and £581 million (50%) from the private sector. This totalling £1.153 billion.

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

Funding Apportionment



Swansea Bay City Region Deal Grant Funding Profile

It is the aim of the Swansea Bay City Region Deal that all projects will be delivered in a seven-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 in the form of a capital grant to the Region from both the UK and Welsh the Governments over a 15-year period. On 2nd March 2021 the UK Government announced that it would be cutting its grant payment profile term from fifteen to ten years, front loading its financial commitment over the now remaining seven-year term. As at the 31st March 2021 this is still to be formalised.

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

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

Swansea Bay City Region Deal Investment Breakdown

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

The overall estimated investment position is demonstrated at £1.153b over the fifteen-year life of the portfolio. The original heads of terms that the region signed up to comprised of an investment of £1.274b, and as such currently the City Deal is presenting an underinvestment in the region of £120m (9%).

Portfolio Investment Breakdown

Investment Component	Original HoT Total (£m)	Total Forecast (£m)	Variance (£m)	Variance
City Deal	241.00	241.00	0.00	0.00%
Public	395.95	331.27	- 64.68	-16.34%
Private	637.44	581.36	- 56.08	-8.80%
Grand Total	1,274.39	1,153.63	- 120.75	-9.48%

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

Organisational Overview and External Environment

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

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

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

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

Joint Committee

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

Portfolio Investment Fund

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

The Joint Committee distributes Government grants on a programme/project basis to Project Lead Authorities. An annual grant award is receipted from Welsh Government on behalf of both Governments and then distributed on actual expenditure in arrears ensuring clear financial governance is pursued. The total investment package is an anticipated £1.2 billion, with grant totalling £241m relating to the Portfolio Investment Fund (UK Government £115.6m and Welsh Government £125.4m). Any portfolio cash balances are invested to ensure effective optimisation of resources until approval is confirmed to initiate the release of funds from the Portfolio. Joint Committee have formally agreed it will afford Lead Authorities to borrow from any such balances that reside in the portfolio, this is done at a set rate on a 12-month term, as cashflow determines.

Government Grant 'Top Slice'

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

Retention of National Non-Domestic Rates

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

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

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

Upon formal approval by Welsh Government, the Joint Committee will formally agree the distribution basis of the allocated retention.

Assurance Grant

During the financial year 2019/20 the Joint Committee obtained a one-off revenue grant of £100k to support assurance work undertaken by the Portfolio. The purpose of the grant was to contribute to the costs of;

- Undertaking of peer reviews
- Developing an Integrated Assurance and Approval Framework for the City Deal in conjunction with the Wales Assurance Hub, addressing recommendation 3 of the ACTICA Review.
- Undertaking a Stock take of the City Deal
- Providing additional support for the Economic Strategy Board

Due to the COVID-19 pandemic there was a delay in expending the grant and therefore the grant was extended until 31st July 2020.

Gateway Reviews

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

The OGC Gateway Process will examine the portfolio and projects at key decision points in their lifecycle and looks ahead to provide assurance that they can progress successfully to the next stage. The OGC Gateway Process is regarded as best practice in central civil government throughout the UK, and applicable to a wide range of portfolios and projects. This process is designed to provide independent guidance to Senior Responsible Owners (SROs), portfolio and project teams and to the departments who commission their work, on how best to ensure that their portfolios and projects are successful.

To support this process the Joint Committee will deliver an Integrated Assurance and Approval Plan (IAAP), a Monitoring and Evaluation Plan and a Portfolio Business Case. The Joint Committee will work collaboratively with Welsh Assurance Hub to develop these assurances and monitoring plans over the coming months. Currently an IAAP has been developed and implemented, Further work is being undertaken on the remaining plans and the Joint Committee have instigated gateway reviews on relevant projects to provide Governments with assurance on delivery.

Current Economic Climate

This financial year has seen a period of significant political and economic uncertainty at a national level. The most significant factors affecting the Joint Committee were the ongoing COVID-19 pandemic and the uncertainty over the impact of the UK's withdrawal from the European Union (BREXIT).

Partners and Governments are fully committed to the City Deal recognising it as an important driver in the economic recovery of the region and country. Despite the unprecedented challenges, the City Deal's continued progress should reassure regional businesses and residents that partners remain focused on delivering the City Deal as soon as possible.

At present the full extent of the impact of the COVID-19 crisis is unknown. The Joint Committee has conducted an assessment of the risks and issues affecting the delivery of the portfolio and will address and manage the matters identified that could significantly impact the delivery or scope of the Swansea Bay City Deal Portfolio. The Joint Committee will continue to monitor these impacts, risks, and issues.

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

The City Deal's financial standing has been maintained at a prudent level. Two further grant awards were received by the City Deal during the financial year, which takes the portfolio up to date with its expected receipts. The UK and Welsh governments continue to be fully committed to meeting the full grant award, despite the current financial pressures the economy is now facing. On the 2nd March 2021 the UK government announced, to support the delivery of the City Deal, that they would advance the allocation of grant over the next seven years, reducing their payment profile to ten years from fifteen. As at the 31st March 2021 this has not been formalised.

European funding has been secured within two City Deal programmes and is formally committed until 2023.

Current reserves are ring-fenced for specific purposes to meet current and future commitments in the delivery of the City Deal.

Operational Model

Business Case Model

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

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

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

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

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

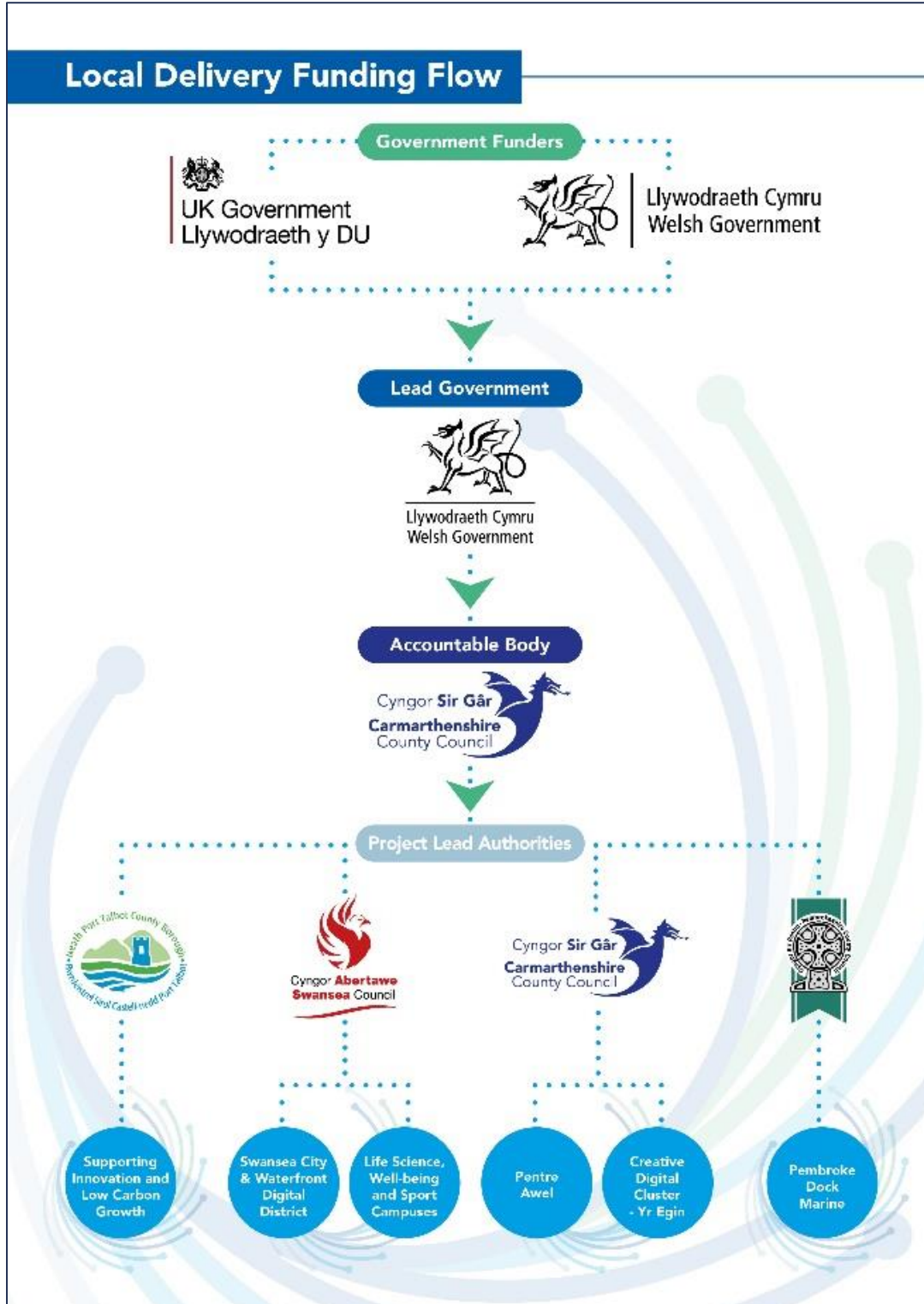
The Portfolio Management Office has day to day responsibility for managing the assessment process for projects.

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

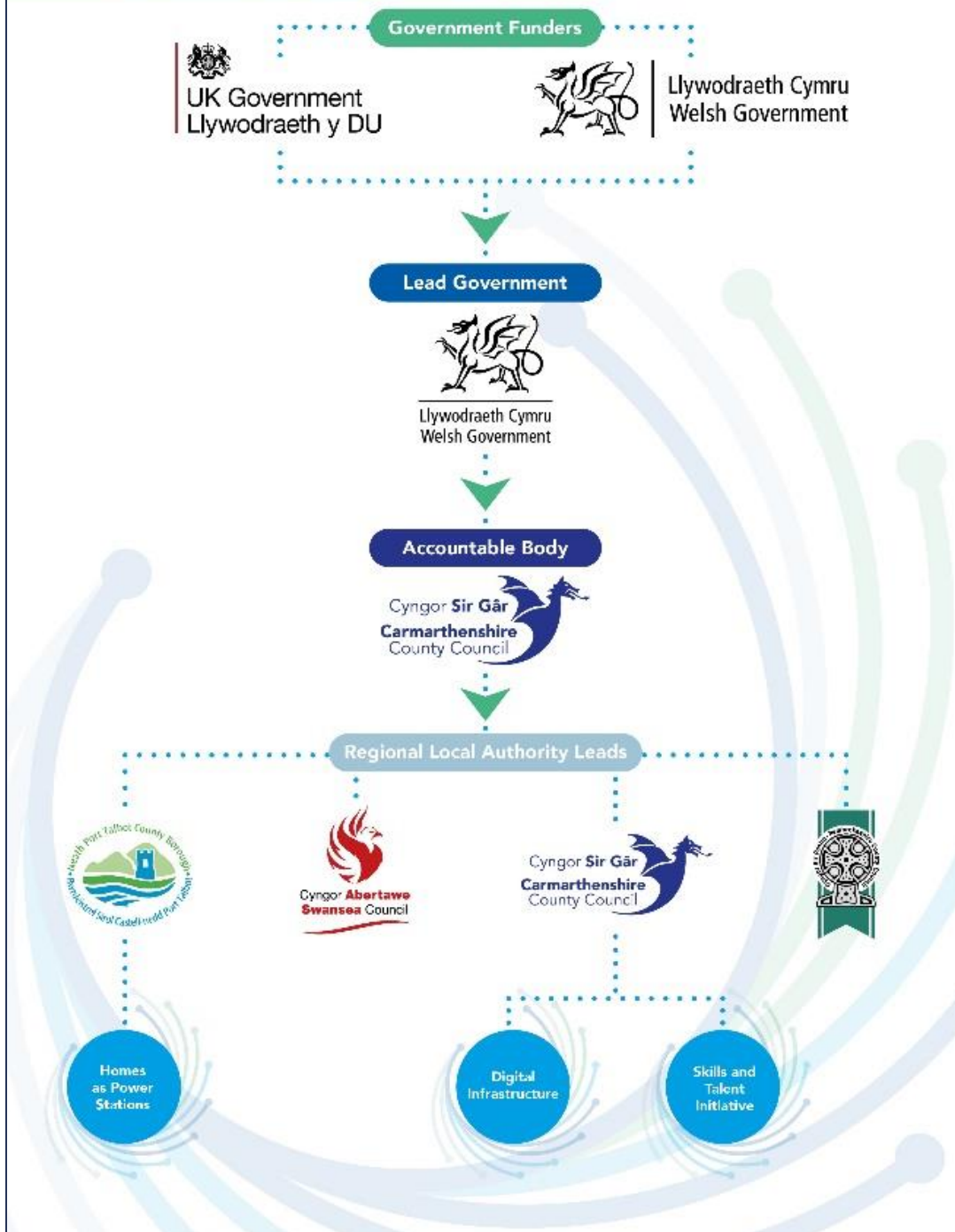
On completion of the final draft business case and following approval from the respective Regional/Project Authority Lead(s), full business cases for each of the City Deal projects will undergo assessment by the Portfolio Management Office before being considered by the respective City Deal governance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

City Deal Flow of Finances

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



Regional Delivery Funding Flow



Summary of Financial Performance

Joint Committee Annual Year-End Outturn Position 2020/21

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

Joint Committee Budget and Out-Turn Position 2020/21

<u>Actual</u> <u>2019/20 (£)</u>	<u>Description</u>	<u>Budget</u> <u>2020/21 (£)</u>	<u>Actual</u> <u>2020/21 (£)</u>	<u>Variance</u> <u>2020/21 (£)</u>
	<u>Gross Expenditure</u>			
3,469	Joint Committee	129,749	75,630	54,119
53,157	Accountable Body	79,244	153,444	(74,200)
-	Joint Scrutiny Committee	28,045	21,332	6,713
203,041	Portfolio Management Office	581,204	375,495	205,709
10,400	City Deal Assurance Grant	-	14,850	(14,850)
270,067	Total Expenditure	818,242	640,751	177,491
	<u>Income</u>			
(400,000)	Partner Contributions	(400,000)	(400,000)	-
-	Top Slice' of Government Grants	(723,000)	(168,050)	(554,950)
(10,400)	WG Government Revenue Grants	-	(14,850)	14,850
(410,400)	Total Income	(1,123,000)	(582,900)	(540,100)
(140,333)	Net Annual Total - (Surplus)/Deficit	(304,758)	57,852	(362,610)

Portfolio Investment Fund Out-Turn Position 2020/21

<u>Actual</u> <u>2019/20 (£)</u>	<u>Description</u>	<u>Budget</u> <u>2020/21 (£)</u>	<u>Actual</u> <u>2020/21 (£)</u>	<u>Variance</u> <u>2020/21 (£)</u>
	<u>Gross Expenditure</u>			
-	Project Lead Authorities	18,000,000	11,203,320	(6,796,680)
-	Joint Committee & Support Services (Top slice)	-	-	-
-	Total Expenditure	18,000,000	11,203,320	(6,796,680)
	<u>Income</u>			
(18,000,000)	Government Grant Income	(18,000,000)	(36,000,000)	(18,000,000)
(32,464)	Investment Income	-	(34,398)	(34,398)
(18,032,464)	Total Income	(18,000,000)	(36,034,398)	(18,034,398)
(18,032,464)	Net Annual Total - (Surplus)/Deficit	-	(24,831,078)	(24,831,078)

Summary of Reserves (Extract from Balance Sheet) 2020/21

<u>31st March 2020</u> <u>(£)</u>	<u>Description</u>	<u>31st March 2021</u> <u>(£)</u>
272,668	Usable Reserves - Revenue	214,816
18,000,000	Capital Grants Unapplied	42,796,680
-	- Unusable Reserves	-
18,272,668	Total Reserves	43,011,496

Supporting Information

Operational Costs

Within the submission of the annual budget (JC – 9th July 2020), estimated indirect costs in respect for the administration functions employed by the City Deal were re-included under the agreement by the four Local Authority partners. Within the previous financial year (2019/20) it was accepted that these estimated costs would be absorbed by authorities on the basis of the function in which they are responsible for providing.

The presented operation deficit is attributed to the reduced ‘Top Slice’ of government grants receipted due to a timing effect in the disbursement of capital grants to Programmes and projects.

Salary and Pension Liabilities

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

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

Investment Activities

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

General Reserves

Usable Reserves

A General Fund Usable Reserve has been established due to income through partner contributions, interest on investments and ‘Top slice of Government Grants’ exceeding actual spend to date. The Portfolio Management Office was not fully operational until November 2020, and as such has been running at reduced cost to the Portfolio. One payment was released from the PIF to a project lead authority, and its respective ‘Top Slice’ of Government Grants’ was drawn down.

Capital Grants Unapplied Reserve

The Capital Grants Unapplied Reserve comprises of portfolio balances created through the receipt of City Deal Government grant exceeding funding released to Project Authority Leads. Funding is only released to Project Authority Leads based on spend in arrears and upon approval of business cases. During the year five business cases were approved with one payment being made to a project authority lead. Two further grant award payments were receipted by the Joint committee during the year. This totals £54 million in grant receipts representing three years of payments.

Annual Review

“Since being appointed in March 2020, my primary focus has been to accelerate the Swansea Bay City Deal portfolio developments into delivery, and this is an ambition that is now coming to fruition. As of the 31st March 2021, five of the nine projects and programmes have been approved, two are in the UK Government and Welsh Government approval process, and the remaining two business cases are being finalised and will progress to regional approval within coming months.

The recently established Portfolio Management Office and wider delivery teams across the region are the engine room for delivery that ensures progress, robust governance, assurance, reporting and stakeholder engagement for the City Deal Portfolio. This is important not just to facilitate the draw-down of City Deal funds from both governments, but also to enable our programmes and projects to start delivering as soon as possible for visible and tangible benefits for our regional residents and businesses.

Considerable progress has also been made on the progression of each City Deal programme and project. We now have UK Government and Welsh Government approval for Pentre Awel, Yr Egin, Pembroke Dock Marine, Digital Infrastructure and the Swansea City and Waterfront Digital District – with a number of others having been submitted to both governments for final approval. These include the Supporting Innovation and Low Carbon Growth programme in Neath Port Talbot, along with the regional programme – Homes as Power.

These programmes and projects – combined with other regeneration in South West Wales – have the power to transform the City Region’s economic prosperity and aspirations, while also retaining young talent in the region through the generation of high-value jobs and opportunities. This will help raise the City Region’s profile across the UK and beyond for further investment in future in sectors including life sciences and well-being, energy, digital, creative and smart manufacturing.

These sectors have productivity and GVA potential for growth and are aligned to creating high technology jobs through start-ups and the attraction of inward investment from larger businesses. They are also areas of focus whereby the region has begun to build foundations to advance through R&D, infrastructure, natural resources, skills and complementary investments.



*Dr Jonathan Burnes
Portfolio Director
Swansea Bay City Deal*

Statement of Responsibilities

for the Statement of Accounts

The Joint Committee Responsibilities

The Joint Committee is required:

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

Joint Committee Approval

Approval of Statement of Accounts post audit.

Signed: **Rob Stewart**

Dated: **29th July 2021**

Councillor **Rob Stewart**

Chair of Swansea Bay City Region Deal Joint Committee

Leader of City and County of Swansea Council



Certificate of the Chief Finance Officer

The Director of Corporate Services Responsibilities

The Portfolio Section 151 Officer (Director of Corporate Services) is responsible for the preparation of the Joint Committee's Statement of Accounts, in accordance with proper accounting practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code) 2020/21.

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

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

Certification of Accounts

I certify that the Statement of Accounts on pages 30 to 34 demonstrates a true and fair view of the financial position of Swansea Bay City Region Deal at 31st March 2021 and its income and expenditure for the year ended 31st March 2021.

Signed: **C Moore**

Dated: **29th July 21**

Chris Moore *FCCA*

Director of Corporate Services

Swansea Bay City Region Deal Section 151 Officer

Carmarthenshire County Council



Audit Report

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

Opinion on financial statements

I have audited the financial statements of:

- Swansea Bay City Deal Joint Committee for the year ended 31 March 2020 under the Public Audit (Wales) Act 2004.

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

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

In my opinion the financial statements:

- give a true and fair view of the financial position of Swansea Bay City Deal Joint Committee as at 31 March 2021 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Joint Committee in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

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

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

Other Information

The other information comprises the information included in the annual statement of accounts other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual statement of accounts. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21;
- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

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

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

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

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on pages 22 and 23, the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the Joint Committee's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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

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

My procedures included the following:

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

had a direct effect on the financial statements or that had a fundamental effect on the operations of the Joint Committee.

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

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

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

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

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

Certificate of completion of audit

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

Adrian Crompton

24 Cathedral Road

Auditor General for Wales

Cardiff

[Date]

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ccounting Policies

The Statement of Accounts summarises the transactions of the Swansea Bay City Region Deal for the 2020/21 financial year and its position at the year ended 31 March 2021.

Carmarthenshire County Council as the Accountable Body is required to prepare annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and the Service Reporting Code of Practice 2020/21, supported by International Financial Reporting Standards (IFRS).

Property, Plant and Equipment

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

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

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

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

Related Party Disclosures

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

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

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

Disclosure:

For the financial year 2020/21 all related party transactions are identified under the Notes to the Accounts, schedule 9. Related Party Disclosures.

Accruals Basis (Concept)

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

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

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

Revenue Income

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

Cash and Cash Equivalents

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

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

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

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

Government Grants

The Government grant was awarded to fund expenditure incurred and future spend in the delivery of the approved projects within the portfolio. The terms and conditions of the grant award were not fully satisfied by 31st March 2021, and as such, transactions in respect of the grant award have been included based on the below judgments and methodology in line with **The Code of Practice on Local Authority Accounting in the UK, Section C; Government and Non-Government Grants**.

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

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

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

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

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

Funding Agreements demonstrating the legal framework between the Accountable Body and Lead Authorities embedding the terms and conditions, obligations and target outputs attached to the funding, were approved by the Joint Committee. As such, £11,035,270 of grant was dispersed to Project Lead Authorities by the Accountable Body on behalf of the Joint Committee, as at 31st March 2021.

Going Concern

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

Value Added Tax

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

Reserves

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

Usable Reserves

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

Capital Grants Unapplied Reserve

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

Financial Instruments

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

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

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

Events After the Reporting Period

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

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

Provisions, Contingent Assets and Liabilities

Provisions

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

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

Contingent liabilities

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

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

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

Contingent assets

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

Judgements and Key Assumptions

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

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

Financial Statements

Comprehensive Income and Expenditure Statement (CIES)

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

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Joint Committee, analysed into usable reserves. The Provision of Services line shows a deficit of **£57,852** with operational expenditure of £675,150 being the true economic cost of providing the Joint Committee's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

The Balance Sheet

This shows the assets and liabilities of the Joint Committee as at 31 March 2021.

The Cash Flow Statement

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

Notes to the Financial Statements

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

Comprehensive Income and Expenditure Statement

The below statement demonstrates all income and expenditure, received and incurred by the Joint Committee throughout the financial year. The statement represents the accounting cost of service provision during the financial year 2020/21, aligned with United Kingdom Generally Accepted Accounting Practices.

Actuals 2019/20 (£)	Description	Actuals 2020/21 (£)	Notes
	<u>Cost of Service</u>		
155,952	Employee Expenditure	366,284	1
21,464	Premises Related Expenditure	21,577	2
2,231	Transport Related Expenditure	-	3
30,090	Supplies & Services	199,291	4
60,330	Support Services	87,998	5
270,067	Total Operating Expenditure	675,150	
	<u>Income</u>		
(400,000)	Partner Contributions	(400,000)	6
-	Top Slice' of Government Grants	(168,050)	6
(10,400)	Other: Government Grant	(14,850)	6
(410,400)	Total Operating Income	(582,900)	
(140,333)	Net Cost of Service - (Surplus) / Deficit	92,250	
	<u>Financing and Investment Activities</u>		
(32,464)	Investment Interest Income	(34,398)	14
(32,464)	Net Financing and Investment Activities	(34,398)	
	<u>Taxation and Non-Specific Grant Income and Expenditure</u>		
(18,000,000)	Capital Grants and Contributions Received	(36,000,000)	15
-	Capital Grants and Contributions Applied	11,203,320	15
(18,000,000)	Net Taxation and Non-Specific Grant Income	(24,796,680)	
(18,172,797)	Total (Surplus) / Deficit on Service Provision	(24,738,828)	
	<u>Other Comprehensive Income and Expenditure</u>		
-	Other Income and Expenditure	-	
-	Net Other Comprehensive Income and Expenditure	-	
(18,172,797)	Total Comprehensive Income and Expenditure	(24,738,828)	

Movement in Reserves Statement

The statement below demonstrates the Swansea Bay City Deal reserve position as at 31st March 2021. The Movement in Reserves Statement has been represented from 2019/20 to reflect the Capital Grants Unapplied Account following audit recommendation.

<u>Description</u>	<u>General Fund Balance (£)</u>	<u>General Fund Earmarked Reserves (£)</u>	<u>Capita Grants Unapplied</u>	<u>Total Usable Reserves (£)</u>	<u>Unusable Reserves (£)</u>	<u>Total Reserves (£)</u>
Balance Brought Forward (as at 1st April 2019)	99,871	0	0	99,871	0	99,871
<u>Movements in Reserve during Financial year 2019/20:</u>						
Provision of Services - Surplus / (Deficit)	18,172,797	0	0	172,797	0	172,797
Adjustments Between Accounting Basis and Funding Basis Under Regulations - Surplus / (Deficit)	(18,000,000)	0	18,000,000	18,000,000	0	18,000,000
Total In-Year Reserve Movement	172,797	0	18,000,000	18,172,797	0	18,172,797
Balance Carried Forward (as at 31st March 2020)	272,668	0	18,000,000	18,272,668	0	18,272,668
<u>Movements in Reserve during Financial year 2020/21:</u>						
Provision of Services - Surplus / (Deficit)	24,738,828	0	0	24,738,828	0	24,738,828
Adjustments Between Accounting Basis and Funding Basis Under Regulations - Surplus / (Deficit)	(24,796,680)	0	24,796,680	0	0	0
Total In-Year Reserve Movement	(57,852)	0	24,796,680	24,738,828	0	24,738,828
Balance Carried Forward (as at 31st March 2021)	214,816	0	42,796,680	43,011,496	0	43,011,496

Balance Sheet

The below statement demonstrates the assets held and the committed obligations and liabilities of the Joint Committee, together with its current reserve balance, as at the 31st March 2021.

31st March 2020 (£)	Description	31st March 2021 (£)	Notes
<u>Non-Current Assets</u>			
	- Long Term Debtors Capital	-	
	- Total Long Term Assets	-	
<u>Current Assets</u>			
85,400	Short Term Debtors	50,000	9
18,215,278	Cash and Cash Equivalents	43,091,790	10
18,300,678	Total Current Assets	43,141,790	
<u>Current Liabilities</u>			
(28,010)	Short Term Creditors	(130,294)	12
(28,010)	Total Current Liabilities	(130,294)	
<u>Long Term Liabilities</u>			
	- Long Term Creditor	-	
	- Total Long Term Liabilities	-	
18,272,668	Total Net Assets	43,011,496	
<u>Total Reserves</u>			
272,668	Usable Reserves - Revenue	214,816	13
18,000,000	Capital Grants Unapplied	42,796,680	15
	- Unusable Reserves	-	
18,272,668	Total Reserves	43,011,496	

Cashflow Statement

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

<u>Actuals 2019/20</u> <u>(£)</u>	<u>Description</u>	<u>Actuals 2020/21</u> <u>(£)</u>	<u>Notes</u>
(18,172,797)	Net (surplus)/Deficit on the provision of services	(24,738,828)	
17,989,983	Adjust net surplus or deficit on the provision of services for non-cash movements	24,693,394	17
(182,814)	Net Cashflows from operating activities	(45,434)	
(18,032,464)	Investing Activities	(24,831,078)	17
	- Financing Activities	-	17
(18,215,278)	Net increase) / Decrease in cash and cash equivalents	(24,876,512)	
-	Cash and cash equivalents at the beginning of the reporting period	(18,215,278)	
(18,215,278)	Cash and cash equivalents at the end of the reporting period	(43,091,790)	

N otes to the Accounts

1. Employee and Related Expenditure

<u>Actuals 2019/20</u> <u>(£)</u>	<u>Description</u>	<u>Actuals 2020/21</u> <u>(£)</u>
155,952	Employee and Related Expenditure	366,284
155,952	Total Employee and Related Expenditure	366,284

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

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

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

Employee Voluntary Remuneration Disclosures

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

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

Number of Senior Employees (Exceeding £60,000)

Remuneration Bandings	Number of Employees	
	2019/20	2020/21
£90,000 to £94,999	0	1
£85,000 to £89,999	1	0

Senior Officer Disclosures

<u>Total Remuneration 2019/20 (£)</u>	<u>Senior Employee Position Title</u>	<u>Salary, Fees and Allowances (£)</u>	<u>Employers Pension Contribution (£)</u>	<u>Total Remuneration 2020/21 (£)</u>
8,420	Programme Director	92,669	16,680	109,349
The Programme Director commenced his role on 2nd March 2020. Only one month's remuneration was included within the prior year City Deal Accounts. The annualised salary for this position is £90,000-£94,999.				

2. Premises Related Expenditure

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

<u>Actuals 2019/20 (£)</u>	<u>Description</u>	<u>Actuals 2020/21 (£)</u>
14,889	Rents & Room Hire	14,889
-	Premises Maintenance	-
6,575	National Non Domestic Rates	6,688
21,464	Total Premises Related Expenditure	21,577

3. Transport Related Expenditure

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

<u>Actuals 2019/20 (£)</u>	<u>Description</u>	<u>Actuals 2020/21 (£)</u>
-	Public Transport - Staff	-
2,231	Staff Travelling Expenses	-
2,231	Total Transport Related Expenditure	-

4. Supplies and Services

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

<u>Actuals 2019/20</u> <u>(£)</u>	<u>Description</u>	<u>Actuals 2020/21</u> <u>(£)</u>
22,382	Professional Fees	123,804
-	Admin, Office & Operational Consumables	269
-	Translation/Interpret Services	2,444
565	Subsistence & Meetings Expenses	-
7,143	Promotions, Marketing & Advertising Projects & Activities Expenditure	5,912 66,862
30,090	Total Supplies and Services	199,291

5. Support Services

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

<u>Actuals 2019/20</u> <u>(£)</u>	<u>Description</u>	<u>Actuals 2020/21</u> <u>(£)</u>
60,284	Recharges - Employee costs (in-direct)	59,503
-	Central Recharges	28,365
46	Photocopying Recharge	130
60,330	Total Support Services	87,998

6. Income

The total received income during the year is demonstrated below:

<u>Actuals 2019/20</u> <u>(£)</u>	<u>Description</u>	<u>Actuals 2020/21</u> <u>(£)</u>
(400,000)	Income - other Authorities & Bodies	(400,000)
	- 'Top Slice' of Government Grants	(168,050)
(10,400)	Government Grants - WAG	(14,850)
(410,400)	Total Income	(582,900)

Partnership Income

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

Government Grant Income

To support the City deal with work undertaken on assurance and business case peer reviews, Welsh Government awarded the Portfolio with a one-off revenue grant totalling £100k to be utilised in 2019/20. The terms of the grant award dictate the claiming of associated eligible spend in arrears. Welsh Government extended any underspend of this grant to 31st July 2020 to support continued assurance commitments. Within the financial year only £14,850 was claimed.

'Top Slice of Government Grants'

The income in respect of the 'Top slice' has been drawn down solely against the grant administered to the City and County of Swansea Council in respect of the Swansea Waterfront Programme. This was the only grant administered during the year. The grant totalled £11,203,320, of which the agreed 1.5% 'Top slice' equated to £168,050.

7. Related Party Disclosures

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

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

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

Related Party Transactions

Actuals 2020/21							
<u>Related Party</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Total</u>	<u>Capital</u>	<u>Capital</u>	<u>Total Capital</u>	<u>Total (£)</u>
	<u>Income (£)</u>	<u>Expenditure (£)</u>	<u>Revenue (£)</u>	<u>Receipts (£)</u>	<u>Expenditure (£)</u>	<u>(£)</u>	
PEMBROKESHIRE COUNTY COUNCIL	(50,000)	27,768	(22,232)	-	-	-	(22,232)
HYWEL DDA UNIVERSITY HEALTH BOARD	(50,000)	-	(50,000)	-	-	-	(50,000)
SWANSEA UNIVERSITY	(50,000)	-	(50,000)	-	-	-	(50,000)
CITY & COUNTY OF SWANSEA	(50,000)	73,168	23,168	-	11,035,270	11,035,270	11,058,438
SWANSEA UNIVERSITY HEALTHBOARD	(50,000)	-	(50,000)	-	-	-	(50,000)
NEATH PORT TALBOT CBC	(50,000)	40,197	(9,803)	-	-	-	(9,803)
UNIVERSITY OF WALES TRINITY SAINT DAVID	(50,000)	-	(50,000)	-	-	-	(50,000)
CARMARTHENSHIRE COUNTY COUNCIL	(617,298)	675,150	57,852	(36,000,000)	11,203,320	(24,796,680)	(24,738,828)

Actuals 2019/20							
<u>Related Party</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Total</u>	<u>Capital</u>	<u>Capital</u>	<u>Total Capital</u>	<u>Total (£)</u>
	<u>Income (£)</u>	<u>Expenditure (£)</u>	<u>Revenue (£)</u>	<u>Receipts (£)</u>	<u>Expenditure (£)</u>	<u>(£)</u>	
PEMBROKESHIRE COUNTY COUNCIL	(50,000)	3,200	(46,800)	-	-	-	(46,800)
HYWEL DDA UNIVERSITY HEALTH BOARD	(50,000)	-	(50,000)	-	-	-	(50,000)
SWANSEA UNIVERSITY	(50,000)	-	(50,000)	-	-	-	(50,000)
CITY & COUNTY OF SWANSEA	(50,000)	-	(50,000)	-	-	-	(50,000)
SWANSEA UNIVERSITY HEALTHBOARD	(50,000)	-	(50,000)	-	-	-	(50,000)
NEATH PORT TALBOT CBC	(50,000)	7,200	(42,800)	-	-	-	(42,800)
UNIVERSITY OF WALES TRINITY SAINT DAVID	(50,000)	-	(50,000)	-	-	-	(50,000)
CARMARTHENSHIRE COUNTY COUNCIL	(442,864)	270,067	(172,797)	(18,000,000)	-	(18,000,000)	(18,172,797)

Balance Sheet Disclosures

Actuals 2019/20			Description	Actuals 2020/21		
Debtors (£)	Creditors (£)	Balance (£)		Debtors (£)	Creditors (£)	Balance (£)
-	(7,200)	(7,200)	Partner Local Authorities	50,000	(101,458)	(51,458)
75,000	-	75,000	Co-Opt Partners	-	-	-
75,000	(7,200)	67,800	Total Debtors	50,000	(101,458)	(51,458)

Carmarthenshire County Council (as the Accountable Body) Disclosures

<u>Actuals</u> <u>2019/20 (£)</u>	<u>Description</u>	<u>Actuals</u> <u>2020/21 (£)</u>
270,067	Expenditure	675,150
(442,864)	Income	(617,298)
(172,797)	Net Cost of Service - (Surplus) / Deficit	57,852
18,300,678	Assets	43,141,789
(28,010)	Liabilities	(130,294)
18,272,668	Total Net Assets	43,011,496
18,272,668	Total Reserves	43,011,496

8. External Audit Fees

This financial year marks the first year in which a full set of financial statements are required by regulation. The following charge is the cost payable to Audit Wales for external audit services provided to the Swansea Bay City Region Deal:

<u>Actuals 2019/20</u> <u>(£)</u>	<u>Description</u>	<u>Actuals 2020/21</u> <u>(£)</u>
10,926	Audit Fees	17,785
10,926	Total External Audit Fees	17,785
The statement of accounts 2019/20 presented an estimated audit fee of £18,809. The actual fee of £10,926 has been demonstrated within the Audit fee note for 2020/21.		

9. Debtors

The total outstanding debtor balances as at 31st March 2021 are demonstrated below:

<u>31st March 2020 (£)</u>	<u>Description</u>	<u>31st March 2021 (£)</u>
75,000	Income - other Authorities & Bodies	50,000
10,400	Government Grant Income	-
85,400	Total Debtor Balance	50,000

10. Cash and Cash Equivalents

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

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

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

<u>31st March 2020</u> <u>(£)</u>	<u>Description</u>	<u>31st March 2021 (£)</u>
-	Balance B/F	18,215,278
18,215,278	Cash and Cash Equivalents In Year Movements	24,876,512
18,215,278	Total Cash and Cash Equivalents	43,091,790

11. Financial Instruments

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

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

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

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

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

<u>31st March 2020</u> <u>(£)</u> Fair Value	<u>Description</u>	<u>31st March 2021</u> <u>(£)</u> Fair Value
-	Balance B/F	18,215,278
18,215,278	Cash and Cash Equivalents In Year Movements	24,876,512
18,215,278	Total Financial Instruments	43,091,790

12. Creditors

The total outstanding creditor balances as at 31st March 2021 are demonstrated below:

<u>31st March 2020</u> (£)	<u>Description</u>	<u>31st March 2021</u> (£)
-	Central Government Bodies	-
7,200	Local Authorities	101,458
20,810	Other: Short Term Creditors	28,836
28,010	Total Creditors Balance	130,294

13. Usable Reserves

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

<u>31st March 2020</u> (£)	<u>Description</u>	<u>31st March 2021</u> (£)
99,871	Balance B/F	272,668
172,797	Usable Reserves In Year Movements	(57,852)
272,668	Total Usable Reserves	214,816

14. Interest Income

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

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

<u>Actuals 2019/20</u> (£)	<u>Description</u>	<u>Actuals 2020/21</u> (£)
(32,464)	Interest Income	(34,398)
(32,464)	Total Investment Interest Income	(34,398)

15. Capital Grants Unapplied Reserve

This reserve is in sole respect of the capital grant received by the portfolio from the Welsh and UK Governments. To date no funding has been distributed to Project lead Authorities, therefore this demonstrated the full receipt. Grants will be applied in line with distribution values on occurrence.

<u>31st March 2020</u> (£)	<u>Description</u>	<u>31st March 2021 (£)</u>
-	Balance B/F	18,000,000
18,000,000	Capital Grants Unapplied	36,000,000
-	Capital Grants Applied	(11,203,320)
18,000,000	Total Capital Grants Unapplied	42,796,680

16. Grant Income – Capital

Capital grant income received throughout the year is demonstrated below;

<u>31st March 2020</u> (£)	<u>Description</u>	<u>31st March 2021</u> (£)
(18,000,000)	Government Grant Income	(36,000,000)
(18,000,000)	Total Government Grant Income	(36,000,000)

17. Notes in Respect of the Cashflow Statement

Operating Activities

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

<u>Actuals 2019/20</u> <u>(£)</u>	<u>Description</u>	<u>Actuals 2020/21</u> <u>(£)</u>
147,119	Creditors - (Increase) / Decrease	(102,284)
(189,600)	Debtors - Increase / (Decrease)	(35,400)
18,000,000	Capital grants and contributions recognised in CIES	36,000,000
0	Capital Grants and Contributions Applied in CEIS	(11,203,320)
32,464	Interest Received	34,398
17,989,983	Net Cashflow from Operating Activities	24,693,394

Investing Activities

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

<u>Actuals 2019/20</u> <u>(£)</u>	<u>Description</u>	<u>Actuals 2020/21</u> <u>(£)</u>
(18,000,000)	Short-Term Investments	(24,796,680)
(32,464)	Interest Received	(34,398)
(18,032,464)	Net Cashflow from Investing Activities	(24,831,078)

Financing Activities

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

<u>Actuals 2019/20</u> <u>(£)</u>	<u>Description</u>	<u>Actuals 2020/21</u> <u>(£)</u>
0	Government Grants Received - Revenue	0
0	Government Grants Received - Capital	0
0	Net Cashflow from Financing Activities	0

18. Expenditure and Funding Analysis

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

19. Contingent Liabilities

During the financial year it was agreed to extend the budget for the Portfolio Management Office to five operational years to 2024/25. Within the budget there was a provision for redundancy in respect of the eight posts employed by Carmarthenshire directly attributable to the City Deal. All employees are permanently contracted to Carmarthenshire County Council and at present the probability of redundancy preceding the budgeted operational term is considered remote due to the delay in the commencement of programmes / projects. A nominal redundancy valuation has been used within the management accounts to support the management of reserves, however, this figure cannot be reliably estimated.

Annual Governance Statement

Scope of Responsibility

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

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

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

The Governance Framework

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

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

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

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

The Governance Environment

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

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

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

Integrity and Values

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

Openness and Engagement

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

Making a difference

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

Making sure we achieve what we set out to do

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

Valuing our people; engaging, leading and supporting

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

Managing risks, performance and finance

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

Good Transparency and Accountability

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

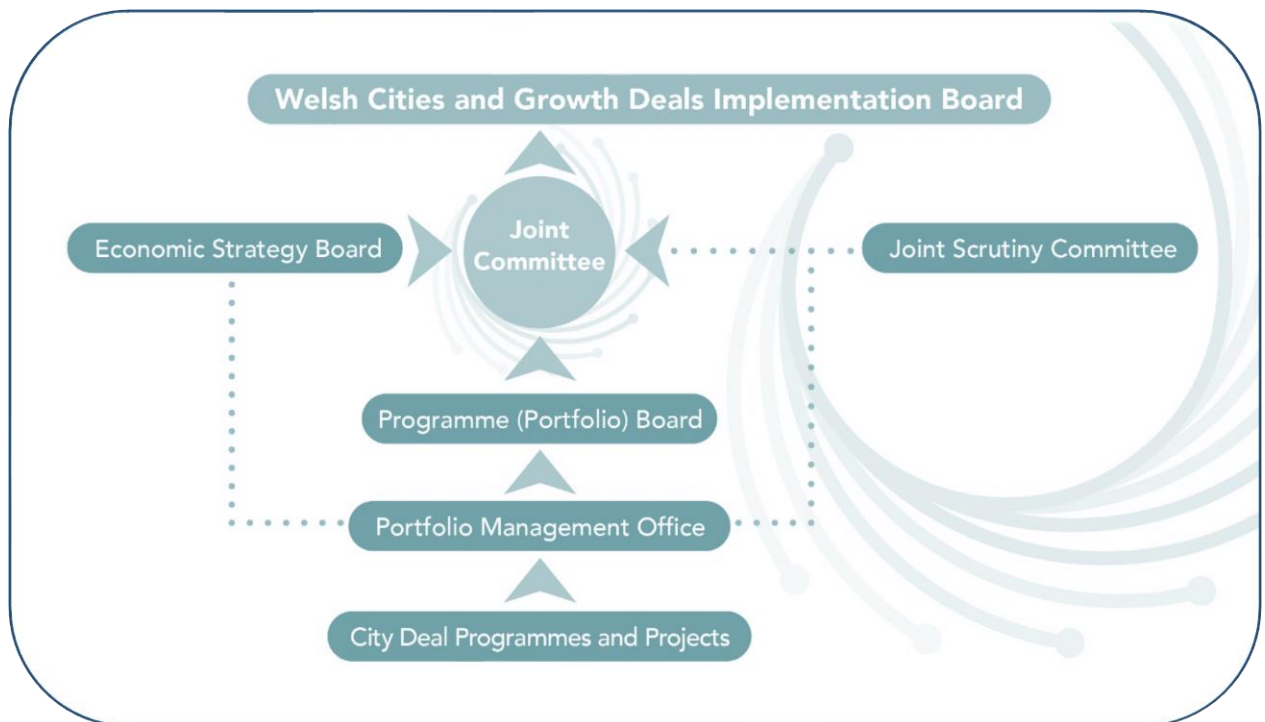
Embracing good governance in the Public Sector



Governance Structure

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

Swansea Bay City Deal Governance Structure



Swansea Bay City Deal Accountable Officers

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

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

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

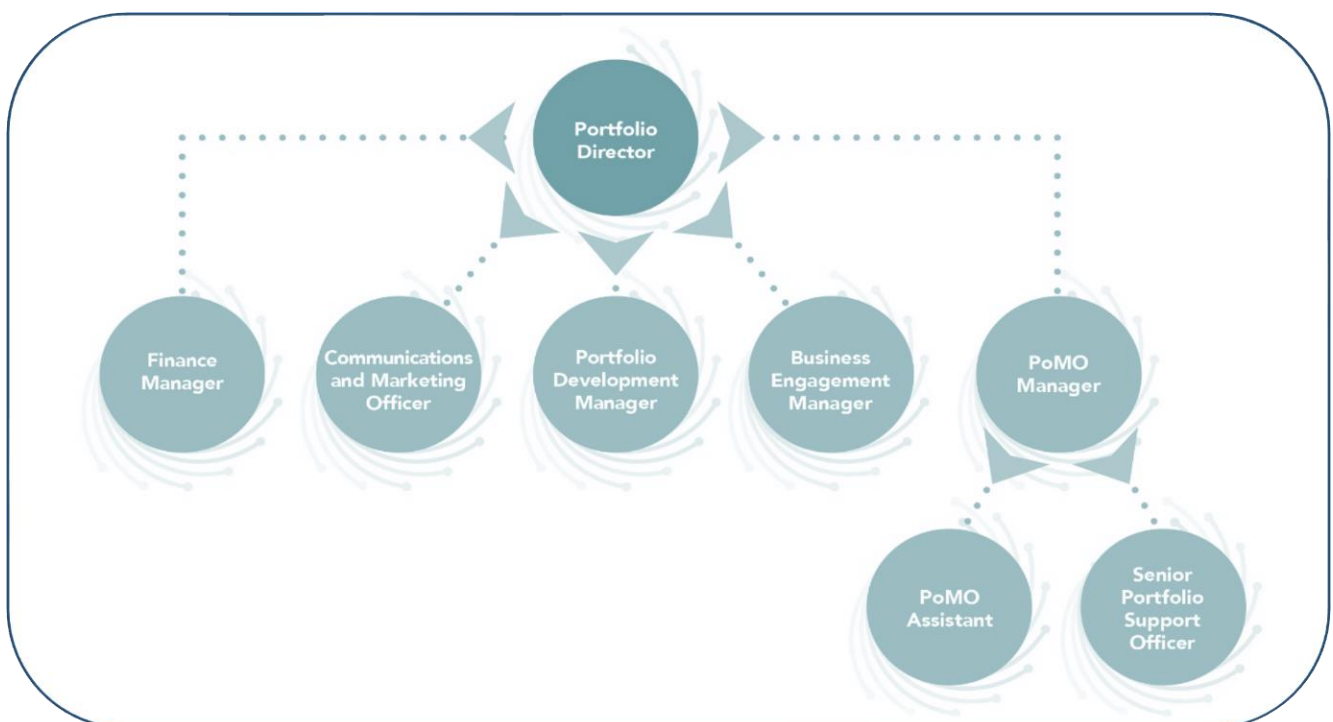
Monitoring Officer – Tracey Meredith, Chief Legal Officer and Monitoring Officer, City and County of Swansea Council

Portfolio Management Office – Dr Jonathan Burnes, Portfolio Director

Portfolio Management Office

The portfolio management office (PoMO) was established on the recommendation of the Attica review conducted during January 2019. The PoMO is tasked with the responsibility for the day-to-day management of matters relating to the Swansea Bay City Deal. Recruitment was finalised during the financial year concluding in eight posts to support the delivery of the portfolio. The PoMO staffing structure is outlined below:

Portfolio Management Office Staffing Structure*



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

Internal Sources of Assurance

Governance Structure

Joint Committee

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

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

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

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

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

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

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

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

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

COVID-19 Impact

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

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

Economic Strategy Board

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

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

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

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

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

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

Portfolio Board

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

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

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

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

The Portfolio Board has four distinct roles:

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

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

Portfolio Management Office

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

Key activities of the Portfolio Management Office include:

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

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

Accountable Body

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

The role of the Accountable Body is to:

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

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

Monitoring Officer

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

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

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

Financial Services (Section 151 Officer)

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

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

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

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

Internal Audit

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

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

Internal Audit Report – Swansea Bay City Deal

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

Audit Scope

<u>Area</u>	<u>Description</u>
Governance:	<ul style="list-style-type: none">• Follow Up of Previous Recommendations• Organisation Structure• Monitoring & Reporting Arrangements
Risk Management:	<ul style="list-style-type: none">• Risk Management
Internal Control:	<ul style="list-style-type: none">• Business Plan Creation & Approval• Project Management• Performance Monitoring & Delivery of Outcomes
Financial Management:	<ul style="list-style-type: none">• Budgetary Control• Accounting Procedure

The internal audit report has determined an audit assurance rating of ‘Substantial’; There are none or few weaknesses in the adequacy and/or effectiveness of the governance, internal control, risk management and financial management arrangements, and they would either be unlikely to occur or their impact is not likely to affect the achievement of the SBCD objectives. This report will be presented to the Joint Committee within the 2021/22 financial year and was subject to delay in financial year 2020/21 due to the COVID-19 crisis.

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

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

Committees

Joint Scrutiny Committee

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

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

The purpose of the Joint Scrutiny Committee shall be:

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

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

External Sources of Assurance

External Audit

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

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

The agreed Annual Audit plan 2020 outlined the proposed audit plan and scope of the external audit to be undertaken by Audit Wales of the Swansea Bay City Deal Joint Committees Statement of Accounts. This plan was prepared and agreed by the Joint Committee and represents the third year of external audit work.

Gateway Reviews

Office of Government Commerce (OGC) Gateway Reviews will be appropriately carried out at both a City Deal portfolio (Gate 0) and project level (Gates 1-5) 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 Portfolio Management Office will organise, with the best course of action determined by the maturity of the portfolio or the stage of a constituent project’s development or delivery.

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

To support this process the Portfolio SRO and Joint Committee will ensure the delivery of an Integrated Assurance and Approval Plan (IAAP), a Monitoring and Evaluation Plan and a Portfolio plan. The Regional Portfolio Management Office will provide visibility to the SRO and Joint Committee of the collaborative work undertaken with Welsh Assurance Hub to develop these assurances and monitoring plans over the coming months. A portfolio level IAAP has been developed and implemented. Further work is being undertaken on the remaining plans and the Joint Committee have instigated and invitation to tender for specialist support in delivering these strategic areas.

Government Review (5 case business model)

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

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

Each business case in support of SBCD project must evidence:

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

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

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

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

Well-being of Future Generations Act (Wales) 2015

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

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

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

Accounting Officer Review

During the financial year an Accounting Officer Review was undertaken under the responsibility of the Accounting Officer as defined in Managing Welsh Public Money. The scope of the review was limited to the submitted Portfolio Business Case (PoBC) and its appendices, version 1.1, dated 20th August 2020. The report is structured to align with the Five Case Model. The review is focused on the PoBC; and not the constituent parts of the portfolio and their corresponding business cases.

The business case lead, and counterparty for the review, is the Swansea Bay City Deal (SBCD) Portfolio Management Office. The Review is an agreed joint Welsh Government (WG) and UK Government (UKG) position; the SBCD was signed by Governments and regional partners in March 2017.

This report identifies 15 high level recommendations. These are intended to strengthen the PoBC, assist with the mitigation of risks and improve the chances of successful delivery. An outline of the recommendations is demonstrated below:

ID	Recommendation	Status	Owner*
AOR001	WCGIB share the AOR report with the North Wales Growth Deal and Mid Wales Growth Deal.	Completed	WCGIB
AOR002	Subsequent iterations of the PoBC present the current/latest position of the portfolio	Completed	SBCD
AOR003	Release of annual C&GD funding is linked to an annual submission of an updated PoBC	Completed	SBCD
AOR004	PoBC be developed to include a section on strategic alignment of UKG & WG policy objectives, at a project level	Completed	SBCD
AOR005	PoMO fully 'SMARTens' and clearly baselines PoBC Spending Objectives	Completed	SBCD
AOR006	PoMO includes project-level Spending Objectives at portfolio level, and quantifies the contribution the portfolio will make to the SBCR strategy	Completed	SBCD
AOR007	PoMO ensures benefits are quantified wherever possible at project level, and presents the main quantified benefits in the PoBC	Completed	SBCD
AOR008	WG & UKG officials work with the PoMO to develop a standardised economic appraisal template for use by projects	In Progress	WCGIB
AOR009	WCGIB to seek assurance from the PoMO that - going forward - appropriate business case documentation, and governance and assurance arrangements are developed and installed respectively, for the constituent parts of the portfolio	Completed	SBCD
AOR010	PoMO adopts standardised definitions for portfolios and projects, as defined by the respective best practice methodologies	Completed	SBCD
AOR011	Next iteration of the PoBC is updated to include the identification of project level community benefits, and identified opportunities for collaborative project-level procurements	Completed	SBCD
AOR012	Appropriate WG & UKG officials work with the PoMO to develop a standardised financial appraisal template	In Progress	WCGIB
AOR013	PoMO sets out the relationship between portfolio investment funding and capital financing in more detail in the next iteration of the PoBC	Completed	SBCD
AOR014	Updated governance and assurance processes are provided by WCGIB to the PoMO for incorporation into their assurance and approval process	Completed	WCGIB
AOR015	WCGIB set out its expectations for monitoring progress, and confirms the reporting frequency it is seeking	Completed	WCGIB

*SBCD – Swansea Bay City Deal, WCGIB – Welsh City and Growth Deals Implementation Board

Internal review

Project approval process and flow of funds

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

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

Governance Assessment Process

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

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

These include, but are not limited to:

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

Integrated Assurance and Approval Plan

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

Risk Management Arrangements

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

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

Following Portfolio Board review, the portfolio risk register and portfolio 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.

Organisational risks are captured in project specific risk registers.

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

Risk Theme	Title	Owner	Risk Description	Review Update/Control Actions	Residual Probabil	Residual Impact	Residual Rank	Next Review
Financial	Private sector funding contribution/s not in line with initial business case projections	Delivery Lead	Risk that Private sector funding / contributions is not in line with initial business case projects resulting in overall impact of the City Deal not being realised. Project cannot deliver full scheme. Project is unsustainable	A business engagement framework is being developed to support and engage private sector. At present limited private sector funding has been committed, however as the portfolio develops further investment will be stimulated as programmes / projects and supply chains mature. This will be monitored quarterly.	4	4	16	Jul-21
Financial	Timeframe for end of current EU funding programmes	All	Risk of not being able to deliver full funding package at both project and programme level due to time constraints.	Programmes/projects will manage European funding inline with business case approved budgets. Two projects are in receipt of EU funding, PDM has been approved and SILCG has been incurring spend at risk.	4	4	16	Jul-21

Benefits Realisation Arrangements

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

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

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

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

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

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

Post Implementation and Evaluation Arrangements

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

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

Action Plan of Portfolio Governance Issues

Governance Issues	Action	Target for Completion
<p>Formal agreements should be signed with partners who have not signed up as part of the Joint Committee Agreement (i.e. Universities and Health Boards).</p> <p>The Anti-Fraud and Anti-Corruption Strategy should be finalised and formally approved as soon as possible, and the new process for recording declaration of interests should be fully embedded.</p>	<p>The JCA update will commence in April 2021. Consideration will be given to non-LA partners being part of the JCA as part of the update. Partners who are lead deliverers are signed up to deliver the outputs and outcomes as stipulated in the Funding Agreements. The policies will be finalised and approved by the SBCD governance in Q1 2021/22.</p> <p>Declarations of interest process and templates are now fully embedded. Anti-Fraud Strategy is awaiting feedback from Audit in PCC on principles of the policy and will be put through Governance Boards for formal approval in Q1.</p>	<p>30 June 2021 (end of Q1 2021-22)</p>
<p>The risk scoring methodology should be reviewed to clearly identify the inherent (prior to the implementation of controls) and residual (after the implementation of controls) risk scores.</p>	<p>Noted and agreed. The portfolio risk register now incorporates the residual risk score. The PoMO will conduct an annual review of the portfolio risk register in Q1/2 2021/22 with the aim to refresh the risk definitions and remove any legacy narrative. The refresh will also ensure that residual risk ratings are in line with the inherent risk score.</p>	<p>30 Sept 2021 (end of Q2 2021-22)</p>
<p>The processes for capturing and reporting on the achievement of outputs, outcomes and impacts should continue to be developed and should be fully embedded to set out clear performance targets and help evidence the achievement of the original objectives and value added.</p>	<p>A SBCD Portfolio benefits plan will be developed and implemented in Q1/2 2021/22 to complement the existing performance reports (highlight, quarterly and annual reports). Benefits realisation will be reported on a quarterly basis and form part of the future annual reports.</p>	<p>30 Sept 2021 (end of Q2 2021-22)</p>

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

Certificate of Approval

Chair of Joint Committee Approval;

Signed; Rob Stewart

Date: 29th July 2021

Councillor Rob Stewart

Chair of Swansea Bay City Region Deal Joint Committee

Leader of City and County of Swansea Council



Senior Responsible Owner Approval;

Signed; Wendy Walters

Date: 29th July 2021

Wendy Walters

Chair of Swansea Bay City Deal Portfolio Board

Chief Executive, Carmarthenshire County Council



Glossary of Terms

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

General Terms

Accrual

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

Audit

An audit is an independent examination of our activities.

Audit Wales

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

Balance

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

Balance Sheet

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

Bid Price

The price that a third party would pay the scheme in an arm's length transaction for the investment.

Budget

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

Capital Expenditure

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

Capital Receipt

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

Creditor

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

Current Assets

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

Current Liabilities

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

Debtor

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

Depreciation

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

Employer Contributions

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

Fees and Charges

Income raised by charging users of services for the facilities, e.g. charges for the use of leisure facilities, car parking, the collection of trade refuse etc.

Financial Year

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

Gross Expenditure

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

IFRS*

International Financial Reporting Standard.

IFRIC*

International Financial Reporting Interpretations Committee.

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

Liability

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

Minimum Revenue Provision (MRP)

This is the amount we have to set aside to repay loans.

National Non-Domestic Rates (NNDR)

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

Net Realisable Value

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

Operating Leases

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

Pension Fund

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

Property, Plant and Equipment

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

Provision

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

Prudential Code

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

Public Works Loan Board (PWLB)

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

Reserve

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

Revenue Account

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

Securities

These are investments such as stocks, shares and bonds.

Inventories

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

Subjective Analysis

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

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

Variance

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



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Accountable Body

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Carmarthen

Carmarthenshire

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

Agenda Item 7



Swansea Bay City Region Joint Committee – 29 July 2021

Letter of Representation to Audit Wales

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

1. Introduction

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

2. Letter of Representation

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

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

3. Financial Implications

There are no financial implications within this report.

4. Legal Implications

There are no legal implications associated with this report.

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

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

Background Papers: None

Appendices:

Appendix A: Letter of Representation to Audit Wales

Eich cyf / Your ref:

Gofynner am / Please ask for:

Fy nghyf / My ref:

Linell Uniongyrchol / Direct Line: 01267 224121

Dyddiad / Date: 22nd July 2021

E-bost / E-mail: CMoore@carmarthenshire.gov.uk

Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

Representations regarding the 2020-21 financial statements

This letter is provided in connection with your audit of the financial statements of Swansea Bay City Deal joint committee for the year ended 31 March 2021 for the purpose of expressing an opinion on their truth and fairness and their proper preparation. We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom UK 2020-21; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Chris Moore FCCA

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

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



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Information provided

We have provided you with:

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

Financial statement representations

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

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

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

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

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

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Chris Moore FCCA

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

Director of Corporate Services,

County Hall, Carmarthen Carmarthenshire SA31 1JP



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Representations by those charged with governance

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Committee on 10 September 2021.

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

Signed by: C Moore

Signed by: R Stewart

Section 151 officer

Chair of the Committee

Date: 22/07/2021

Date: 22/07/2021

Chris Moore FCCA

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

Director of Corporate Services,

County Hall, Carmarthen Carmarthenshire SA31 1JP



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Agenda Item 8



Swansea Bay City Deal Joint Committee - 29 July 2021

Skills and Talent Programme – Outline Business Case

Purpose:	As one of the programmes within the Swansea Bay City Deal Portfolio, Joint Committee members are requested to receive and approve the Skills and Talent Programme Business Case with a view to drawing down £10m of revenue investment.
Policy Framework:	Swansea Bay City Deal (SBCD) Joint Committee Agreement (JCA)
Consultation:	Carmarthenshire County Council Neath Port Talbot County Borough Council Pembrokeshire County Council City and County of Swansea Economic Strategy Board Programme Board Welsh Government UK Government
Recommendation(s):	<ol style="list-style-type: none">1. The Joint Committee approves the formal submission of the Skills & Talent Business Case to the UK and Welsh Government for approval2. The Joint Committee grants the Programme's Senior Responsible Owner (SRO) in consultation with the relevant Directors and Cabinet Members in constituent Authorities delegated powers to make any minor amendments to the Business Case as necessary to obtain that approval.
Report Author:	Jane Lewis (Skills and Talent Programme Lead)
Finance Officer:	Chris Moore (SBCD S151 Officer)
Legal Officer:	Tracey Meredith (SBCD Monitoring Officer)

1. Introduction

The Skills and Talent programme aims to create new and sustainable opportunities to upskill and create a skills pathway for all that will reduce the number of economically inactive; increase the number of people with higher than level 2 qualifications and create opportunities to increase the number of people with higher level skills thereby generating prosperity for individuals and businesses across the region

The Skills and Talent programme is a unique programme within the suite of 9 City Deal projects that will deliver a skills training solution offering the best value sustainable skills infrastructure to develop the future workforce for the region. The development of a comprehensive and forward-thinking skills programme that will deliver the right skills and competency across all the key themes of the City Deal programme is vital to the overall success of the City Deal Portfolio.

The programme will align the available skills provision and identified skills gaps with the needs of Industry across the region as well as the 8 innovative projects that make up the City Deal supporting the growth of GVA, productivity and business investment in the region. The delivery of an innovative skills training programme will be through initial scoping and publication of a skills barometer followed by the development of pilot projects to offer training solutions that will over the lifetime of the programme and beyond deliver a skilled workforce that will meet the requirements of the projects and the wider economy of the Swansea Bay region.

The Regional Learning and Skills Partnership (RLSP), a partnership of Industry Employers and public sector training and education providers will be the lead body for the Skills and Talent programme. The partnership was established in 2010 to identify skills and training needs of the region and has a long-standing experience of working with industry and training providers and reporting to Welsh Government the regional training needs

2. Background

The Business Case for Skills and Talent has been developed as a Programme Business case, in line with Better Business Case and Green Book guidance and has progressed significantly over the last couple of months.

The Programme governance arrangements are now in place through the RLSP Board which has approved the business case for submission through the City Deal governance process.

Following review by the Portfolio Management Office, the business case has been considered by the Economic Strategy Board (ESB) with feedback incorporated into the current draft. An official ESB test and challenge session was held on 20th May, the result of which was full support and endorsement of the programme and its Business Case from the ESB.

The Business Case was endorsed by SBCD Programme Board on 29th June 2021.

The Programme is following the City Deal Integrated Assurance & Assessment Framework for all governance and assurance matters including risk and issue management, benefits realisation plans, quarterly and annual reporting, and Project monitoring. A Programme Gateway Review was undertaken 23rd-25th June receiving a Green rating.

A policy workshop was held with UK and Welsh Governments on 11th May and a presentation to the UK Minister 7th July.

The programme lead has also been discussing examples of good practice with other City Deal programmes in Edinburgh and Belfast where there are similarities on the skills needs moving forward.

3. Skills and Talent Programme Business Case

The development and delivery of an up-to-date training and skills programme through formal education; traineeships, apprenticeships and higher-level apprenticeships is critical to improving opportunities for lower skilled workers to upskill for labour market and to seek higher level outcomes. The programme will enable the support of employees already in the workplace to upskill/reskill to be developed to achieve the overall ambition and success of the Swansea Bay City Deal will be based on the ability of businesses in the region to compete with other areas in Wales and the UK. To ensure that we achieve this success it is essential to have a highly skilled and productive workforce to enable the region to be connected and competitive.

Through the funding support of the City Deal programme the RLSP will create a trained and talented workforce for the future within the Swansea Bay City Region working with stakeholders, employers and training providers. The Skills and Talent programme will provide a private led business skills solution delivered through an integrated regional approach to delivering skills focusing on specific sector skills required in order to meet the demand of the Swansea Bay City Region City Deal and the five themes of 'Digital, Construction, Health and Wellbeing, Energy and Smart Manufacturing all fused together to bring about Economic Acceleration in the region. The programme will help open up new jobs to increase the number of people moving into work (including those who have been out of work over a long period of time) and reduce the number of people becoming NEET's.

The Skills and Talent programme will:

- ✓ To directly deliver at least 2,200 additional skills and support the development of around 14,000 individuals with higher level (between 2-8) skills within 10 years.
- ✓ To create at least 3000 new apprenticeship opportunities, to include level 3 to Degree apprenticeships.
- ✓ To create at least 2 Centres of Excellence within specific sectors to develop the region as being "the best" area for skills development.
- ✓ To create a clear career pathway from school education through further and higher education in the key areas of digital; construction, energy; smart manufacturing and life-science and wellbeing, achieved through engagement and development work with schools increasing the number of pupils following the STEM subjects in FE and HE.
- ✓ To deliver 20 new/updated course frameworks to ensure they meet the industry training needs for the future.

The Programme will consist of the following phased elements:

Phase 1 – Identification of skills gaps

Phase 2 – Development of new frameworks and training programmes

Phase 3 – Pilot Projects

Phase 4 – Development of Career Pathways

Phase 5 – Creation of Centres of Excellence

The Skills and Talent programme will work with the City Deal's eight other programmes/projects detailed below as well as understanding the wider regional skills requirements.

The programme will seek to influence the following areas;

- **Advanced skills:** Leading innovation across the City Deal projects. The advanced skills offer will support the new and emerging technologies contained within the constituent proposal bids.
- **Under/Postgraduate Expansion:** Providing increased productivity through greater graduate skills application across the Four Internet themes.
- **Further/Higher Education:** Delivering skills for new roles within the theme sectors, through Foundation Degree programmes, Apprenticeships and Higher Apprenticeships to include Degree Apprenticeships. Delivering innovation will include new blended learning approaches.
- **Continuing Professional Development:** Ensuring the region's skills across the themes remains at the forefront of professional practice. This is to include ensuring that older workers currently operating within the economy have the skills they desire and require to progress and diversify.
- **Apprenticeships:** Support the integration of Apprenticeship opportunities throughout the Skills and Talented Future Generations project.
- **Skills facilities development:** Creation of sector-specific facilities to support the development of new emerging skills/roles and the creation of a step-change in capacity across the region.
- **Schools engagement** to influence curriculum development and delivery to ensure the adequate supply of young people with the right skill sets.
- **Increased engagement** with current channels and programmes delivering careers advice to enthuse young people and influence career decisions at the right time and in the right way to retain the talent of young people in the region and reduce the impact of "brain drain" on the region.
- **Engagement with people of all ages** who are not currently in Education, Employment or Training (NEETS) ensuring that there are opportunities for all.

The Skills and Talent Programme will support the SBCD portfolio and build on existing engagements with all project lead organisations and the long-standing links with the private sector via sector specific cluster groups. Existing knowledge and consultation will help identify the skills need and facilitate engagements with relevant providers to deliver skills solutions.

The skills developed through the Skills and Talent programme will not only help fill the new roles directly created through the City Deal Themes, but also support a broader uplift in Gross Value Added (GVA) and productivity across the prioritised sectors and wider regional economy. Given the varying lead times of each project a timescale of between five and fifteen years is proposed in the first instance to achieve the aims which will be

monitored through the incremental measurement of GVA. The RLSP has a tried and tested methodology for identifying skills needs which will be built on and honed to identify the skills solutions for each of the projects within the proposal.

Individual Project Skills needs will be identified and quantified through the following process;

- Existing Regional Skills Identified through a desk-based review of relevant labour market information,
- City Deal Project Skills identified through continued engagement with the individual projects,
- Skills Gap Analysis undertaken, and Skills Barometer published,
- Skills Requirement solutions identified, and projects developed,
- Career Pathways developed with schools and colleges, and
- Centres of Excellence established to sustain activity beyond the programme.

4. Financial Implications

Risks will be managed through monitoring and evaluation at both project and programme level and reported, via the Portfolio Management Office, to the Joint Committee, where appropriate.

Specific programme financial risks are outlined within the strategic case component of the business case and the Programme risk register.

The procedures around the management of City Deal funding are detailed within the Joint Committee Agreement.

The project is funded through £10m City Deal Funding, £16m public sector funding and £4m private sector funding. City Deal funding will be released on the successful approval of the programme business case by UK and Welsh Government. Public sector investment consists of investment/contributions from local authorities and other public funded and public service organisations. Public Sector investment will also consist of funding from FE, HE and schools as cash or in-kind match funding for projects. Private sector investment includes regional investment from local and national private sector partners as well as local higher education providers.

5. Legal Implications

The Joint Committee Agreement between the participants of the Swansea Bay City Region requires (at clause 12.3) all councils in whose areas the projects take place to approve the submission of the business case. The programme business case shall include a resolution of the relevant project authority lead and all councils in whose area the project shall take place. Therefore, all regional authorities will need to approve this business case through their internal governance process.

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

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

The SBCD portfolio and its constituent programmes and projects 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.

The alignment of the Skills and Talent Programme to the Well-being of Future Generations (Wales) Act 2015 is detailed within the appended Programme Business Case.

Background Papers: None

Appendices: A – Skills and Talent Programme Business Case including Executive Summary.

Swansea Bay City Deal

Skills and Talent Programme

Business Case

“Create Ambition and Raise Aspiration”

Version 9

Updated June 2021



Regional Learning and Skills Partnership
Partneriaeth Dysgu a Sgiliau Rhanbarthol

De-Orllewin Cymru
South West Wales

Executive Summary

1 Vision

To create new and sustainable opportunities that will generate prosperity for individuals and businesses in the Swansea Bay City Deal region. This will be achieved through the development of a pathway of skills for all and the pilot delivery of demand driven high level skills and upskilling opportunities across the five key sectors.

2 Programme Introduction

The Skills and Talent programme is a unique programme within the suite of 9 City Deal projects that will deliver a skills training solution offering the best value sustainable skills infrastructure to develop the future workforce for the region. The development of a comprehensive and forward-thinking skills programme that will deliver the right skills and competency across all the key themes of the City Deal programme is vital to the overall success of the City Deal Portfolio.

The programme will align the available skills provision and identified skills gaps with the needs of Industry across the region as well as the 8 innovative projects that make up the City Deal supporting the growth of GVA, productivity and business investment in the region. The delivery of an innovative skills training programme will be through initial scoping and publication of a skills barometer followed by the development of pilot projects to offer training solutions that will over the lifetime of the programme and beyond deliver a skilled workforce that will meet the requirements of the projects and the wider economy of the Swansea Bay region.

The Regional Learning and Skills Partnership (RLSP), a partnership of Industry Employers and public sector training and education providers will be the lead body for the Skills and Talent programme. The partnership was established in 2010 to identify skills and training needs of the region and has a long-standing experience of working with industry and training providers and reporting to Welsh Government the regional training needs.

Proposal Description

The development and delivery of an up-to-date training and skills programme through formal education; traineeships, apprenticeships and higher-level apprenticeships is critical to improving opportunities for lower skilled workers to upskill for labour market and to seek higher level outcomes. The programme will enable the support of employees already in the workplace to upskill/reskill to be developed to achieve the overall ambition and success of the Swansea Bay City Deal will be based on the ability of businesses in the region to compete with other areas in Wales and the UK. To ensure that we achieve this success it is essential to have a highly skilled and productive workforce to enable the region to be connected and competitive. Through the funding support of the City Deal programme the RLSP will create a trained and talented workforce for the future within the Swansea Bay City Region working with stakeholders, employers and training providers. The Skills and Talent programme will provide a private led business skills solution delivered through an integrated regional approach to delivering skills focusing on specific sector skills required in order to meet the demand of the Swansea Bay City Region City Deal and the five themes of 'Digital, Construction, Health and Wellbeing, Energy and Smart Manufacturing all fused together to bring about Economic Acceleration in the region. The programme will help open up new jobs to increase the number of people moving into work (including those who have been out of work over a long period of time) and reduce the number of people becoming NEET's.



Programme Delivery stages

The Skills and Talent programme will:

- ✓ To directly deliver at least 2,200 additional skills and support the development of around 14,000 individuals with higher level (between 2-8) skills within 10 years.
- ✓ To create at least 3000 new apprenticeship opportunities, to include level 3 to Degree apprenticeships.
- ✓ To create at least 2 Centres of Excellence within specific sectors to develop the region as being “the best” area for skills development.
- ✓ To create a clear career pathway from school education through further and higher education in the key areas of digital; construction, energy; smart manufacturing and life-science and wellbeing, achieved through engagement and development work with schools increasing the number of pupils following the STEM subjects in FE and HE..
- ✓ To deliver 20 new/updated course frameworks to ensure they meet the industry training needs for the future.

The Skills and Talent programme will work with the City Deal’s eight other programmes/projects detailed below as well as understanding the wider regional skills requirements.

Economic Acceleration	Swansea City & Waterfront Digital District	To boost Swansea city centre’s economic well-being at the heart of the City Region’s economy, while retaining local tech, digital and entrepreneurial talent. This programme includes: <ul style="list-style-type: none"> • A digitally enabled indoor arena in the city centre for concerts, exhibitions, conferences and other events • A ‘digital village’ development in the city centre to accommodate the city’s growing tech and digital business sector • A ‘Innovation Matrix’ and the wider innovation precinct development at the University of Wales Trinity Saint David’s new Swansea waterfront campus to enable start-up company support and growth
	Yr Egin	To support and further develop the region’s creative industry sector and Welsh language culture. The two-phased programme in Carmarthen, led by the University of Wales Trinity Saint David, features: <ul style="list-style-type: none"> • National creative sector anchor tenants • World class office space for local and regional creative sector SMEs, with opportunities for expansion • Facilities for the community and business networking • The facilitation of engagement between businesses and students
	Digital Infrastructure	To significantly improve digital connectivity throughout the City Region for the benefit of businesses and residents, also helping to attract inward investment. The programme is made of up of three themes: <ul style="list-style-type: none"> • Connected places

		<ul style="list-style-type: none"> • Rural connectivity • Next generation wireless (5G and IOT networks)
Life Science & Well-being	Life Science, Well-being and Sport Campuses	To develop digital health and platform technologies and clinical innovation 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 Sciences at Swansea University and expanding on regional expertise in sport and exercise science. This project will be located at Morriston Hospital and Swansea University's Singleton Campus.
	Pentre Awel	Previously named the Life Science & Well-being Village, this development will include life sciences research and assisted living units on one site in Llanelli, alongside state-of-the-art leisure, well-being and business incubation facilities. The development will include a well-being skills centre and a clinical delivery centre (Community Health Hub). This project will benefit from and further develop regional expertise in life sciences, while providing training and high-value job opportunities for local people.
Energy and Smart Manufacturing	Homes as Power Stations	A co-ordinated project across the City Region, Homes as Power Stations will see energy-saving technologies introduced to thousands of homes as part of a smart, low carbon new-build and retrofit programme. The project will: <ul style="list-style-type: none"> • Tackle fuel poverty • Further decarbonise the regional economy • Improve residents' health and well-being • Reduce burden on regional health and social services • Benefit regional supply chain businesses • Potentially develop a UK-wide industry in the City Region, with global export opportunities
	Pembroke Dock Marine	This programme will place Pembrokeshire at the heart of UK and global zero carbon, marine and off-shore energy innovation, building on the expertise of a marine energy cluster in Pembroke Dock. Facilities will be provided for marine energy innovators to build, test and commercialise their technologies. Programme features include: <ul style="list-style-type: none"> • Pembroke Dock Infrastructure (PDI) improvements • A Marine Energy Engineering Centre of Excellence (MEECE) • Marine Energy Test Area (META) developments • The Pembrokeshire Demonstration Zone (PDZ)
	Supporting Innovation and Low Carbon Growth	This programme will help further decarbonise the regional economy, while safeguarding the regional steel industry and providing high-quality space for the innovation, ICT and research and development sectors. Programme features include: <ul style="list-style-type: none"> • SWITCH - A purpose-built facility and specialist equipment to support the steel and metals industry and supply chain • Electric vehicle infrastructure and mapping • Real-time air quality modelling • Hydrogen production to power hydrogen vehicles • Cutting-edge business spaces to meet evidenced demand including a Technology Centre and Property Development Fund

Key areas of Influence

The programme will seek to influence the following areas;

- **Advanced skills:** Leading innovation across the City Deal projects. The advanced skills offer will support the new and emerging technologies contained within the constituent proposal bids.
- **Under/Postgraduate Expansion:** Providing increased productivity through greater graduate skills application across the Four Internet themes.
- **Further/Higher Education:** Delivering skills for new roles within the theme sectors, through Foundation Degree programmes, Apprenticeships and Higher Apprenticeships to include Degree Apprenticeships. Delivering innovation will include new blended learning approaches.
- **Continuing Professional Development:** Ensuring the region's skills across the themes remains at the forefront of professional practice. This is to include ensuring that older workers currently operating within the economy have the skills they desire and require to progress and diversify.
- **Apprenticeships:** Support the integration of Apprenticeship opportunities throughout the Skills and Talented Future Generations project.
- **Skills facilities development:** Creation of sector-specific facilities to support the development of new emerging skills/roles and the creation of a step-change in capacity across the region.
- **Schools engagement to influence curriculum development and delivery to ensure the adequate supply of young people with the right skill sets.**
- **Increased engagement with current channels and programmes delivering careers advice to enthuse young people and influence career decisions at the right time and in the right way to retain the talent of young people in the region and reduce the impact of "brain drain" on the region.**
- **Engagement with people of all ages who are not currently in Education, Employment or Training (NEETS) ensuring that there are opportunities for all.**

The Skills and Talent Programme will support the SBCD portfolio and build on existing engagements with all project lead organisations and the long-standing links with the private sector via sector specific cluster groups. Existing knowledge and consultation will help identify the skills need and facilitate engagements with relevant providers to deliver skills solutions.

The skills developed through the Skills and Talent programme will not only help fill the new roles directly created through the City Deal Themes, but also support a broader uplift in Gross Value Added (GVA) and productivity across the prioritised sectors and wider regional economy. Given the varying lead times of each project a timescale of between five and fifteen years is proposed in the first instance to achieve the aims which will be monitored through the incremental measurement of GVA. The RLSP has a tried and tested methodology for identifying skills needs which will be built on and honed to identify the skills solutions for each of the projects within the proposal.

Individual Project Skills needs will be identified and quantified through the following process;

- Existing Regional Skills Identified through a desk-based review of relevant labour market information,

- City Deal Project Skills identified through continued engagement with the individual projects,
- Skills Gap Analysis undertaken and Skills Barometer published,
- Skills Requirement solutions identified, and projects developed,
- Career Pathways developed with schools and colleges, and
- Centres of Excellence established to sustain activity beyond the programme.

Synergies

The unique nature of the projects is a key driver of the City Deal and this allows for each to work independently with the success of one not completely dependent on the success of another. In the simplest sense, whilst no project is directly reliant on another, there are instances whereby projects will work more efficiently and effectively if other projects are working to their peak also, these instances are referred to as interdependencies.

Undeniably, underpinning each of the projects is skills and talent requirements and the success of all projects will be determined through having a skilled workforce both now and for the future.

A further key determinant of success is the preparedness and capability of future generations to capitalise on the opportunities presented by the proposal. The Initiative recognises that it is essential that younger generations are well-informed, it is therefore the intention of the programme to foster the themes of entrepreneurship and digital innovation through closer engagement with schools and the further and higher education institutions.

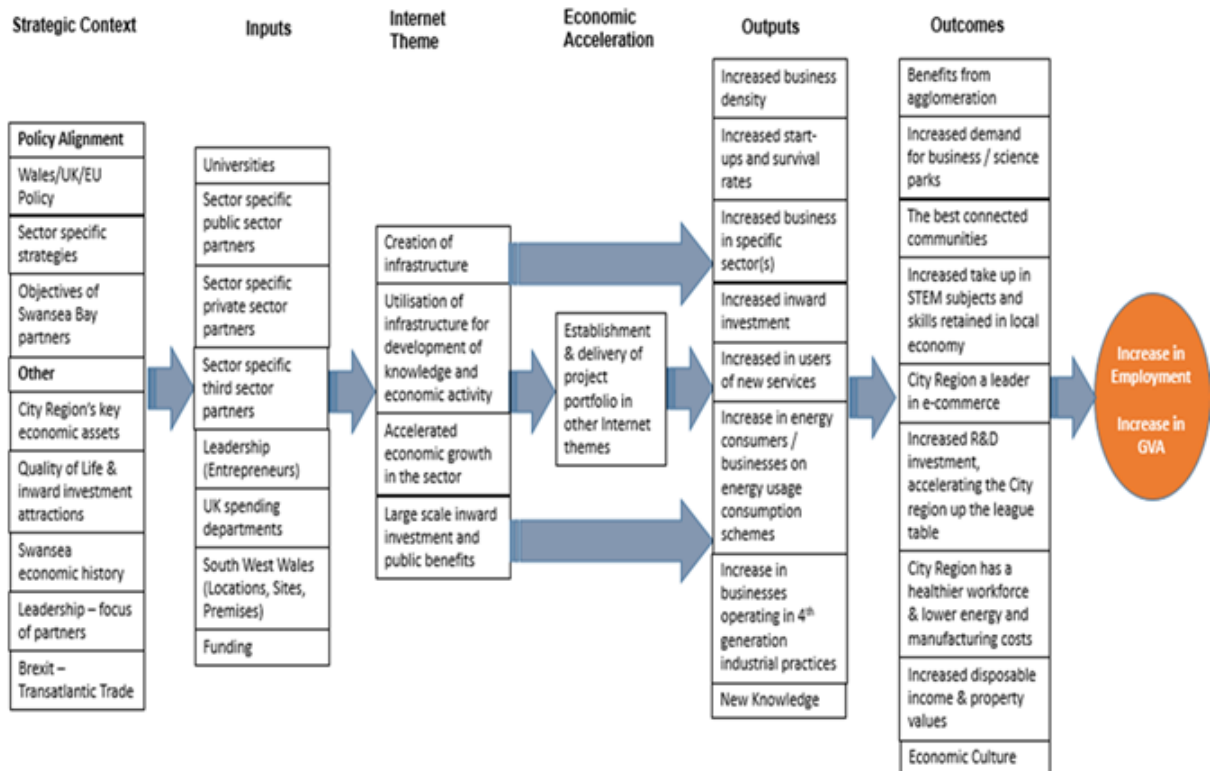
The further and higher education institutions operating within the region already have an exemplary offer of provision within these areas. Aligning their offer more closely to the specific needs of the City Deal and identifying where there are opportunities for multi-disciplinary teaching will create skilled individuals with the transferable skills needed to work across the City Deal.

3 Overview of Strategic Case

The Skills and Talent programme will align with the 4 key strands of the City Deal i.e Economic Acceleration; Energy; Life Science and Well-being and Smart Manufacturing. The programme will develop a sustainable pipeline of individuals to support the growth of the themes and support the future competitiveness of the region and maximise the potential of City Region partner organisations through the existing RLSP structure.

The programme aligns with the requirements and aims of the following national, regional and local strategies.

- UK Industrial Strategy
- Welsh Government Prosperity for All: the national strategy
- Wellbeing of Future Generations (Wales) Act
- International Strategy for Wales
- 21st Century Higher Education Strategy for Wales
- Education in Wales Strategy – our National Mission
- Youth Engagement and Progression Framework Strategy
- Tackling Poverty Plan
- Swansea Bay City Region Economic Regeneration Strategy
- Framework for Regional Investment in Wales
- Regional Employment and Skills Plan
- Rural Vision for Wales – Thriving Communities for the future



Case for Change

The Swansea Bay City Deal region suffers from a series of overarching economic issues including low GVA, lack of well-paid job opportunities, skills shortage, high levels of economic inactivity and outward youth migration. The region is characterised by a higher proportion of individuals with no qualifications when compared with national averages. A high number of individuals in the region are currently in low skilled, low paid and unstable employment and subsequently a lower-than-average level of individuals are in higher paid, meaningful employment. The programme will help address the skills gaps by working with the City Deal projects and regional stakeholders to develop and deliver the skills needs for the future in the region.

Objectives & Benefits

The overarching objective of the Skills and Talent programme is to strengthen collaboration and increase investment that will significantly boost the quality and quantity of trained and skilled individuals through the intervention of the programme. The aim is to:

- ✓ To directly deliver at least 2,200 additional skills and support the development of around 14,000 individuals with higher level (between 2-8) skills within 10 years.
- ✓ To create at least 3000 new apprenticeship opportunities, to include level 3 to Degree apprenticeships.
- ✓ To create at least 2 Centres of Excellence within specific sectors to develop the region as being “the best” area for skills development.
- ✓ To create a clear career pathway from school education through further and higher education in the key areas of digital; construction, energy; smart manufacturing and life-science and wellbeing, achieved through engagement and development work with schools increasing the number of pupils following the STEM subjects in FE and HE.

- ✓ To deliver 20 new/updated course frameworks to ensure they meet the industry training needs for the future.

These investment objectives are SMART (specific, measurable, achievable, realistic and time bound) and will be realised with a £30 million investment from:

**City Deal
£10m**

**Public Sector
£16m**

**Private Sector
£4m**

Existing Arrangements and Business Need

The Strategic Case outlines the existing arrangements for skills training provision and identifies the business need that the Programme will respond to. This is summarised in the table below:

Theme	Existing Arrangements	Investment objective	Business Needs
Economic Performance	Fewer people with higher level qualifications.	14,000 individuals with increased level of skills (2,000 direct and 12,000 indirect).	To increase the number of people with higher level qualifications to support the SDCB projects.
	The region has the highest number of people in Wales with low or no qualifications.	Create at least 3,000 new apprenticeship opportunities to include level 3 to degree.	Develop a programme of opportunities to upskill the existing workforce. Attain 100% completion of the apprenticeship programme and provide the employability support to individuals to move into full time employment.
	High number of individuals in low paid employment.	Create opportunities to support people into work.	Increase opportunities through the improvement of skills levels to increase the number of people in higher paid jobs.
	The jobs in the region have a strong reliance on the foundational economy or public sector.	Create clear pathways within schools focusing on the key themes within the City Deal portfolio.	Developing the career pathways throughout the school years to showcase the opportunities will highlight the new opportunities.
		Increased uptake of school pupils progressing into STEM subjects at FE/HE.	
	High number of economically inactive people.	Upskill and support people into employment by creating opportunities through project community benefits programme.	Working with employability programmes to develop the opportunities to upskill and gain qualifications into meaningful jobs.
	Course frameworks do not meet future skills needs and lecturers/teachers are not fully aware of the new ways of working within industry.	Invest in course frameworks to ensure they meet the needs of the projects and employers in the region and provide upskilling/CPD for teachers and lecturers.	Work required to understand the gaps and work with stakeholders and employers to bridge the gap and develop new qualifications. Identify what upskilling is required.

		Delivery of 20 new/updated course frameworks to meet industry training needs.	
	The area is not known for the delivery of any specific specialist skills.	Establish at least two Centres of Excellence based on prioritised sectors.	Centres of Excellence in skills required for the City Deal projects that are new and emerging.
	Ageing Population The ageing population is an issue for the region if they do not work or will not upskill to work within the new and emerging sectors.	Deliver pilot programmes of new courses to upskill existing workforce.	Map out opportunities for key employees to upskill through a faster than normal process to enable businesses to have the necessary skills immediately

Potential Scope

The mapping of the City Deal skills gaps and analysis of the training requirements will consider the business needs; gender and equality imbalances of people taking up the courses; and the needs and availability of the existing and future workforce through re-training and increasing awareness of opportunities. The aim of the Skills and Talent programme is to work within 5-year timeline periods which would account for the changing skills demands and enable the necessary skills to be developed as quickly as possible to meet the project needs. There will be a requirement to upskill the existing workforce in many areas including upskilling the teachers/lecturers who deliver the training, and this work will be a priority within the first 3 years of the programme. At the same time the necessary frameworks for FE/HE and apprenticeships in the relevant areas will be developed and pilot projects will be implemented to deliver the training.

Work will progress with primary and secondary schools in the region to highlight opportunities available through the City Deal projects and develop clear pathways to help young people make informed choices in schools.

The table below highlights key skills requirements already identified across the SBCD programmes and projects, and will be built upon when skills gaps and opportunities are further identified.

Sector	Skills
Digital	Basic IT skills Cyber Artificial Intelligence Digital Forensics Machine Learning Robotics Cloud technology Creative Industries
Construction	SMART Housing Solar, heat pumps, Smart controls, mechanical and electrical systems Electrical Vehicles Retrofit
Energy	Engineering – specialised for offshore wind, tidal energy, marine energy
Health and Wellbeing	Digital technology in health care Digital assimilation Connectivity with community support workers Digital consultation from hospitals and GP surgeries
Smart manufacturing	New ways of manufacturing utilising robotics and new Digital technologies

Key Benefits, Risks, Dependencies, Constraints

<p>Benefits</p> <ul style="list-style-type: none"> • Co-ordinated approach across the region for skills development. • Increased number of higher skilled individuals for jobs created through City Deal projects. • Opportunities for all to achieve a qualification and skills. • Increased number of apprenticeships / higher apprenticeships offered through the construction phase of the projects. • Centres that specialise in the development skills within a particular sector(s). • Inspiring the next generation to take the correct path in their career. • Developing the pathway for children from primary school through to secondary school through the introduction of new vocational training opportunities. • Retention of skilled individuals to work within the City Deal projects. • Developing new and updating existing frameworks to meet the needs of the projects and employers across the region. 	<p>Risks</p> <ul style="list-style-type: none"> • City Deal funding not secured – programme will not be implemented. • Programme timescale slippage. • Lack of resources/insufficient capacity to manage the programme and to deliver the stated activities and results. • Organisational and financial risks associated with taking on this project. • The programme does not secure sufficient partner/stakeholder buy in. • Failure to increase the number of skilled individuals. • Lead times in the development of a new skills offer in the region. • Failure to engage with training providers to deliver the necessary skills development.
<p>Constraints</p> <ul style="list-style-type: none"> • UK and Welsh Government Policy in relation to training and education. • Capacity within the FE and HE sector to implement the changes within their delivery mechanism. • Funding constraints from the public and private sector. • Ensuring that the capacity is present to meet the aims and objectives of the Programme. • Covid-19 restrictions on the delivery of training and education. 	<p>Dependencies</p> <ul style="list-style-type: none"> • Close alignment of the Programme with the delivery of the City Deal projects. • Continual review of skills needs for the Region and work with partners and employers to understand changing demands. • Continuation funding from Welsh Government for new frameworks. • Funding contributions from public and private sector. • Training providers delivering the necessary skills provision and working in a co-ordinated way to avoid duplication and become more strategic across the region

4 Overview of Economic Case

The Economic case has been undertaken in accordance with the with the HM Treasury's Green Book guidelines. The section sets out the options and analysis of those options, the identification of the long and short list and the appraisal of the short list through economic assessment.

Critical Success Factors

The Critical Success factors of the Skills and Talent Programme were determined to be:

Critical Success Factors

Strategic Fit	<ul style="list-style-type: none"> • Strategically aligned to the Swansea Bay City Deal • Strategically aligned to the Welsh Government Education and Skills strategy and Wellbeing and Future Generations Act. • Delivers the future skills requirements for the region and the skills needs of the 8 projects that make up the City Deal. • Increasing the number of people with higher level qualifications • Retraining people in the region to give the opportunities to all. • Developing resilient learners with a life-long attitude to learning.
Value for Money	<ul style="list-style-type: none"> • Reduce the duplication that could occur if all 8 City Deal projects managed their own skills programme by bringing together the skills requirements across the region. • The programme offers Value for Money and avoids duplication • Achieve a viable cost benefit ratio compared to other options.
Supplier capacity and capability	<ul style="list-style-type: none"> • Training providers from across the region are keen to work together to achieve the aims of the programme. • Reduce costs by delivering skills in a more cost efficient and co-ordinated way across the region, meeting needs of employers and the projects.
Affordability	<ul style="list-style-type: none"> • Demonstrate the affordability of the Programme within the defined funding arrangements from the City Deal, Public and Private Sector.
Achievability	<ul style="list-style-type: none"> • Delivery of option is achievable within the timescale, available funding and capacity.

Long List and Short List

The following long list of options were identified for the scope of the programme and agreed by the Senior Project Team,

1. Business as Usual – City Deal skills needs supported only by existing programmes/providers
2. Do Minimum – create a dedicated Skills Programme team to enhance employers and schools engagement with City Deal Projects at an estimated cost of £1M
3. City Deal Skills Fund – create Skills Fund from City Deal resources available to City Deal projects only at an estimated cost of £8M
4. Supported City Deal Skills Fund - create a dedicated Skills Programme team to enhance employers and school's engagement and manage awards from the City Deal Skills Fund to City Deal Projects only at an estimated cost of £10M
5. Targeted Skills Delivery – create RLSP project team and leverage public/private funding to address all City Deal Projects' skills gaps at an estimated cost of £30M
6. City Deal Ambitious - deliver a full suite of skills training to meet regional needs of all four themes of the City Deal at an estimated cost of £153M
7. Do Maximum – deliver a full suite of skills training to redress the entire regional skills gap at an estimated cost of £518M

Short List Options Appraisal

Following a series of appraisals and management discussions, the following short list of options emerged,

Option 1 – Business as Usual

To continue to deliver training through existing methods, with no additional funding. The FE, HE and training providers would offer the existing frameworks with no update or development of new opportunities. The RLSP would continue to gather data and do a minimal amount of work with schools.

Option 2 – Supported City Deal Skills Fund

A Skills Programme team would be recruited to enhance the employer and project engagement to identify the skills gaps and work with schools to share the opportunities that would be created through the City Deal projects. Centres of Excellence would also be supported for each of the Key Themes. The eight Projects of the City Deal would deliver their own training solutions independently, bidding into the City Deal Skills Fund as required.

Option 3 – Targeted Skills Delivery

The RLSP would explore the skills needs of all 8 projects and identify the gaps. A dedicated Skills Programme team would be appointed who would work with the City Deal Project leads, the wider employers and the training leads to develop an action plan to deliver the appropriate solutions to the skills gaps identified and using City Deal Programme funds to leverage public and private sector match funding/contributions in kind. The solutions would be delivered as Skills Programme projects which would be developed by the Skills Programme team with key partners. The Programme team would also work with schools and all education and training providers to co-ordinate the future opportunities from the City Deal projects and created a supported pathway with schools to higher skills training. Centres of Excellence would also be supported for each of the Key Themes.

Option 4 – City Deal Ambitious

This option would allow for the delivery of a full suite of skills training to meet the needs of all industry sectors within the four themes of the City Deal – Energy, Digital, Smart Manufacturing and Life Science. The RLSP would explore the skills needs of all these sectors and identify the gaps. An enhanced dedicated Skills Programme team would be appointed who would work with public bodies, wider employers and the training leads to develop an action plan to deliver the appropriate solutions to the skills gaps identified and using City Deal Programme funds to leverage public and private sector match funding. The Skills Programme team would work intensively with all schools, colleges and universities to raise the awareness of and develop new skills programmes to address the sector gaps.

Key Findings

The economic appraisals are as follows,

Net Present Cost and Benefits Findings (All Public Sector Costs but excludes private sector costs/investment)

	Undiscounted Value (£)	Net Present Value (£)
Option 1 – Business As Usual		
Additional Income Generated	-	-

Less City Deal funding	-	-
Less Other Public Sector Funding	-	-
Total	-	-
Option 2 – Supported City Deal Skills Fund		
Additional Income Generated	£16,537,040	£11,932,301
Less City Deal Funding	£10,000,000	£9,812,949
Less Other Public Sector Funding	-	-
Total	£5,537,040	£2,119,352
Option 3 – Targeted Skills Delivery		
Additional Income Generated	£49,603,320	£35,788,186
Less City Deal funding	£10,000,000	£9,812,949
Less Other Public Sector Funding	£16,000,000	£15,700,965
Total	£23,603,320	£10,274,272
Option 4 – City Deal Ambitious		
Additional Income Generated	£292,948,032	£211,535,059
Less City Deal funding	£57,552,000	£56,482,633
Less Other Public Sector Funding	£92,083,200	£90,372,214
Total	£143,312,832	£64,680,212

Net Present Cost/Benefit Findings

Preferred Option

The results of the investment appraisal are summarised in the Table below,

Evaluation Results	Option 1: Business as Usual	Option 2: Supported City Deal Skills Fund	Option 3: Targeted Skills Delivery	Option 4: City Deal Ambitious
Economic appraisals	4	3	2	1
Benefits appraisal	4	3	2	1
Risk appraisal	4	2	1	3
Overall Ranking	4	3	1	2

Short-list Options Evaluation Results

On the basis of this analysis, the preferred option is Option 3 – Targeted Skills Delivery.

Whilst Option 4 – City Deal Ambitious scored 1st in the Economic and Benefits Appraisals, this is purely a reflection of the much higher costs and scale of the skills delivery projected. The level of funding for a Programme of this scale not currently available and there would be very significant delivery risks due to the enormous increase in regional capacity and capability that would be required. Option 3 can be delivered within identified costs at a low-risk exposure and can deliver the prime objective of ensuring sufficient new and additional skills can be provided to meet the needs of the other City Deal Projects. This has therefore been selected as the Preferred Option going forward.

Summary Table of Economic Appraisals

The results of the economic appraisals above are summarised in the Table below.

Summary of Economic Appraisal	Option 1 Business as usual	Option 2: Supported City Deal Skills Fund	Option 3: Targeted Skills Delivery	Option 4: City Deal Ambitious
Net Present Value (after allowing for private sector investment)	-	£2,119,352	£6,348,476	£60,754,534
Public Sector Cost	-	£9,812,949	£25,516,897	£146,854,847
Appropriate BCR	-	1.216	1.403	1.440
Significant un-monetizable costs/benefits	-	N/A	N/A	N/A
Significant unquantifiable factors	-	N/A	N/A	N/A
Risk costs (increased education delivery costs) - residual optimism bias (undiscounted)	-	£1,000,000	£3,000,000	£15,363,520
Switching Values (preferred option only)			-13.33%	
Time Horizon and Reason	15 Year Programme Period in accordance with City Deal requirements			

5.1 Overview of Commercial Case

This programme is not a high value capital-cost based construction programme. Instead, it will deliver several lower cost revenue project interventions to achieve the programme investment objectives and outcomes.

The Skills and Talent programme will manage the main element of the programme through delivery of a programme fund disseminated to pilot projects following approval by the Programme Board. It is anticipated that pilot projects will be led and procured by a third-party stakeholder organisation. The apprenticeship programme will be supported through the work with the 8 City Deal projects.

The Skills and Talent programme is led by Carmarthenshire County Council on behalf of the four regional Local Authorities, two universities and two health boards that make up the Swansea Bay City Deal primary stakeholders. The Programme team will work with Carmarthenshire County Council to ensure that procurements fully comply with:

- Welsh National Rules on the Eligibility of Expenditure – public contracts regulations 2015
- Welsh Procurement Policy Statement 2019
- State Aid Rules
- Procurement Legislation
- Community Benefits Principles
- Any other Carmarthenshire County Council, UK and Welsh Assembly Government rules and regulations which apply to procurement
- Procurements will also align to the procurement principles of the City Deal

Service Requirements and Outputs

The initial skills gaps analysis will be undertaken by the programme team and the Skills Solution Group to understand what new/updated skills and apprenticeship frameworks are required to inform development of the pilot projects which will be delivered in conjunction with stakeholders. An action plan will be developed outlining the gaps and proposals and recommendations. The assistance of consultants / specialist advisers to help with the research may be required and if so, will be procured.

6 Overview of Financial Case

The Skills and Talent programme is based on £30m of revenue funding over 5 years delivery period. The investment breakdown of, £10 million City Deal; £16 Million public sector and £4 million private sector funding is summarised in the table below:

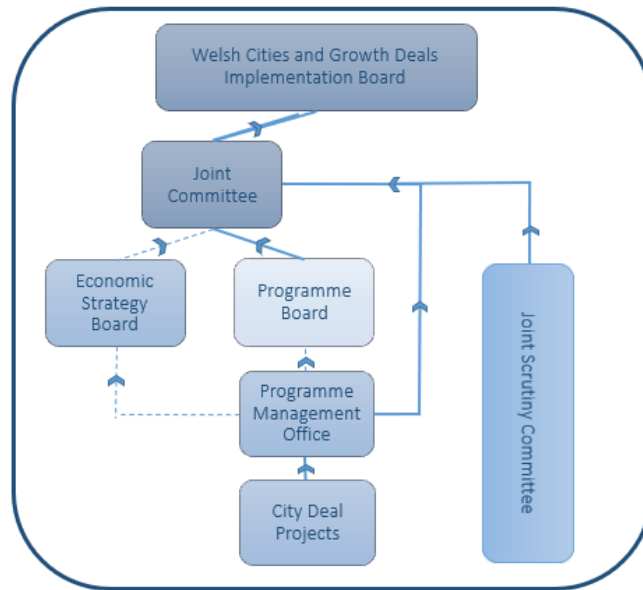
Expenditure	Year 1 2020/21 (£m)	Year 2 2021/22 (£m)	Year 3 2022/23 (£m)	Year 4 2023/24 (£m)	Year 5 2024/25 (£m)	Year 6 2025/26 (£m)	Total (£m)
Capital	£ -	£ -	£ -	£ -	£ -	£ -	£ -
Revenue	£ 24,800	£ 2,920,000	£ 5,000,000	£ 7,500,000	£ 7,500,000	£ 7,055,200	£ 30,000,000
Total	£ 24,800	£ 2,920,000	£ 5,000,000	£ 7,500,000	£ 7,500,000	£ 7,055,200	£ 30,000,000
Funding							
Swansea Bay City Deal Grant	£ 24,800	£ 1,170,000	£ 1,500,000	£ 2,500,000	£ 2,500,000	£ 2,305,200	£ 10,000,000
Public Sector	£ -	£ 1,250,000	£ 3,000,000	£ 4,000,000	£ 4,000,000	£ 3,750,000	£ 16,000,000
Private Sector	£ -	£ 500,000	£ 500,000	£ 1,000,000	£ 1,000,000	£ 1,000,000	£ 4,000,000
Total	£ 24,800	£ 2,920,000	£ 5,000,000	£ 7,500,000	£ 7,500,000	£ 7,055,200	£ 30,000,000

The funding of this Programme will be operated through Carmarthenshire County Council as the accountable financial body and managed on a day-to-day basis through the Regional Learning and Skills Partnership Board.

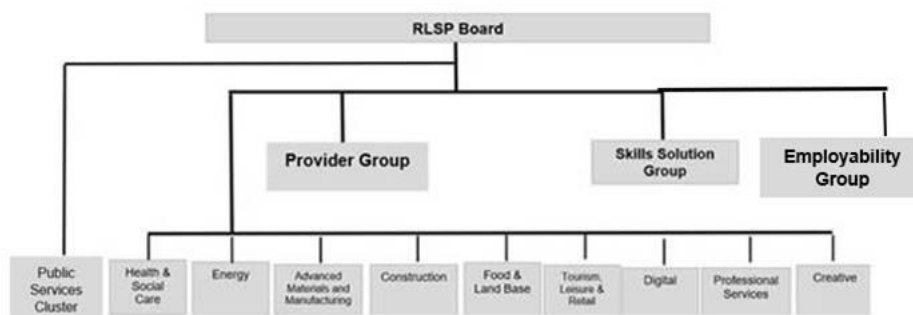
7 Overview of Management Case

The management case demonstrates the achievability of the scheme and how the programme will be operated and managed by the Regional Learning and Skills Partnership (RLSP) offering value for money by identifying the skills needs of all 8 projects and delivering through projects developed with key stakeholders across the region without causing duplication.

The Skills and Talent programme operates within the existing and robust SBCD governance hierarchy as detailed in the diagram below:



The Regional Learning and Skills Partnership Board for South West Wales has been in existence since 2010, and since 2015 has been led by the private sector and incorporating representatives of further and higher education, training providers and education together with key stakeholders in employability and training in the region. The partnership is transformational bringing business leaders, education and regeneration partners together to help provide a better future for learners and potential learners and people wishing to re-train across the region. The RLSP Board will provide leadership and be responsible for delivering the vision of the Skills and Talent programme as set out in the Business Case. They will do this by making decisions and overseeing the alignment of skills developments with regional and industry needs. The RLSP will ensure the programme is managed effectively through the programme team, to approved timescales, budgets and in line with the governance arrangements of the SBCD and partner organisations. The Board is supported by nine Industry cluster groups and the members of each cluster group provide valuable insight into the needs of the industry. The RLSP will lead the Skills and Talent programme within the work of the existing partnership board to become the programme board.



The remit of the Board will be delivered under the SBCD regional governance framework as set out within the SBCD Portfolio business case. The Board will have responsibilities which will include but not exclusive to:

- Securing funding and approval for the programme
- Updating the business case when required in accordance with the requirements and expectations of the Welsh and UK Governments and submitting this via the agreed governance requirements of the SBCD.

- Project level approval of all major plans and seeking approval through the agreed governance arrangements.
- Provide resource required to enable the programme delivery
- Approval of all deviations from agreed tolerances in line with agreed change management arrangements.
- Arbitration on any conflicts that cannot be resolved at Project level and escalation through the appropriate channels as required.
- Reviewing and reporting the programme benefits (outcomes and impacts) and whether they are still achievable.
- Management of major risks and issues at programme level and coordination and escalation of risks and issues that are likely to have an impact on other areas of the Portfolio.
- Project governance documentation sign off.
- Approving and funding key changes.
- Guaranteeing equity and catering for the needs of all partners and stakeholders.
- Ensuring longevity of initiatives and programmes created as a result of the Skills and Talent programme.

Programme Team

The day-to-day operation of the programme will be delivered by the programme management team who will have responsibility for the delivery of the programme working to and alongside the Regional Learning and Skills Partnership Board. Recruitment to appoint a Programme lead is underway with further recruitment taking place following government approval of the outline business case.

Monitoring and Evaluation.

The Programme Monitoring and Evaluation processes will replicate those set out in the SBCD Monitoring and Evaluation Plan. The Programme SRO will ensure that the Programme team makes appropriate arrangements to collate, monitor and communicate project milestones, deliverables and benefits realisation. The M&E Plan aligns to the revised HM Treasury Green and Magenta books and the UK Government's Project Delivery Guidance.

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

Programme evaluation

A formal review of the programme will be conducted by an external party/consultant to determine the success of the programme. This will take place at the end of the programme and will test the deliverables against the defined investment objectives and outcomes to evaluate its' effectiveness.

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

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Appendices

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A. Skills and Talent Interaction with the City Deal projects	 Appendix A Skills and Talent interacti
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C Strategy and Programme Investment Aims – The four themes of the City Deal.	 Appendix B Strategic and Progr.
D Cluster Group Membership	 Appendix D List of cluster group memb
E Course Mapping – Swansea Bay Region FE/HE and apprenticeships.	https://www.carmarthenshire.gov.wales/media/1225384/cd_pm_v2.xlsx
F Risk Register	 Appendix F Skills and Talent Risk Reg
Economic Case	
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1. OVERVIEW OF THE SKILLS AND TALENT PROGRAMME

1.1 Introduction

The Swansea Bay City Deal (SBCD) Skills and Talent Programme (2021- 2033) will deliver an integrated regional approach to delivering skills to meet the demand of the Swansea Bay City Deal projects alongside with the wider skills needs of the region. The Programme Business Case details how the funding from the City Deal, regional collaboration and prioritisation will enhance and develop the regional skills needed to meet future demands of industry and to remain nationally competitive, and in doing so, will attract and grow sustainable regional investment from local, national and international companies. Skills development will support the overarching aims for of the SBCD Portfolio, which is growth in Gross Value Added, jobs and private investment.

The Skills and Talent programme is integral part of the SBCD portfolio, which consists of eight further headline projects and programmes. Given that people are an organisations greatest asset, skills and talent development will provide businesses and people with employment opportunities to better themselves, their companies and the region's economic prosperity.

The success of the SBCD and its associated projects and programmes is dependent on the Skills and Talent programme.

The Business case is aligned to the HM Treasury Green Book and Better Business Case guidance to appraise the Skills and Talent programme. The business case was also developed in consultation with the SBCD project leads, industry leaders; Higher and Further Education (HE and FE) institutions, training providers and head teachers of primary and secondary schools across the region.

1.2 The need for intervention

The Swansea Bay City Region suffers from a series of overarching economic issues, including low GVA, lack of well-paid job opportunities, skills shortages, high level of economic inactivity and outward youth migration. The region also has a higher proportion of individuals with no qualifications as well as lower than average number of individuals possessing higher qualifications. The RLSP has been working with training providers and employers across the region on the development and implementation of the annual Employment and Skills plan since 2017, such plans have influenced the Welsh Government funding into FE and Apprenticeship training to meet the needs of the priority economic sectors and the employers in the region. The RLSP was also instrumental in the preparation of the skills needs assessment undertaken for the proposed Tidal Lagoon project in Swansea in 2016. During 2020/2021 the RLSP has been working with employers to understand the impact of Covid-19 on the specific industry sectors and identify new skills requirements that have arisen as a result of the pandemic, all of this information has been collated into bi-monthly reports to Welsh Government and has resulted in the development of new courses through the Personal Learning Accounts and through the Apprenticeship programme.

1.3 Aims of the Skills and Talent Programme

The Skills and Talent programme aims to work with regional stakeholders to address many of the challenges and issues facing young people, adults already employed and businesses to upskill and retain talent in the region. Specifically, the programme aims to deliver the following

investment objectives and benefits over the next 10 years, based on sectors including digital, energy, smart manufacturing, construction and life-sciences and wellbeing:

- ✓ To directly deliver at least 2,200 additional skills and support the development of around 14,000 individuals with higher level (between 2-8) skills within 10 years.
- ✓ To create at least 3000 new apprenticeship opportunities, to include level 3 to Degree apprenticeships.
- ✓ To create at least 2 Centres of Excellence within specific sectors to develop the region as being “the best” area for skills development.
- ✓ To create a clear career pathway from school education through further and higher education in the key areas of digital; construction, energy; smart manufacturing and life-science and wellbeing, achieved through engagement and development work with schools increasing the number of pupils following the STEM subjects in FE and HE..
- ✓ To deliver 20 new/updated course frameworks to ensure they meet the industry training needs for the future.

The wider benefits and impact of the programme includes:

- ✓ A skilled workforce with requisite skills to support the region over coming decades, in terms of supply chain development, growth of SMEs and attraction of large companies
- ✓ A co-ordinated and efficient regional approach with service integration that meets the needs of employers without duplication
- ✓ Support for people to get good jobs by creating opportunities through project community benefits programme
- ✓ Flexible and responsive to evolving and targeted need of the region and labour markets by bringing learning and skills together with regeneration opportunities in the region
- ✓ A business productivity programme to develop a suite of solutions to generate higher level skills which meet the demands of employers and will support improvements in productivity
- ✓ Raised awareness and upskilling of teachers and lecturers with new skills opportunities
- ✓ Increase the availability of informative, up to date information to help in strategic planning; ensuring the most appropriate learning opportunities and progression routes are available for learners in the region, which will benefit the learner by providing pathways through their lifelong learning pathway from schools, colleges, universities and upskilling whilst in work

1.4 Strategic alignment

The programme’s investment objectives and wider impacts are a dependency to the success of the SBCD portfolio and is strategically aligned to the needs of the region, Welsh Government and UK Government policy and strategy for skills development.

The Skills and Employability section of the Prosperity for All - the National Strategy states *“the better people’s skills are, the better their chances of getting fair, secure and rewarding employment, and the stronger the skills base is in Wales, the more chance we have of attracting new businesses and growing existing ones to improve prosperity”*¹

and in the previous Taking Wales Forward strategy the Welsh Government said *“Better schools and better skills have never been so important for our young people and the future of the economy. Through better education and providing skills for life we can help to break the cycle of disadvantage and inequality over the longer term. Our commitment is to*

¹ <https://gov.wales/sites/default/files/publications/2019-03/employability-plan-2.pdf>

offer the skills and experiences people need to thrive and prosper in our times. Getting people into employment and sustaining jobs is not just about increasing skills. We will improve workforce health, including mental ill health, through ensuring that health services support people throughout their working life.”²

To achieve the aligned investment objectives, a change to existing training delivery is needed regionally. The Skills and Talent programme team and RLSP board will work closely with WG and UKG and regional stakeholders to better integrate schools with the regional economy drivers and embrace the educational pathways to Colleges and Universities in the region. All of which is underpinned by understanding and meeting the needs of current and future businesses and regional priorities and investment.

1.5 Programme Delivery

A dedicated programme team will be recruited Q2/3 2021 reporting to the Regional Learning and Skills Partnership (RLSP) Board incorporating the Skills and Talent Programme Board. The RLSP Board, chaired by a business leader supported by the programme Senior Responsible Owner (SRO) are responsible for the successful delivery and oversight of the governance and reporting arrangements for the programme.

Extensive engagement with key stakeholders will form part of the governance arrangements and in the lifecycle of the programme development and delivery. Stakeholders include government bodies, training providers and employers from across the region.

Digital innovation (to include Creative Industries), energy, construction, smart manufacturing and life science and wellbeing are the five key areas that the skills project will focus on in relation to skills development.

Programme delivery will focus on five key phases that are interlinked to strengthen opportunities for training; upskills and for life-long learning:

1.5.1 Phase 1 - Identification of the skills gaps

From the outset, the programme will develop and publish a Regional Skills Barometer, providing all stakeholders with a better understanding to make informed decisions by presenting a complete landscape of the regional labour market demands and existing training opportunities. The Barometer will feed into a shared platform of employment opportunities linked to the development of a skilled workforce and the creation of upskilling programmes for the existing workforce to support the ambitions and delivery of the SBCD portfolio.

This will complement on-going mapping exercises of current course delivery through regional colleges, universities and training providers, where the data has been matched to skills requirements already identified by the SBCD projects and programmes. Further work is needed across the SBCD portfolio as businesses cases are developed and projects transition into delivery to understand the new training/skills opportunities and existing skills gaps in the region, which will shape and prioritise training provider offerings at university/college frameworks or via an apprenticeship route.

The skills identification process will be repeated periodically during the programme lifecycle. The initial scoping will identify skills requirements for the next 5-10 years. A further review will

² <https://gov.wales/sites/default/files/publications/2017-08/taking-wales-forward.pdf>

be undertaken thereafter to identify new skills that will be developed as new projects and business investment is generated in the area.

The focus for the first 5 years of the programme will be on the following sectors where key skills gaps have already been identified and there is an urgent need to upskill people already in the workforce to fill the gaps but to also prepare the next generation with the information to enable them to be aware of the opportunities if they choose to study in these areas:

- Digital – Cyber; Cloud, Digital forensics, Machine Learning knowledge; Creative Industries – recent report by the Learning and Work Institute states “the UK is heading towards a “catastrophic” digital skills shortage. The Covid-19 pandemic has increased the number of jobs in IT or requiring IT skills and evidence gathered by the RLSP³ shows that the trend is increasing and there are insufficient numbers of skilled people applying to take up the positions in the region.
- Construction – New roles in the Industry will need to be created and the Construction Wales Innovation Centre (CWIC) estimated that the equivalent of 350,000 new roles will be created by 2028 and these will need to be found through a mix of new jobs, upskilling existing and in innovation within the industry itself.⁴ Examples include Solar, Heat pumps, Smart controls, Electrical Vehicles; retrofit of homes; new construction methods; mechanical and electrical systems management including heat pumps etc.
- Energy – The expected growth in jobs (direct and indirect) to deliver a net zero economy in Wales by 2030 is anticipated to exceed 150,000 with further growth expected by 2050. The range of jobs will be wide and will include manufacturing and installation of wind turbines, solar PV, nuclear reactors, low- emission vehicles; specialist engineering roles within the offshore wind, tidal energy; marine energy sector; specialist maintenance roles etc.
- Health and Wellbeing – technology in health care; digital assimilation; connectivity with community support workers; digital consultations.
- Smart Manufacturing – new ways of manufacturing using digital technology.
- Creative Industries – the development of new technologies in the digital arena will enhance the opportunities within the Arts and Creative world of work. Yr Egin and the Waterfront project will offer key opportunities for work within the Creative sector. Over and above the digital requirements a number of new courses have already been developed to meet some of the needs identified to date.

The work that has already been undertaken has identified the cross-sector demand for digital training particularly the introduction of the use of technology in delivering services.

1.5.2 Phase 2 - Development of new Frameworks and training programmes

There is evidence of need in terms of new national occupational standards or updated frameworks to meet the needs of the projects, the Programme Team will work with the Skills Solution group to understand the requirements and commission the development of the updating of frameworks for pilot delivery in the region. The work will include:

- Employer engagement.
- Alignment of skills needs now and in the future.
- Identification of needs to train the trainers.

³ An Analysis of the Impact of COVID-19 on South West and Mid Wales (November 2020) – Regional Learning and Skills Partnership

⁴ <https://www.uwtsd.ac.uk/news/press-releases/press-2020/delivering-skills--training-in-wales-for-net-zero-.html>

- Review of frameworks after five years to determine additional requirements in line with changing technology.

1.5.3 Phase 3 - Pilot Projects

During the initial five years of the programme pilot projects will be developed to deliver the skills requirements. The projects will be developed with a range of stakeholders and partners across the region including the HE, FE institutions, the training providers and schools. However, there will also be opportunities for the private sector business to submit projects that they could match fund with the programme funding.

The pilot projects will include opportunities to upskill individuals in specific trades as well as upskilling lecturers/teachers in new technology required across all of the themes. The pilot projects will develop the legacy of the programme as new training/qualifications are integrated into mainstream delivery across the region.

The pilot projects will also identify opportunities to enhance the apprenticeship offer from level 3 to degree level 6. There has already been strong links made with Cyfle the shared apprenticeship scheme for the construction industry who already operate a mentoring support programme for apprentices to get in to work after the training period. The Skills and Talent programme would aim to develop similar models across the other key sectors.

It is anticipated that all successful pilot projects will become stand-alone programmes and adopted by other schools, colleges as good practice projects to deliver new skills and training in specific areas. All frameworks developed or updated through the Skills and Talent programme will adopted into mainstream delivery and funded through the annual allocation by Welsh Government, delivered through FE, HE and the Apprenticeship scheme. There is evidence of the demand for such a programme through the existing Regional Employment and Skills Plans and through engagement with employers in the region and the project leads of the City Deal projects.

1.5.4 Phase 4 - Development of Career Pathways

The work of schools is paramount to the success of this programme and the SBCD portfolio to generate the talent of the future and will run in parallel with Phase 3. The main aim of this phase is to inspire the next generation onto the right path by highlighting the opportunities for their careers in the region as well as the pathways to get to the jobs. There are many opportunities to work with schools, to influence the curriculum by investing in specific projects to support schools to develop the potential of their students in areas where there will be highly paid jobs. The Skills and Talent programme will support the schools with funding to develop specific initiatives that will enhance the opportunities for young people in their chosen career paths. The career pathway will also develop new opportunities to upskill teachers on the use of new technology and on new opportunities in the world of work.

The aim will be to generate an increased number of students following STEM subjects in FE and HE, these areas will include:

- Science & Mathematics
- Engineering and Manufacturing Technologies
- Information and Communication Technologies.

1.5.5 Phase 5 - Creation of Centres of Excellence

The programme aims to develop Centres of Excellence in key sectors that support the City Deal projects. The Centres will exist within existing colleges or universities and will offer and become known as the best Centre to gain the skills in one or all five of the outlined above. The Skills and Talent programme will support the development of such centres working with private sector employers, the City Deal projects and the training providers. The Centres of Excellence will not duplicate what is already on offer but will compliment work that is already being developed or become an additional resource within the region to support the sector.

2 THE STRATEGIC CASE

2.1 Vision

To create new and sustainable opportunities that will generate prosperity for individuals and businesses in the Swansea Bay City Deal region. This will be achieved through the development of a pathway of skills for all and the pilot delivery of demand driven high level skills and upskilling opportunities across the four key sectors.

2.2 Background

The Swansea Bay City Region (SBCR) spans across four local authority areas with a combined population of approximately 698,000 people. The City Region published an economic regeneration strategy in 2013 with a common vision to enhance the long-term prospects of the region's economy, businesses and communities. The strategy will co-ordinate collective action and identify routes and initiatives to respond to the structural challenges that are holding back the SBCR economy.

The SBCD is part of the SBCR strategy and portfolio. It is a partnership of eight regional organisations made up of four local authorities, two universities and two health boards that aim to accelerate economic and social advancement through regional infrastructure and investment funds.

The Skills and Talent Programme is one of the nine Projects and Programmes within the Swansea Bay City Deal (SBCD). The City Deal was signed by Prime Minister Theresa May and First Minister Carwyn Jones on the 20th March 2017, securing £1.3billion of public and private sector funding over a 15-year Programme for economic growth and regeneration for the region.

The Programme will span across the other 8 projects and programmes in the SBCD portfolio which have been developed under the key themes of Economic Acceleration, Energy, Life Science and Wellbeing and Smart Manufacturing:

Economic Acceleration

- Digital Infrastructure
- Swansea City and Waterfront Digital District
- Creative Digital Cluster – Yr Egin

Energy

- Homes as Power Stations
- Pembroke Dock Marine

Life Science and Wellbeing

- Life Science & Well-being Campuses
- Pentre Awel (Life Science and Well-being village)

Smart Manufacturing

- Supporting Innovation and Low Carbon Growth

Appendix A shows how all the projects interact and the themes all play an important role in the economy of the region, Appendix B contains more detailed information on how these

themes are currently impacting the economy of the region and how the Skills and Talent programme will specifically address the skills requirements for each theme.

2.3 Organisational overview

The Regional Learning and Skills Partnership (RLSP) for South West Wales is the organisation making the case for investment working with the 8 projects that make up the City Deal and any other future projects that may arise from the overall City Deal programme. The RLSP Board is a long established multi sector partnership focusing on skills investment and the economic regeneration of the area through the development of a skilled workforce. The RLSP has a long-standing reputation of regional collaborative working with key partners in the region and working with Welsh Government to influence policy on the delivery of skills training in the region and with DCMS on specific skills projects. The work of the partnership includes:

- Promoting and championing a strategic overview of skills provision to ensure that it meets regional needs and maximises economic opportunities.
- Analyse and comment on national and labour market intelligence to identify and inform skills and curriculum provision bridging the gap between education and regeneration to create a strong vibrant economy underpinned by innovation growth and a capable workforce.
- Review and evaluate skills provision in partnership with the employers and stakeholders in the region.
- Encourage innovation and greater utilisation of higher-level skills through supporting organisations to develop higher value products and services.
- Preparing annual reports for Welsh Government on the Skills needs of the region.
- Preparing specialist sector reports for specific projects.

This role is recognised by the Welsh Government through the commissioning of a Regional Delivery Plan for Employment and Skills and the regional Demand and Supply Assessments which have been instrumental in developing a strategic approach to skills. The Welsh Government through its Prosperity for All strategy says “the better people’s skills, the better their chances of getting fair, secure and rewarding employment, and the stronger the skills base is in Wales, the more chance we have of attracting new businesses and growing existing ones to improve prosperity.” This is the key driver for the work of the Regional Skills Partnerships across Wales working with stakeholders and businesses across the region.

The representation on the Board includes stakeholders from Further Education, Higher Education, Training Providers; Government Departments including Department of Work and Pensions, Careers Service and the Education and Skills Department of Welsh Government; Education Departments of Local Authorities; Third Sector and Local Authority Economic Regeneration. The private sector representation includes the chairs of the respective 9 priority sectors; the private sector chair; Federation of Small Business, Haven Waterway Enterprise Zone and the TUC. Appendix C details the representation on the Board and Appendix D the representation on the 9 Industry Sector Cluster groups and the Skills Provider group.

2.4 Policy & Strategy Alignment

The Swansea Bay City Region is a critically important driver for the Welsh and UK economy. It is a region with strong urban centres a diverse rural landscape and a significant coastline that has created an economic profile with numerous opportunities and challenges. With a resident population of 704,897⁵ supporting some 311,000 jobs⁶ and containing around 27,000 businesses⁷, the Swansea Bay City Region is a major driver of the Welsh economy. However, overall productivity (GVA) growth in the region has been consistently below that of the UK and Wales over the past two decades and remedying this position is the primary priority of the City Deal.

The primary aim of the Swansea Bay City Deal is to stimulate economic growth within the region through attracting investment and generating high-value job opportunities. Through the City Deal the Swansea Bay Region will embrace a once in a generation opportunity to further consolidate its' role in technological innovation, realisation and commercialisation making a substantial contribution to the UK Government's Industrial Strategy and harness the opportunities set out by the Welsh Government's Prosperity for All – the national strategy. The Skills and Talent programme strongly aligns to UK, Welsh and Regional policies, strategies and targets and these alignments are summarised in Table 1 below.

Strategy	Core Principles	Fit
UK		
Industrial Strategy	The Industrial Strategy for the UK - Building a Britain Fit for the Future outlines the longer-term approach to improving living standards and economic prosperity.	<p>A strategy for securing significant economic gains underpins the entire City Deal proposal and the 9 individual projects will support this commercial potential, will increase the Gross Value Added (GVA) within the region and support the development of key skills and employment across the region.</p> <p>The Skills and Talent Programme will develop a sustainable pipeline of individuals to support growth of the four themes and support the future competitiveness of the region. It will nurture indigenous talent through initial education and ongoing career development, while also attracting globally-competitive skills to the region through the private sector investment which ensues from the proposal as a collective. The programme will seek to utilise and maximise the potential of city region partner organisations through the existing RLSP structure and will look to develop and support strategic skills interventions around the key themes of ICT infrastructure and digital skills, Health, Energy and Smart Manufacturing.</p> <p>The UK's Industrial Strategy - GOV.UK (www.gov.uk)</p>

⁵ <https://statswales.gov.wales/Catalogue/Population-and-Migration/Population/Estimates/Local-Authority/populationestimates-by-localauthority-year>

⁶ <https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/People-and-Work/Employment/Jobs/Whole-Workforce/workplaceemployment-by-welshlocalareas-year>

⁷ Inter Departmental Business Register (IDBR) 2018

Wales		
Welsh Government Prosperity for All Strategy	The Economic Strategy for Wales	The Skills and Talent programme supports the key objectives of the Welsh Government's Prosperity for All strategy specifically the Ambitious and Learning theme by creating opportunities for all to achieve skills at all levels and from all ages enabling individuals to achieve a better chance of getting a rewarding job and the ability for the region to attract inward investment to the area because of a strong skills base. Securing Wales' Future Summary (gov.wales)
Wellbeing and Future Generations Act	A Prosperous Wales	<ul style="list-style-type: none"> • The Skills and Talent programme seeks to support to City Deal in maximising the economic and social benefits of the digital economy within the Swansea Bay City Region. • The programme will enhance the employability of individuals within the region providing digital economy skills across all levels from school engagement, Further Education and Higher Education. • It will directly support an innovative and skilled Wales through developing new skills activity to support the development of the City Deal projects. It will allow for activity to become mainstream enhancing the current skills provision and allowing a greater number of talented individuals to enter the Welsh digital economy. • The programme will support the development of local supply chains and new and innovative business activity through supporting skills development within the digital economy.
	A Resilient Wales	<ul style="list-style-type: none"> • The programme will support the economy of the regional and Wales through the global transition that will arise from technological changes such as automation and artificial intelligence by ensuring residents are equipped with the skills required. • It will also support the development of new low carbon technologies including supporting the internet of energy theme and the 'Homes as Power Stations' and 'Pembroke Dock Marine' projects and improving Wales' energy security and reducing the impact on the environment.
	A Healthier Wales	<ul style="list-style-type: none"> • Skills and Talent will support individuals to participate within the digital economy and access sustainable employment which benefits mental and physical well-being. • There will be direct support for the life science and well-being theme which includes Pentre Awel the 'Life Science and Well-being Village' as well as the 'Life Science Campuses' projects. • Increased connectivity and the skills to utilise digital technologies will help to address issues related to isolation, loneliness and well-being.
	A more Equal Wales	<ul style="list-style-type: none"> • Skills and Talent will support the City Deal in its ambitions to drive through economic transformation within the region and reduce the deficit in GVA performance compared to other parts of the UK.

		<ul style="list-style-type: none"> • Through the learning opportunities developed there will be greater opportunities for individuals to participate in the digital labour market and increase the equality of opportunity. • The programme will support a reduction in poverty through providing individuals with the opportunity to access well paid sustainable employment locally.
	A Vibrant and Cultural Wales	<ul style="list-style-type: none"> • Skills and Talent will support skills activity bilingually where possible and support the progression of bilingual learners into the digital economy. • There will be significant skills support for the 'Yr Egin' development and the Waterfront District which will allow for the development of digital cultural activity and supporting the development of the creative industries.
	A globally Responsible Wales	<ul style="list-style-type: none"> • The skills developed via the programme will support the development of a low carbon economy within the region and improving sustainability, through supporting projects under the themes- Energy and Smart Manufacturing. • It will also promote global wellbeing through supporting the Wellbeing and Life-science Theme and supporting the skills required for citizens to live healthier lives in a connected environment.
	A Wales of Cohesive Communities	<ul style="list-style-type: none"> • Through the Economic Acceleration and the development of skills within the digital economy ecosystem there will be growth opportunities for both local indigenous companies and local supply chains. • Improved digital infrastructure and skills to utilise technologies will improve the resilience and cohesion of communities, particularly within rural areas
Wellbeing and Future Generations Act - The 5 ways of working	Long Term	The Skills and Talent programme will support the long-term economic transformation of the region through developing and delivering skills activity that directly supports the City Deal. This activity will ensure that residents of the Swansea Bay City Region will have the opportunity to benefit from the investment and the prosperity. The programme will engage with young people to provide digital skills and inspire the next generation into careers within the digital economy.
	Prevention	The programme will support individuals, through developing appropriate and relevant skills into long term sustainable employment aligned to the City Deal improving the overall economic competitiveness of the region. This reduces the risks associated with long term unemployment, poverty and improving individual well-being through the application of digital skills and new technologies. The project will support individuals at risk of economic displacement through providing the opportunities to access new skills.
	Collaboration	The RLSP and its partners has a strong record of collaboration, the intervention will build upon this experience through developing all activity within a collaborative framework with clear governance. The engagement with all of the City Deal projects will ensure that the

		activity will be developed collaboratively and will ensure that the most appropriate activity is developed.
	Integration	The Skills and Talent programme will integrate with all of the City Deal projects supporting the employment outcomes of each. There is also significant integration with the members of the four public services boards including local authorities and education providers of Swansea Bay supporting employability outcomes, economic development and sustainability. It also aligns significantly with Welsh Government's Prosperity for All strategy and Working Wales employability plan.
	Involvement	The RLSP has a strong level of engagement with organisations from the public, private and third sectors and will continue this engagement throughout. The RLSP will ensure effective communication to enable collaboration with all partners and stakeholders to utilise the expertise that are available regionally. In addition, there will be increased engagement with both relevant industry and learners to ensure the intervention is meeting the needs of citizens. The intervention's governance will ensure that all stakeholders are appropriately represented. Well-being of Future Generations (Wales) Act 2015 – The Future Generations Commissioner for Wales
International Strategy for Wales	The strategy aims to raise the profile Internationally of Wales as a place that is full of creativity, innovation and manufacturing. Higher Education plays an important role with the connections across the World.	The aim of the Skills and Talent programme is to develop the opportunities for all to achieve higher qualifications and opportunities to work in groundbreaking technology through the City Deal projects and other investment opportunities that will be generated in the region. The International opportunities through the Erasmus programme and the development of opportunities for companies and students from overseas to invest, study and work in the region. https://gov.wales/sites/default/files/publications/2020-10/international-strategy-for-wales-v1.pdf
21 st Century Higher Education Strategy for Wales	The strategy aims to transform the lives and livelihoods across Wales through the combined efforts of a Higher Education establishments in Wales	The vision of the Skills and Talent programme is to increase the number of individuals with the high- level qualifications in the region through full time or part time study or through degree apprenticeships. The programme team will work with the Universities in the region to develop opportunities linked with the individual projects to meet the programme vision. https://dera.ioe.ac.uk/521/
Education in Wales Strategy- Our National Mission	The strategy covers post 16 education and skills via further and higher education, adult and community learning and apprenticeship and aims to deliver. The aspiration of the	The Skills and Talent programme aims to increase the number of people in the region attaining a qualification and to generate opportunities for all to attain higher qualifications to meet the needs of the City deal projects. https://gov.wales/education-and-skills-planning-and-strategy

	strategy is to have aspirational young people with opportunities across all levels of education achieve the highest levels of qualifications	
Youth Engagement Framework the Youth Engagement and Progression Framework	The framework sets out the Welsh Government approach to supporting young people who are at risk of becoming NEET. The Framework has 6 key elements: Identifying young people most at risk of disengagement; Better brokerage and co-ordination of support	The Skills and Talent programme will work with all people in society with the aspiration of raising the skills levels for all across the region. There are a high percentage of individuals who fall within the NEET category and the Skills and Talent programme will work with all employability projects, stakeholders and educational establishments to ensure that the opportunities that will be generated through the whole City Deal portfolio. https://gov.wales/sites/default/files/publications/2018-02/implementation-plan-youth-engagement-and-progression-framework.pdf
Tackling Poverty Plan 2021- 2035	The key objectives of the Tackling Poverty actions are: <ul style="list-style-type: none"> • to prevent poverty, especially through investment in giving children the best possible start in life. From conception through to early adulthood, our aim will be to reduce inequality at the earliest possible stage and break the link between socio-economic disadvantage, educational under achievement and the impaired life chances that flow from these; • recognising that the best route out of poverty is through employment, we will continue to help people to improve their skills and enhance the relevance of their qualifications. We will also remove other barriers to employment – from practical barriers such as the accessibility of transport and buildings to less tangible barriers such as poverty of aspiration - helping people to move on to and up the employment ladder; • at the same time, we will increase action to mitigate the impact of poverty here and now. We recognise that for 	The Skills and Talent programme will: Identify and develop opportunities through working with schools and colleges to identify the career pathways suitable for all; Work with partners in the Employability programmes to identify the skills gaps and develop programmes to support training for all. Create opportunities for everyone to work and gain the necessary experience in the world of work to enhance their opportunities for better paid work. https://gov.wales/tackling-fuel-poverty-2021-2035-html

	more and more people, even being in work will not guarantee that they can escape poverty. We can act to improve the quality of life of these communities, families and individuals.	
Manufacturing Future for Wales- Framework for Action	The Framework will look at how the Welsh Government, Industry, Academia and Trade Unions can work together to secure the future of manufacturing in Wales.	Skills within the manufacturing sector have already been identified as being at risk and with the advent of Industry 4.0 there is a need to ensure that Engineering and Manufacturing are highlighted as key career opportunities in the region. The Skills and Talent programme will work with Industry Wales and academia to develop the clear pathway from school through to higher education and apprenticeship. Alongside the development of individuals there will also be a need to upskill the teachers and lecturers in the new ways of working.
Regional		
Swansea Bay City Region Economic Regeneration strategy 2013-2030	The Strategy has 5 key aims: 1 Business Growth and Retention. 2 Skilled and Ambitious people 3 Maximize job creation. 4 Knowledge Economy and Innovation. 5 Distinct places and competitive infrastructure.	The strategy identifies the major deficits that exist across the region regarding the low number of people with higher level qualifications or no qualifications at all. These issues need to be addressed in order to drive performance competitiveness and salary levels. The Skills and Talent programme will be instrumental in the success of all 5 key aims of the strategy and will deliver on the key skills requirements to meet the needs of the employers in the region. The programme will lead on the upskilling of individuals to meet the changing demands; develop clear career pathways for children in school to identify the opportunities available and skills required and finally to develop a more ambitious workforce with the right skills for the future. https://www.swansea.gov.uk/media/7514/Swansea-Bay-City-Region-Economic-Regeneration-Strategy/pdf/Swansea_Bay_City_Region_Economic_Regeneration_Strategy.pdf
Framework for Regional Investment in Wales	The Regional Framework brings together the regional Economic requirements both long term and short term post Covid-19 within one strategy sitting under the Chief Regional Officer	The Skills and Talent programme will work with the Chief Regional Officer to identify the skills requirements and support the development of key skills in specific locations across the region. The Skills and Talent programme will align to the objectives set out in the recently launched framework for regional investment in Wales post Brexit. These objectives include: <ul style="list-style-type: none"> • Support the workforce to become skilled and trained to achieve progression including skills from transition to Industry 4.0 and 5.0 technology. • Opportunities for people to develop their skills and acquire new skills. • Increase the number of upskilled individuals in the workplace to achieve the skills of the future. • Tackle digital exclusion and increase engagement with the digital and technological skills. • Increase opportunities through apprenticeship and traineeships.

Regional Employment and Skills Plan 2019 - 2022	The plan informs and support the Welsh Government's strategic approach to the delivery of employment and skills provision in conjunction with the other two Regional Skills Partnerships in Wales.	The Skills and Talent programme will utilise the work undertaken by the RLSP team including data being generated on the impact of Covid-19 pandemic for future skills needs. http://online.flipbuilder.com/itet/fdew/mobile/index.html
Rural Vision for Wales – Thriving Communities for the future	One key recommendation is to develop a targeted rural youth programme to invest, upskill and retain bright and talented young people in rural communities: i) Establish STEMM (Science, Technology, Engineering, Maths and Money) Centres of Excellence by investing in high quality facilities within rural Further Education Institutions to provide training for young people, as well as opportunities for adult in-work upskilling and retraining opportunities, targeted at the following sectors - o Food Science o Digital and Electronics o 21st Century Agriculture o Healthcare and Medical Sciences o Low Carbon Infrastructure o Creative Industries o Circular Economy o Advanced Manufacturing o Bioeconomy	Many of the key areas highlighted with the Rural Vision report link to the key areas identified within the Skills and Talent programme and will be developed therein. The objectives of the Rural Vision also highlights some of the key challenges identified within the Programme Business case. https://rural-urban.eu/publications/rural-vision-wales-thriving-communities-future-evidence-report

Table 1 –Alignment to UK and Government and Regional Policies

2.5 Case for Change

The HM Treasury Green Book indicates that the rationale for Government intervention is founded 'either in market failure or where there are clear government distribution objectives that need to be met.' Market failure refers to where the market has not and cannot itself be expected to deliver an efficient outcome; the intervention that is proposed within this programme will seek to redress this.

The Swansea Bay City Region suffers from a series of overarching economic issues including low GVA, lack of well-paid job opportunities, skills shortage, high levels of economic inactivity and outward youth migration. The region is characterised by a higher proportion of individuals with no qualifications when compared with national averages, Table 2 below outlines the 2019 data on Highest Qualifications based on a regional/Wales average, the average earnings, the current employed and unemployment data and the gender pay gap. A high number of individuals in the region are currently in low skilled, low paid and unstable employment and subsequently a lower than average level of individuals are in higher paid, meaningful employment.

There is also further area of concern for the region's workforce - the ageing population, with 36% of the region's total population of 704,897⁸. being over the age of 55.⁹ Retirement risk is high in the region with around 276,000 individuals expected to retire soon, (this is above the average for an area of similar size, which sits at 241,000¹⁰). The potential loss of skilled individuals at such a scale is a challenge for the region but one that the City Deal and the opportunities it presents through the Skills and Talent programme can mitigate.

With the rising opportunities currently on offer within the region and the potential development of high paid jobs through the City Deal there is a real concern that there will be limited number of people with the correct qualifications and experience to take up the roles. Furthermore, the impact of Covid-19 on the employment landscape will require upskilling of individuals from existing skills base into new industries as a matter of urgency.

		Carms	Pembs	Swansea	Neath and Port Talbot	Wales
Total Employment	Workplace Employment (Whole Workforce)¹¹	79,600	58,000	124,200	49,600	1,452,100
Employment in High skilled occupations	% of workers in SOC digits 1-3 (2020)¹²	39.6%	36.7%	45.2%	33.4%	44.2
Unemployment	Unemployment rate % (June 2020)	4.2	2.7	5.4	4.0	3.7
Earnings	Median FT weekly earnings £ (2020)¹³	£568.60	£492.90	£531.90	£566.40	£537.80
Male Earnings	Weekly median gross pay male full time (2020)¹⁴	£550.40	£510.20	£521.10	£604.30	£556.70

⁸ <https://statswales.gov.wales/Catalogue/Population-and-Migration/Population/Estimates/Local-Authority/populationestimates-by-localauthority-year>

⁹ RLSP analysis of EMSI data

¹⁰ RLSP analysis of EMSI data

¹¹ <https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/People-and-Work/Employment/Jobs/Whole-Workforce/workplaceemployment-by-welshlocalareas-industry>

¹² <https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/People-and-Work/Employment/Persons-Employed/peopleinemployment-by-area-occupation>

¹³ <https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/People-and-Work/Earnings/medianweeklyearnings-by-welshlocalareas-year>

¹⁴ <https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/People-and-Work/Earnings/medianweeklyearnings-by-welshlocalareas-year>

Female Earnings	Weekly median gross pay female full time (2020)¹⁵	£592.80	£477.10	£534.80	£492.20	£515.40
Economic participation	Economic activity rate % aged 16-64 (Sept 2020)¹⁶	72.7	76.7	74.0	72.5	76.2
Low skills¹⁷	% with no qualifications aged 16-64 (2019)	7.4	8.8	7.7	10.8	8.2
	% qualified to below level 2 (2019)	11.5	12.6	11.6	14.5	12.7
	% qualified to NQF level 2 (2019)	20.0	22.1	17.4	24.8	19.7
	% qualified to NQF level 3 (2019)	19.6	20.0	23.3	19.7	20.6
	% qualified to NQF level 4-6 (2019)	30.2	26.9	26.7	23.6	27.6
	% qualified to NQF level 7-8 (2019)	11.2	9.7	13.3	6.5	11.2

Table 2 – Employment and Skills Levels within the Swansea Bay region.¹⁸

The Skills and Talent programme has a key role to play here in providing individuals with the right training opportunities to not only improve their skills and qualification levels but also their access to better and more meaningful employment opportunities. People with higher level qualifications and skills are more likely to be in sustained employment, with larger earning and wage gains, particularly for those individuals from disadvantaged areas. Apprenticeships tend to increase the probability of participants being in employment with higher level apprenticeships appearing to generate substantially larger labour market benefits.

The region needs a motivated skilled and functioning workforce that deliver on the overall aims of the Swansea Bay City Deal over the next 15 years and the Skills and Talent programme will be instrumental in piloting the skills solutions for the 8 projects and in turn will support regional education providers to deliver the skills solutions required. Evidence highlighted in the 2019 Employment and Skills Plan¹⁹ indicates that skills will broadly be required in (but not limited to) the areas of ICT and digital, health and manufacturing, energy and new construction and engineering, aligning closely to the four themes of the City Deal portfolio. A recent report by the Learning and Work Institute²⁰ states that the number of young people taking IT subjects at GCSE has dropped 40% since 2015 whilst demand for Artificial Intelligence, cloud and robotic skills are soaring. The report further states that there are four main reasons why the digital skills shortage is climbing across the country and these include lack of clearly defined job roles; lack of understanding of potential career paths; lack of relatable role models and the appeal of the roles.

Evidence has also been gathered from the project leads during 2020 on specific key skills relating to Digital- Cyber security; Cloud, Artificial Intelligence (machine Learning Knowledge) and Data

¹⁵ <https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/People-and-Work/Earnings/medianweeklyearnings-by-welshlocalareas-year>

¹⁶ <https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/People-and-Work/Economic-Inactivity/economicinactivityratesexcludingstudents-by-welshlocalarea-year>

¹⁷ <https://statswales.gov.wales/Catalogue/Education-and-Skills/Post-16-Education-and-Training/Data-For-Regions-of-Wales/highestqualificationlevelofworkingageadults-by-region-localauthority>

¹⁸ <https://statswales.gov.wales/Catalogue/Education-and-Skills/Post-16-Education-and-Training/Lifelong-Learning/Qualification-Levels/highestqualificationlevelsofworkingageadults-by-regionsofwales-qualification>

¹⁹ <http://online.flipbuilder.com/itet/fdew/mobile/index.html>

²⁰ <https://learningandwork.org.uk/wp-content/uploads/2021/03/Disconnected-Report.pdf>

Science and from Green Energy where there is a direct link to Digital which include, Solar, Heat pumps, Smart controls and Electric vehicles 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 is skills and talent; a theme that runs strongly throughout and will determine the over-all success of the City Deal and its constituent projects. With this, the ability of the Skills and Talent programme to determine the skills needs of the 8 projects is a key determinant of the City Deals success. 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 projects would struggle to meet the outcomes they propose and therefore have the transformational effect that they aim to have. The programme aims to address the skills gaps at all levels by working in partnership with key providers/partners and employability programmes in the region.

2.6 Investment Objectives & Benefits

The overarching objective of the Skills and Talent programme is to strengthen collaboration and increase investment that will significantly boost the quality and quantity of trained and skilled individuals through the intervention of the programme. The aim is to:

- ✓ create a lasting legacy of a higher skilled workforce across the region.
- ✓ encourage meaningful participation by stakeholders in designing and delivering skills training and development.
- ✓ increase opportunities for individuals to improve their skills and get higher paid jobs.
- ✓ be central to maximising the value of the City Deal Investment by delivering the workforce programme.
- ✓ upskilling individuals for new roles utilising key skills that they may already have that could be beneficial to new roles created through the projects or other opportunities in the region.

The Investment objectives have been identified by the RLSP and partners based on evidence gathered through stakeholder engagement; engagement with City Deal project leads and National Government statistics. The objectives for the programme are identified below as being time limited for the purpose of monitoring however, the interventions made by the Skills and Talent programme will have an impact over a longer term with the development of new frameworks fit for the future: The programme aims to deliver the following investment objectives and benefits over the next 10 years, based on sectors including digital, energy, smart manufacturing, construction and life-sciences and wellbeing

- ✓ To directly deliver at least 2,200 additional skills and support the development of around 14,000 individuals with higher level (between 2-8) skills within 10 years.
- ✓ To create at least 3000 new apprenticeship opportunities, to include level 3 to Degree apprenticeships.
- ✓ To create at least 2 Centres of Excellence within specific sectors to develop the region as being “the best” area for skills development.
- ✓ To create a clear career pathway from school education through further and higher education in the key areas of digital; construction, energy; smart manufacturing and life-science and wellbeing, achieved through engagement and development work with schools increasing the number of pupils following the STEM subjects in FE and HE.
- ✓ To deliver 20 new/updated course frameworks to ensure they meet the industry training needs for the future.

These investment objectives are SMART (specific, measurable, achievable, realistic and time bound) and will be delivered with a £30 million investment from:

City Deal	Public Sector	Private Sector
£10m	£16m	£4m

The programme will aim to nurture indigenous talent through initial education and on-going professional development, supporting the attraction of globally competitive skills to the region through the significant inward investment fostered by the individual projects and the wider economic regeneration proposals. An example would be the Pentre Awel project, the skills requirements for this project will be diverse but there will be an opportunity to bring specialist leaders in research to the project who will work with students from the universities to develop new ways of working and treatments offered within the life sciences sector.

To support this work the RLSP has undertaken a consultation with regional employers; training providers and City Deal project leads over the last 18 months to understand the skills requirements for the region and identify the skills gaps and where additional resources need to be made available in order to support the vision of the City Deal to grow the economy in the region. The consultation has been undertaken via on-line questionnaires; face to face meetings within the Industry sector cluster groups on a bi-monthly basis; through workshops and annual events and RLSP Board meetings.

2.7 Existing Arrangements

The delivery of skills training across all ages in the SBCD region are delivered by the Education Departments of the four Local Authorities; four Further Education Colleges and two Universities together with a range of private sector training companies who deliver bespoke and/or apprenticeship training. The RLSP works with all partners and employers to understand the gaps in existing provision against Industry needs and identification of future learning based on future needs.

The RLSP prepares an annual Employment and Skills plan and evidence to support the recommendations contained therein to improve skills delivery in the region is gathered through engagement with Industry leads across the 9 main sectors (Advanced Materials and Manufacturing; Energy; Food and Land Management; Financial and Professional services; Tourism Retail and Leisure; Construction; Creative Industries, ICT and Public Services). There has been evidence of some change within the apprenticeship and further education sector as a result of recommendations made but the change in school curriculum and higher education is not as quick to react. Influencing change must be a partnership of all skills and training bodies to create the pathway of skills and opportunities for all.

The current delivery model delivers the needs of the Government in the development of opportunities for individuals to follow the education route through school and on to Further or higher education or apprenticeship, but these pathways do not always reflect the needs of employers. The [Employment and Skills Plans](#) for the region since 2017 have all reported the concerns from employers regarding outdated course content; the need for an increased number of people trained within the engineering and digital sectors and to improve career pathway advice and information to reflect what is happening in industry today. The report makes clear recommendations to the Welsh Government on what needs to change in the current landscape in order to meet the needs of Industry as well as identifying key future skills needs. An example of this was a skills needs assessment undertaken for the proposed Tidal Lagoon in Swansea that identified key skills needed in the region in order to meet the demand that would be created by the project.²¹ The delivery within the FE and HE sector is driven by student demand to take up courses that do not always lead to a paid role in their chosen subject and not industry requirements that would lead to full-time, well-paid jobs. The Skills and Talent programme offers an opportunity to change the information given to allow individuals to make informed decisions of a clear career pathway through the education. There is a need to develop a clear destination pathway for individuals from education through into the world of work and beyond.

2.8 Business Need

This section identifies the problems, issues and difficulties that the area faces from economic; low productivity; low wage levels and skills gaps, all of which will impact on the success of the City Deal projects and other investment in the region. Table 3 below and the supporting evidence in this section highlights the key issues the region faces, whilst the programme will address some there are

²¹ <https://www.carmarthenshire.gov.wales/media/1225118/sna.pdf>

already programmes in place outside of the City Deal portfolio that are working on reducing the impacts on the regional economy, the importance for the Skills and Talent programme will be the strong working arrangements and partnership with these programmes to resolve the difficulties across the next 15 – 20 years.

Work has already been undertaken with all project leads to identify skills gaps that they are aware of and this has been undertaken through a number of ways including face to face meetings; workshops; through the Provider group leads identified to work with the project leads on specific skills and through on-line surveys. Consultants appointed to support the development of the Economic Impact have also worked with the project leads to identify the skills requirements against the jobs being created. From the evidence gathered to date there is clear evidence that there is a demand for new skills to be developed as a matter of urgency to support the delivery of the City Deal portfolio.

In gathering the evidence, a connection has also been made with the skills programmes of other City Deals across the UK to understand what has worked well where programmes have already begun and there are some examples of good practice that can be shared and possibly utilised in the region. The Belfast City Deal skills programme has identified similar issues to those evidenced within the Swansea Bay area specifically around the high number of people with low qualifications and the shortage of people with digital skills that are so important to the projects included in the Belfast City Deal. The discussions with other City Deals will continue as a system of good practice to share knowledge.

Theme	Existing Arrangements	Investment objective	Business Needs	
Economic Performance	Fewer people with higher level qualifications.	14000 individuals with increased level of skills (2,000 direct and 12,000 indirect)	To increase the number of people with higher level qualifications to support the SDCB projects	
	The region has the highest number of people in Wales with low or no qualifications	Create at least 3000 new apprenticeship opportunities to include level 3 to degree	Develop a programme of opportunities to upskill the existing workforce. Attain 100% completion of the apprenticeship programme and provide the employability support to individuals to move into full time employment.	
	High number of individuals in low paid employment	Create opportunities to support people into work.	Increase opportunities through the improvement of skills levels to increase the number of people in higher paid jobs	
	The jobs in the region have a strong reliance on the foundational economy or public sector.	Create clear pathways within schools focusing on the key themes within the City Deal portfolio	Increased uptake of school pupils progressing into STEM subjects at FE/HE	Developing the career pathways throughout the school years to showcase the opportunities will highlight the new opportunities.
	High number of economically inactive people	Upskill and support people into employment by creating opportunities through project community benefits programme.	Working with employability programmes to develop the opportunities to upskill and gain qualifications into meaningful jobs.	

	Course frameworks do not meet future skills needs and lecturers/teachers are not fully aware of the new ways of working within industry.	Invest in course frameworks to ensure they meet the needs of the projects and employers in the region and provide upskilling/CPD for teachers and lecturers	Work required to understand the gaps and work with stakeholders and employers to bridge the gap and develop new qualifications. Identify what upskilling is required.
		Delivery of 20 new/updated course frameworks to meet industry training needs.	
	The area is not known for the delivery of any specific specialist skills	Establish at least two Centres of Excellence based on prioritised sectors.	Centres of Excellence in skills required for the City Deal projects that are new and emerging.
Ageing Population The ageing population is an issue for the region if they do not work or will not upskill to work within the new and emerging sectors.	Deliver pilot programmes of new courses to upskill existing workforce.	Map out opportunities for key employees to upskill through a faster than normal process to enable businesses to have the necessary skills immediately	

Table 3 Synopsis of Business Needs.

The skills landscape across the region is wide and far reaching but can be complex to stakeholders not directly involved in the delivery in the schools, colleges, universities and apprenticeship programmes. Alongside the known providers there are several programmes to support the unemployed and the economically inactive that deliver training to get people into or back to work alongside the third sector and private businesses who deliver training to their staff. The RLSP brings the organisations together however there is a need to develop the clear route to develop the skills pathway for the future across the region and to address the following issues as a regional programme to deliver change:

2.8.1 Course Frameworks not fit for the Future

A complete analysis of the skills delivered across the region and publication of a Skills Barometer for the region will be an essential requirement for the programme. The work that the RLSP has already undertaken with employers identifies a number of key issues with course frameworks that need to be re-written and accredited in order to meet the requirements of employers now and in the future. This work is fundamental to the success of the Skills and Talent programme to ensure that we have the right skills, as identified by employers, being taught at all levels across all training providers. The Covid-19 pandemic has highlighted a number of key skills particularly within the digital sector that need to be developed as a matter of urgency to meet the changing working practices by employers across the region. The new skills will require new qualifications to be developed and up-skilling of teachers and lecturers across the whole education system will be imperative.

2.8.2 Workforce Development

The workforce in the region is dominated by a high reliance on the public sector, some 30% of the workforce (92,200) are employed in this sector.²² A high proportion of individuals are employed in what is termed as the foundational economy. The aspirational projects contained within the City Deal rely on these specific areas of employment (Construction, Information & Communication and Professional; Scientific and Technical activities) that only currently amount to 20% of the

²² <https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/People-and-Work/Employment/Persons-Employed/publicprivatesectoremployment-by-welshlocalauthority-status>

workforce.²³ An aim of the City Deal will be to increase the proportion of people working within these sectors creating a more balanced workforce demography which is less reliant on the foundational economy and service sectors. These sectors are high value in terms of GVA therefore any increase in these sectors will serve to act as a catalyst for the increase in GVA and productivity that the region requires.

2.8.3 Covid-19 impact in the region

The Covid-19 pandemic has had a dramatic effect on the labour market in recent months, the effects of which are likely to be felt for a long period of time. A high proportion of workers have been furloughed across the region with the most recent statistics²⁴ highlighted in table 4 below:

County and district / unitary authority	Employments furloughed	Take-up rate
Carmarthenshire	10,700	14%
Neath Port Talbot	6,700	11%
Pembrokeshire	8,600	19%
Swansea	13,400	14%

Table 4 – Furloughed workers in the region at 31st January 2021

The full scale of job losses suffered as a result of the Covid-19 pandemic will likely come to fruition following the end of the job retention scheme. The Skills and Talent programme will have an important role to play in supporting economic growth over coming years and will in some part support the labour force to respond effectively to this unique time the country currently finds itself in.

The RLSP and the Skills team will continue to monitor labour market intelligence and will work with the programme team to identify areas that the programme’s activity can serve to support the region and its people throughout the recovery period and beyond particularly in upskilling individuals into new areas of work which will become more secure in the changing landscape. This monitoring of data will also be a key tool to measure the long-term impact of the success of the Skills and Talent Programme.

2.8.4 Business Demography

The region as a whole is dominated by micro and small sized enterprises and a higher than average proportion of self-employed individuals which has an impact on the available workforce. The Swansea Bay region has the second highest proportion of self-employed people by City regions, the highest being in the Greater London Authority.²⁵ The most recent statistics, indicate that 99% of the businesses operating in the region have less than 99 employees. Approximately 18,600 businesses have between 1 and 4 employees.²⁶ The Skills and Talent programme will work with a diverse range of employers representing micro to large strategic employers in the region to ensure that they are aware of the skills needs identified and availability of training through the programme to support the supply chain workforce that will be involved within the delivery of the SBCD projects.

²³ <https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/People-and-Work/Employment/Jobs/Whole-Workforce/workplaceemployment-by-welshlocalareas-industry>

²⁴ <https://www.gov.uk/government/statistics/coronavirus-job-retention-scheme-statistics-march-2021>

²⁵ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/selfemploymentincityregions>

²⁶ Inter Departmental Business Register (IDBR) 2018

2.8.5 The Changing Pattern of Employment

The way that people work continues to evolve and traditional notions of a job for life is increasingly unrealistic for many within the labour market. Increasingly the labour market is becoming more fluid with dynamic and different ways of working and various ways to be employed, these changes produce a number of skills challenges. Research undertaken by the Recruitment & Employment Confederation (REC) highlights that '13% of British people believe they will be working in traditional '9 – 5' employment by 2025'²⁷ highlighting the awareness of the changing nature of employment and the need for flexibility.

The requirement for business support for emerging and new start up business is evident particularly around skills development and support for apprenticeships and work placements. This is evidenced in the 2019 [Employment and Skills Plan for the South West and Mid Wales](#) region. The programme will identify the gaps where some of the information is not readily available and ensure that businesses are made aware of the opportunities and where support can be received. An example of support that does exist is the [Welsh Government Skills Gateway](#) which offers support to business and refers to the funded programmes available to support people into work.

2.8.6 Digital Skills

Digital skills are becoming increasingly important within the economy with many job roles becoming increasingly digitalised. This is a trend that has undoubtedly been accelerated by the recent change to working practices as a result of the Covid-19 pandemic.

If the UK and indeed Wales are to become world-leading digital nations then it is imperative that the current and future workforce are equipped with the right skills which allow them to fully take advantage of the opportunities that new digital technologies will provide.

*'Market and institutional challenges mean that many businesses are struggling to obtain employees with the right skills to exploit technological opportunities, and sections of society are missing out on the benefits of the digital economy.'*²⁸

At a regional level the Swansea Bay City Deal will provide significant opportunities within the digital sector across the whole Portfolio, it is therefore imperative that any market and institutional challenges are addressed in a timely manner. Specifically, the Swansea City and Waterfront Digital District and Yr Egin, supported by the Digital Infrastructure project, will provide opportunities for the development and expansion of high value digital/tech companies which will be positive both for employment levels and the economy as a whole.

2.8.7 Rurality and the rural economy

The rural economy within South West Wales is of significant importance and encompasses large areas of the north and west of the region. It faces a wide range of challenges that are unique to the rural setting. These include the issues identified below;

➤ Declining productivity

The productivity as measured by GVA within predominantly rural areas is significantly below the UK and also below those of more urban areas across the region. This is a trend that is visible across the UK. This is in part due to the nature of businesses located within the different areas with higher numbers of high GVA industries such as Financial and Professional Services being located in the more urban areas. An additional factor is the nature of employment within rural areas with a greater emphasis on part time working and self-employment, often relating to lifestyle businesses.

The productivity divide between the urban and rural areas is significant and it produces a number of skills related challenges particularly relating to the availability, recruitment and

²⁷ Gig Economy: The ubernisation of work – REC 2016

²⁸ <http://gyitproject.eu/content/o1-research-report-findings>

retention of appropriately skilled individuals. The main challenge around the development of skills can be linked to how the skills training is delivered particularly in the rural areas.

Productivity is significantly lower in sectors which are more prevalent in rural areas. Evidence from the Welsh Government Priority sector²⁹ statistics show that the GVA per hour worked in 2015 was £14 in the Food and Farming sector and £15 in the Tourism sector. This compares with £59 for the Financial and Professional Services sector and £50 for the ICT sector which are predominantly located within urban areas.

➤ Demographic challenges

Within the region there are a significant number of demographic challenges with rural areas being more likely to have issues regarding an ageing population. This includes a higher proportion of over 65's than the urban averages which affects both the demands on local services as well as the proportion of working age residents who can form the workforce. This demographic imbalance creates significant challenges both in creating a critical mass required for economically viable delivery of interventions but also a requirement for the re-skilling of older individuals.

With the large number of people working from home as a result of the COVID-19 pandemic a demand had been created to relocate to more rural areas from the urban towns and cities. The impact of such has not been fully assessed to date.

➤ Access to services

Rurality and in particular deep rurality places significant pressures on the delivery of services due to a number of different factors which include.

- Lower population densities make achieving relative economies of scale difficult, this can include a low number of clients for services to support, making costs expensive for delivery bodies as well as limiting the potential engagement opportunities.
- Large travel distances between conurbations increases time and cost for accessing services, this can hinder the skills development of individuals within rural areas who may encounter these barriers.
- Poor digital connectivity remains a challenge due to the cost of installing fibre broadband, issues with 'the last mile of connectivity' remain a significant challenge for many in rural areas.

It is essential that the effects of the City Deal are as relevant to the rural as the urban areas of the SBCR region. Given the declining productivity experienced in some rural areas the City Deal has an opportunity to provide high value employment and expansion opportunities for the individuals working in and the SMEs operating in those areas. This will be achieved through the proposed supply chain opportunities that could come into fruition as the City Deal Proposal progresses. The RLSP will work with all 8 projects to identify the Community Benefit clauses included within all contracts to ensure that there are benefits over and above the economic growth, these would include building of strong communities through educational support initiatives: apprenticeship training and volunteering opportunities. Furthermore, the advancements within the digital sector proposed and the increased connectivity which would manifest as a result of the City Deal could improve access to services for these areas exponentially.

2.8.8 Gender Equality and Imbalances

There is significant evidence to suggest that women and men do not enjoy the same rights and opportunities across all sectors of society. For Wales this is especially prevalent within the labour

²⁹ <http://gov.wales/statistics-and-research/priority-sector-statistics/?lang=en>

market and economy where there is not an equal representation of men and women across a range of roles, sectors and subject areas.

Women are under-represented within a number of the WG's priority sectors, Table 5 below³⁰; depicts that an area of particular concern is the stark lack of women employed within the Advanced Materials and Manufacturing, Construction, Energy and Environment and ICT sectors in comparison to men. A disparity within sectoral employment can result in gender pay gaps, a disproportion within skills development and a lack of access to the same opportunities and progression.

Sector	2018	
	Male	Female
Advanced Materials & Manufacturing	66,000	15,600
Construction	96,400	12,900
Creative Industries	36,400	21,600
Energy & Environment	117,900	37,100
Food & Farming	36,700	14,800
Financial & Professional Services	81,100	56,600
ICT	22,500	8,500
Life Sciences	8,700	4,800
Tourism	61,900	65,300

Table 5 – Gender Equality Data 2018

For instance, given the alignment of the aforementioned sectors to the Science, Technology, Engineering and Mathematics (STEM) sector this is particularly worrying, given the perceived benefits of pursuing a career in this area; 'the gap in starting salary between men and women who have studied STEM subjects and go on to take jobs in those spheres is smaller than in any other subjects studied. If more women were to pursue careers in these areas, not only would it give them a more balanced portfolio of skills, but it would also narrow the gender pay gap for those in the early years of their working lives.'³¹ There is much research to suggest that solving the gender pay gap would need a focussed effort on increasing the profile of STEM subjects among young female learners.

The alignment of the 8 City Deal projects to STEM related subjects creates a significant opportunity for gender imbalances to be addressed. This is especially true given the programme's aspiration of working with schools to promote the opportunities associated with the City Deal. This could improve the perception of STEM related subjects with girls at a very young age, resulting in a higher chance of them pursuing a career within the sector later in life. The RLSP has already been working with schools in partnership with TATA and VALERO to showcase opportunities for women in engineering and technology. This work has been piloted with 6 schools and 2 colleges in the region the programme proposes to roll this work out to all schools across the region.

³⁰ <https://gov.wales/priority-sector-statistics-2018>

³¹ <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/Growth/deloitte-uk-women-in-stem-pay-gap-2016.pdf>

2.8.9 Duplication of Course delivery

There is a considerable amount of duplication of traditional course delivery across the region with no clear focus on the specific skills required for the City Deal projects, the wider employer needs or recognition of future skills needs post 5 years. Whilst it is difficult to anticipate the “new skills” requirements of 10 – 15 years there has to be a clear pathway of where the region wants to go and how it will achieve the goals. The Skills and Talent programme aims to bring together the skills training providers across all levels to clearly identify what the skills needs are, how those skills will be delivered across the region and by who. This will drive the adaptation of the skills offer in HE, FE and training providers to meet the needs as prescribed in the Industrial strategy, Prosperity for All Strategy and meeting Industry 4.0 requirements. The Covid-19 pandemic has clearly identified how we can work differently in delivering skills training and lessons learnt should be built on and enhanced to ensure that we can provide the best offer of training and upskilling for all across the region.

2.9 Scope for Investment

The investment by the Governments to enable the Skills and Talent programme and the projects that will developed through the programme will be the opportunity to transform the delivery of skills in the SBCR through the development of a partnership that will introduce a step change for the future workforce in the region. The management of change and the commitment by stakeholders in the way that skills training is delivered in the region will be a key measure of success for the programme. This will be achieved by enhancing the strong relationship that the RLSP has with training providers in the region to bring forth the new skills and new ways of delivering skills training to meet the changing needs of businesses across the region.

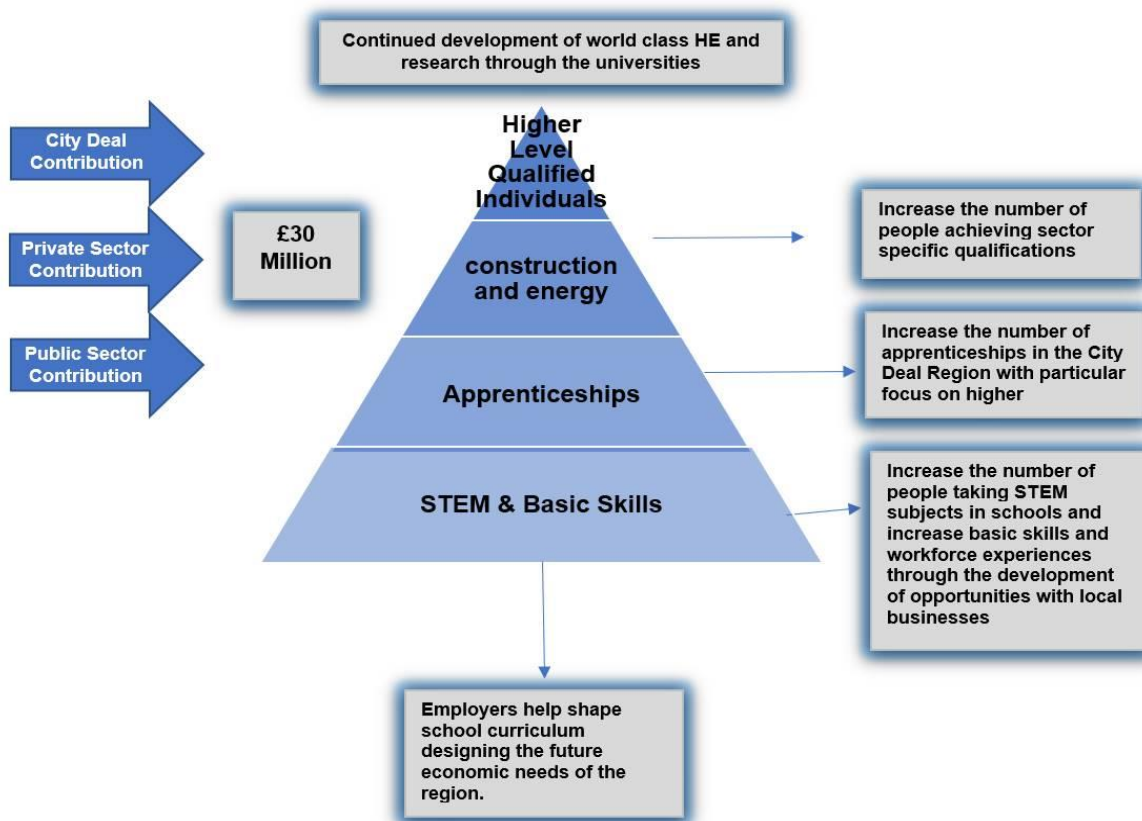


Figure 1 – the route for investment to transform the skills landscape

Table 6 below highlights how the Skills and Talent programme through City Deal funding will support the key areas through partnership working with existing projects and organisations. For the programme to succeed there has to be a strong complimentary employability and skills programme delivered in parallel to develop a more integrated approach to prioritising the skills landscape for the region.

Swansea Bay City Region Commitment	UK and Welsh Government Commitment
Investing in Skills infrastructure <ul style="list-style-type: none"> • Develop City Deal wide intelligence into skills gaps. • Publish a report into new skills training to meet industry and project needs linked to the City Deal. 	Provision of funding to support the development of the skills gaps report.
Support for learners <ul style="list-style-type: none"> • Encourage participation with all learners from schools, FE and HE to raise the profile of opportunities in the city deal. • Encourage participation and involvement of young people within the skills gap analysis to understand their needs and any barriers. 	Welsh Government through Careers Wales and Working Wales to support the development of links with schools. Work on this activity has already started with a pilot project in Carmarthenshire with a view to reviewing the activity to roll out to other county areas.
NEETs <ul style="list-style-type: none"> • Ensure that training is developed for all and that the training is available to support people into or back into the workplace. 	Working relationship with Welsh Government Departments to ensure that the opportunities are shared. Developing opportunities through the Kickstart programme that will encourage people to follow an apprenticeship programme.
Apprenticeships <ul style="list-style-type: none"> • Build upon the investment in apprenticeship by the Welsh Government and address the additional needs stated by employers and industry. • Work with projects to encourage the development of apprenticeship opportunities within the projects. • Identify new opportunities for higher apprenticeships. 	Welsh Government to support the development of Apprenticeship frameworks where they do not exist.

Table 6 Regional and National Commitment

The mapping of the City Deal skills gaps and analysis of the training requirements will consider the business needs; gender and equality imbalances of people taking up the courses; and the needs and availability of the existing and future workforce through re-training and increasing awareness of opportunities. As previously described work has been undertaken with project leads and stakeholders over the 18 months to clearly identify where the known skills gaps are, and work has also begun on what new skills are required that are not currently delivered or developed on the framework. The aim of the Skills and Talent programme is to work within 5 year time line periods which would account for the changing skills demands and enable the necessary skills to be developed as quickly as possible to meet the project needs. There will be a requirement to upskill the existing workforce in many areas including upskilling the teachers/lecturers who deliver the training and this work will be a priority within the first 3 years of the programme. At the same time the necessary frameworks for FE/HE and apprenticeships in the relevant areas will be developed and pilot projects will be implemented to deliver the training/upskilling.

The work with primary and secondary schools in the region to highlight opportunities available through the City Deal projects and develop clear pathways to help young people make the right

choices in schools is progressing well with secondary schools submitting ideas of programmes and curriculum developments aligned to the City Deal. The Skills and Talent programme will co-ordinate this with assistance from the 14-19 co-ordinators for the four encompassing counties. In addition, the RLSP have developed both a beginner's and an advanced learning programme for the City Deal which will be delivered as part of the Welsh Baccalaureate that can be used across all schools in the region.

The Skills and Talent programme team will work with ERQ the Regional Education Consortia and Local Education Authorities to support schools to drive forward the skills need for the region over the next 10 years particularly the new curriculum bringing together the project and industry needs and expertise to support schools in the new emerging areas.

To support the work already undertaken Appendix E details the mapping work of the existing provision of training courses delivered through Further and Higher Education and Apprenticeships in the region, there are over 2000 options being delivered within the five themes of the City Deal. Table 7 below highlight some of the potential key skills requirements already identified for each of the project business cases, this document is continually being added to as skills are identified. The list below highlights some of the key skills identified.

Sector	Skills
Digital	Basic IT skills Cyber Artificial Intelligence Digital Forensics Machine Learning Robotics Cloud technology Creative skills in the use of technology
Construction	SMART Housing Solar, heat pumps, Smart controls, mechanical and electrical systems Electrical Vehicles Retrofit
Energy	Engineering – specialised for offshore wind, tidal energy, marine energy
Health and Wellbeing	Digital technology in health care Digital assimilation Connectivity with community support workers Digital consultation from hospitals and GP surgeries.
Smart manufacturing	New ways of manufacturing utilising robotics and new Digital technologies.

Table 7 Key Skills identified to date

2.10 Main Benefits Criteria

The impact table 8 below shows the wider benefits which can be achieved from the City Deal. To maximise these opportunities the RLSP will, during the lifetime of the project:

- Align priorities and skill supply at all levels to the City Deal and this work will continue throughout the City Deal lifespan.
- Support the region in taking increased responsibility for meeting UK and Welsh Governments' skills targets, challenging the HE, FE and training providers to continue designing their curricula, work placements, adult education and access courses around the opportunities of the City Deal. This will result in a flow of STEM educated young people taking up apprenticeships and graduate employment opportunities.
- Empower residents across the region to fully access and benefit from the opportunities of the Deal through working with local authorities, schools, businesses and any relevant groups.

- Maximise local benefit where local businesses are most involved – procure local services where possible.
- Generating a higher skilled workforce for the future.
- Developing opportunities for all to follow a career path and gain the necessary qualifications to create a better quality of life for all.

Investment Objective	Main Benefits Criteria
<p>Objective 1: To directly deliver at least 2,200 additional skills and support the development of around 14,000 individuals with higher skills Level 2 -8) within 10 years.</p>	<p>Qualitative Higher skilled individuals for the jobs created through the City Deal projects.</p> <p>Quantifiable Increased number of higher skilled individuals from the baseline of 2019 statistics.</p> <p>Cash releasing Net income</p> <p>Non-cash releasing Contributes to increase in employment opportunities for local people.</p>
<p>Objective 2: To create 3,000 new apprenticeship opportunities to include level 3 through to Degree apprenticeships.</p>	<p>Qualitative Opportunities for all to achieve a qualification and skills for a career pathway in a vocational occupation.</p> <p>Quantifiable Number of apprenticeships offered through the construction phase of the projects, higher apprenticeships in the specific sectors.</p> <p>Cash releasing Net income</p> <p>Non-cash releasing Contributes to increase employment and training/upskilling opportunities for local people.</p>
<p>Objective 3: To create at least 2 Centres of Best Practice within specific sector(s) to develop the region as being the best area for skills development.</p>	<p>Qualitative Developing Centres that specialise in the development of fit for purpose skills within a particular sector(s).</p> <p>Quantifiable The number of Centres created in the region to deliver specific sector skills.</p> <p>Cash releasing Net income</p> <p>Non-cash releasing The development of the right skills regionally to meet the needs of the City Deal projects will retain the skilled individuals to work within the City Deal projects.</p>
<p>Objective 4: To create a clear pathway from school education through FE and HE in the key areas of digital, energy, smart manufacturing and life-science and wellbeing, through engagement and development work with schools increasing the number of pupils following STEM subjects in FE/HE.</p>	<p>Qualitative Inspiring the next generation to take the correct path in their career will be the focus of the engagement with schools. Developing the pathway for children from primary school through to secondary school through the introduction of new vocational training opportunities specialist workshops etc.</p> <p>Quantifiable Increased number of children following STEM subjects and/or vocational courses.</p> <p>Cash releasing Net-income</p> <p>Non-cash releasing Engagement with children at a young age and incorporating the regional needs within the new school curriculum of all schools will develop the future workforce for the region.</p>
<p>Objective 5: To deliver 20 new/updated course frameworks that meet industry training needs</p>	<p>Qualitative Developing new and updating existing frameworks to meet the needs of the projects and employers across the region.</p> <p>Quantifiable The number of new frameworks developed, or existing frameworks updated</p> <p>Cash releasing Net income.</p> <p>Non-cash releasing Additional benefit for employers with frameworks that meet their business needs.</p>

Table 8 Main Benefits Criteria.

2.12 Risks and counter measures

Risk management is an integral feature of the Skills and Talent programme and the programme register Appendix F covers all aspects of the business case – Strategic, Economic, Commercial, Financial and Management. The RLSP Board are ultimately responsible for managing all aspects of the programme and the project and risk plans will be reviewed on an ongoing basis by the Programme Board with any new risks escalated to the RLSP Board where actions will be implemented.

The strategic risks associated with the project are shown in table 9 below together with mitigation measures:

Strategic Risk	Mitigation Measure
Development	
City Deal Funding not secured – without this funding the programme will not be implemented.	The project funding has been identified and the project will work with the Swansea Bay City Deal portfolio management office to ensure that the grant funding is available in a timely manner.
Lack of data to develop robust Economic Case for the programme that will meet the requirements of the HM Treasury Green Book	Working with all of the project leads and all stakeholders to gather robust evidence to support the Economic Case utilising information already gathered by the RLSP regarding gaps in provision together with Industry evidence of need.
Programme Timescale slippage	Slippage of the project would impact on the delivery of training to meet the needs of the City Deal projects. It is intended to regularly monitor progress to limit any slippage in the timescale.
Business Case	
Length of time for approval of the business case	Engage with stakeholders to ensure approval of the business case is processed in the shortest time possible.
Lack of resources /Insufficient capacity to Project manage the programme and to deliver the stated activities and results	An identified team has been included within the Business case to manage the programme and to develop new areas of working with schools.
Financial	
Organisational and financial risks associated with taking on this project	The nature of 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.
The programme does not secure sufficient	<ul style="list-style-type: none"> The RLSP Board provides strong leadership with all partners in place.

partner/stakeholder buy in.	<ul style="list-style-type: none"> • Strong working relationship already exists with education sector. • Key private sector cluster groups involvement in the development of the projects • Progress report to every Board meeting.
Delivery	
Failure to increase the number of skilled individuals.	The intention is to increase the number of skilled people across the region and particularly higher skilled and the programme has been designed to ensure that the correct skills are developed to meet the needs of the projects and employers across the region. The Skills Solution group will work to identify the gaps and develop the projects to deliver the solutions.
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 within future provision within FE and apprenticeship.
Failure to engage with training providers to deliver the necessary skills development	<p>The training providers are all engaged with the programme and sit on the Provider group and all will have the opportunity to work with the programme to deliver the identified skills across the region. If FE or HE institutions do not engage with the delivery recommendations alternative options would be considered to procure services from other delivery partners.</p> <p>Early engagement with all key stakeholders with agreed delivery programme timetable.</p>

Table 9 – Strategic Risk and Mitigation

2.13 Constraints

In developing the programme including the investment and proposed activities, consideration has been given to a number of constraints specifically that all activities would need to either be self-financing or be included within the Welsh Government portfolio of courses for further Education in the future. The impact of Covid-19 has introduced constraints and the impact will remain for some time regarding the way training is delivered and new job opportunities that will exist post Covid-19 that may not have been considered as career paths by individuals previously.

The project will be subject to the following constraints:

- Time delay in the approval of the programme business case.
- UK and Welsh Government Policy in relation to training and education.
- Support from the FE and HE sector to implement the changes within their delivery mechanism.
- Securing funding from the private sector.
- Ensuring that the capacity is present to meet the aims and objectives of the Programme.
- Covid-19 restrictions on the delivery of training and education.

2.14 Dependencies

The future success of the Skills and Talent programme will depend on the close alignment of all the City Deal projects and integration with all the existing delivery models and the development of a viable and sustainable pipeline of individuals with the right skills to support the City Deal projects and the opportunities that are being made available therein.

In order to succeed in the approach there has to be a close alignment and coordination with all the local and national stakeholders to:

- ✓ Continuously review and align skills needs and integrate within the regional Skills Plans.
- ✓ Review skills needs as a result of Covid-19 pandemic.
- ✓ Work with skills partners and employers through workshops; meetings and surveys to understand changing demands.
- ✓ Work with the RLSP on the Labour Market Information (LMI) to monitor any changes across the region.
- ✓ Work with the existing and new City Deal projects to monitor any new skills needs.

The unique nature of the projects is a key driver of the City Deal and this allows for each to work independently with the success of one not completely dependent on the success of another. Key to the success of the City Deal programme and the increase in economic activity, productivity and GVA of the region is an improved skills base across all levels and employment sectors. Improving the skills base is crucial in creating a region that is able to; compete with other areas of the UK and attract talent, whilst also retaining the talent that already exists in the colleges; universities; workplaces and in the schools where the employees of the future need to be nurtured and informed of current and future employment opportunities in the region.

It is therefore evident that the projects will be supported and further strengthened by one another. With this flexibility the projects will be in a favourable position to identify opportunities for collaboration therefore creating synergies as opportunities arise, this will promote the free movement of people, the growth of businesses and the attraction of inward investment.

The development of a City Deal for Swansea Bay comes at an important time, as employment and skills support are undergoing change with competing demands for different skills and greater flexibility in training called for. The Covid-19 pandemic is considered to be one of the most significant global events in recent history and its' impact on the labour market and skills will be demonstrated in the Business Case.

The City Deal gives the region a once in a lifetime opportunity to shape the training offered and delivered across the region to ensure that there are opportunities for all to increase their attainment levels and the ability to get a well-paid job in the region. The development of clear pathways from key stage 1 to key stage 4 and opportunities to retrain while in work will be the key to the success of the programme.

3.0 Economic Case

3.1 Overview

This section of the Business Case assesses the overall economic costs and benefits of the programme in line with the HM Treasury's Green Book. The section sets out the of those options, the critical success factors and the identification of the long and short list and the appraisal of the short list through economic assessment.

The Skills and Talent Programme is a unique programme within the suite of the City Deal projects that will deliver a skills training solution offering the best value for money and maximum opportunity for the widest range of individuals across the region. A skilled workforce was identified by the projects as being a significant success factor and dependency for delivering the aims of the SBCD portfolio. The programme will deliver a tailored, sectoral model of engagement involving partnerships with employers, industry bodies, schools, colleges, universities and training providers working together to transform the skills system.

3.2 Evidence of demand for the Programme

This section provides information and evidence which supports the strategic case for the Skills and Talent Programme.

The successful delivery of the SBCD ambitions and regional economic advancement is dependent on having the right people with the right skills at the right time. Building on existing strengths and established Regional Learning and Skills Partnership, the programme will focus skills development across all levels (level 2 – 8) and to drive change across the educational landscape of the SBCR.

To support and achieve the ambitions of the Swansea Bay City deal having the 'right people with the right skills at the right time' is essential to the success of the region. The programme will look to build upon the existing established structures of the Regional Learning and Skills Partnership (RLSP) to focus the development of skills across all levels and to drive change across the educational landscape of the City Region.

The region needs to capitalise on previous and current opportunities that have potential to change the economic prosperity of the people and businesses in the SBCR. The region suffers with areas of high unemployment, low skills and high rates of economic inactivity. There is a risk that unless intervention is immediate and co-ordinated the region risks being 'left behind' and to miss the opportunities that are presented. The economy and workforce of the region has been impacted even further with the Covid-19 pandemic Furlough rates have been significant and there is an increased risk of redundancies and increased unemployment following the end of Government intervention. The Skills and Talent programme aims to address some of the immediate needs to upskill people into new industries, many of the opportunities have been created as a result of the pandemic.

The SBCR continues to perform poorly in productivity and continues to lag behind the UK average in GVA terms. Nominal smoothed GVA per filled job in the SBCR was 79.5 as of 2018, compared with an indexed value of 100 for the UK.³² Although there has been a positive uplift in relation to economic activity and employment within the city region there is little to suggest that this new employment is having any significant effect on the productivity and overall competitiveness of the region with a risk of trapping individuals into a cycle of low skill, low pay employment.

Human capital much like financial capital flows to areas where returns are greatest and currently the region suffers from a loss of some of its higher skilled individuals to other locations both within Wales, across the UK and Internationally. This can be evidenced by reports undertaken by WISERD and the lower numbers of higher skilled (NVQ level 4+) residents compared to key economic areas across the UK. An example of where this has happened in our region is when the Murco refinery

³²<https://www.ons.gov.uk/economy/economicoutputandproductivity/productivitymeasures/datasets/subregionalproductivitylabourproductivitygvaaperhourworkedandgvaaperfilledjobindicesbycityregion>

closed in Pembrokeshire and the Engineers moved away to other regions and Pembrokeshire lost those skills. When new investors were then attracted to Pembrokeshire there was a difficulty in recruiting people with the right skills to support that investment, this continues to be a problem in the region with many skilled individuals moving away from the region to higher paid opportunities elsewhere in the UK.

The continued failure to improve the relative economic performance is a strong indicator that the current structure of the city region economy is no longer fit for purpose and in need of intervention. The Skills and Talent programme must increase the skills level of individuals in the emerging sectors and address these areas at an early stage to develop the talent pipeline and to support employers to attract the 'right people with the right skills at the right time' to minimise the potential risk of displacement and ensure sustainability and employment for citizens of the city region. Table 10 below describes how to create that High skilled workforce that is required in the region in order to meet the City Deal projects.

<i>Demand</i>		
↑	<p>Skills Shortages</p> <ul style="list-style-type: none"> • High wage/high productivity good jobs • Low local educational attainment and skills • High share of skilled employees needed • High vacancy rates for skilled jobs • In-migration of skilled workers <p>DEVELOP RELEVANT SKILLS</p>	<p>High Skills Equilibrium</p> <ul style="list-style-type: none"> • High wage/high productivity good jobs • High educational attainment and skills • High employment & low unemployment • High share of skilled jobs of good quality • In- migration of skilled workers <p>MAINTAIN POSITION DYNAMICALLY</p>
	<p>Low Skills Equilibrium</p> <ul style="list-style-type: none"> • Low wage/low productivity poor jobs • Low local educational attainment and skills • Low share of skilled workers needed • May be mass production employment and/or seasonal employment • Out-migration of the more skilled <p>DEVELOP SKILLS AND MORE SKILLED JOBS</p>	<p>Skills Surplus</p> <ul style="list-style-type: none"> • Low wages/low productivity poor jobs • High local educational attainment and skills • Low share of high skilled jobs • High unemployment and under-employment • Out-migration <p>DEVELOP MORE SKILLED JOBS</p>
<i>Supply</i> →		

Table 10 Source: Low skill traps in sectors and geographies: underlying factors and means of escape, Anne Green, Institute for Employment Research, University of Warwick

To respond to this challenge, the Skills and Talent Programme approach is to deliver additional skills provision in support of the 8 City Deal Projects, undertake wider skills engagement work, develop sector-specific Centres of Excellence and create a pathway for higher skills training. The 8 City Deal Projects are focussed on 5 themes Digital, Energy, Construction, Life-sciences and Smart Manufacturing. In order to assess the scale of demand and requirement for additional skill provisions in these sectors, the Programme sponsors, the Regional Learning and Skills Partnership has considered existing skills information in the region. Whilst existing data does not currently specify the regional skills deficit individually for these sectors, ONS data of skills levels attained as at 2019 (source: Nomis March 2021) clearly demonstrates the overall scale of the deficit. Applying the percentage differentials used in the data, and when adjusted for population size, the region has a skills gap of over 49,000 skills across all levels and sectors when compared with the GB average. This is even more pronounced at higher skills levels with a 20,386 shortfall at NVQ Level 4+ and 14,214 at NVQ Level 3+, totalling 34,600 higher skills' deficit.

Out of total regional employment numbers of 273,000, the 4 City Deal sectors currently account for c.52% of regional employment (Economic Acceleration 50,250; Energy 26,700; Life-sciences 49,000 and Smart Manufacturing 16,500 – Source: EMSI 2020). On a strict pro-rata basis, this would indicate there is a c. 25,000 skills deficit across these sectors. However, this number needs to be adjusted recognising that vocational skills are primarily chosen at the higher skills levels. The RLSP has overall concluded that a sensible stretch target is that the region should aim to create an additional c.17,000 skills/apprenticeships (52% of the higher skills levels total deficit of 34,600 skills) as a middle to long term planning objective to close the current regional skills deficit within the 5 Key Themes.

Equally however, it has to be recognised that just providing new courses at the higher skills levels is unlikely to be effective over the 5-year delivery and 10 year monitoring period as each individual can only progress one level at a time and the process from Level 2 to 6 takes several years as a minimum. Recognising this inevitable time lag, the Programme needs to support new technical courses across skills levels, promote the initiation of an increased STEM ‘skills pipeline’ from school level and also enable technical upskilling across the existing workforce through Centres of Excellence facilities.

For Programme planning and costing purposes therefore, the RLSP has developed the following breakdown of the required 17,000 skills/apprenticeships across skill levels,

Course Places by Skill Level	
Level 2	2,800
Level 3	2,800
Level 4	4,200
Level 5	2,800
Level 6-8	1,400
Total	14,000
Apprenticeships (level 3 – 6)	3,000

To assess the additional skills requirements for the 8 City Deal Projects alone, the RLSP has undertaken a series of discussions and skills workshops with each of the projects. However, the projects overall have not yet reached a sufficient level of development to refine their skills requirements into detailed numbers, and due to their innovative nature, by definition, for some the scope and capability of future skills needs is very difficult to fully foresee. Whilst therefore it is evident from the Programme Business Cases that significant new skills development places and courses will need to be created within the 5 Key Themes to enable the projects to deliver their projected outcomes, numbers shown are only indicative at this time.

The projected total new job creation across all the City Deal projects is in excess of 9,000. However clearly not all 9,000 will require new skills training and a key criterion of this Skills and Talent Programme is that it will only contribute to the development of new skills courses and not duplicate existing provision. Based on the current City Deal Projects’ information, the RLSP’s current estimate is there will be a requirement for at least 2,200 jobs/skills which are not currently supported by existing courses in the region, broken down into skills levels as follows,

**Course Places by Skill
Level**

Level 2	455
Level 3	455
Level 4	683
Level 5	455
Level 6-8	228
Total	2,276
Apprenticeships (level 3 – 6)	3,000

3.3 Investment Objectives.

The following Investment Objectives for the programme were discussed and agreed:

Investment Objective	Main Benefits Criteria
<p>Objective 1: To directly deliver at least 2,200 additional skills and support the development of around 14,000 individuals with higher skills Level 2 -8) within 10 years..</p>	<p>Qualitative Higher skilled individuals for the jobs created through the City Deal projects.</p> <p>Quantifiable Increased number of higher skilled individuals from the baseline of 2019 statistics.</p> <p>Cash releasing Net income</p> <p>Non-cash releasing Contributes to increase in employment opportunities for local people.</p>
<p>Objective 2: To create 3,000 new apprenticeship opportunities to include level 3 through to Degree apprenticeships.</p>	<p>Qualitative Opportunities for all to achieve a qualification and skills for a career pathway in a vocational occupation.</p> <p>Quantifiable Number of apprenticeships offered through the construction phase of the projects, higher apprenticeships in the specific sectors.</p> <p>Cash releasing Net income</p> <p>Non-cash releasing Contributes to increase employment and training/upskilling opportunities for local people.</p>
<p>Objective 3: To create at least 2 Centres of Best Practice within specific sector(s) to develop the region as being the best area for skills development.</p>	<p>Qualitative Developing a Centre that specialises in the development of fit for purpose skills within a particular sector(s).</p> <p>Quantifiable The number of Centres created in the region to deliver specific sector skills.</p> <p>Cash releasing Net income</p> <p>Non-cash releasing The development of the right skills regionally to meet the needs of the City Deal projects will retain the skilled individuals to work within the City Deal projects.</p>
<p>Objective 4: To create a clear pathway from school education through FE and HE in the key areas of digital, energy, smart manufacturing and life-science and wellbeing, through engagement and development work with schools increasing the number of pupils following STEM subjects in FE/HE.</p>	<p>Qualitative Inspiring the next generation to take the correct path in their career will be the focus of the engagement with schools. Developing the pathway for children from primary school through to secondary school through the introduction of new vocational training opportunities specialist workshops etc.</p> <p>Quantifiable Increased number of children following STEM subjects and/or vocational courses.</p> <p>Cash releasing Net-income</p> <p>Non-cash releasing Engagement with children at a young age and incorporating the regional needs within the new school curriculum of all schools will develop the future workforce for the region.</p>
<p>Objective 5: To deliver 20 new/updated course frameworks that meet industry training needs</p>	<p>Qualitative Developing new and updating existing frameworks to meet the needs of the projects and employers across the region.</p> <p>Quantifiable The number of new frameworks developed, or existing frameworks updated</p> <p>Cash releasing Net income.</p> <p>Non-cash releasing Additional benefit for employers with frameworks that meet their business needs.</p>

Table 11 Investment Objectives.

3.4 Critical Success Factors

The process of identifying the critical success factors was undertaken through initial workshops with a number of key stakeholders followed by a number of key meetings to discuss the aims and needs of the programme and agreement of the critical success factors. The following Critical success factors were agreed and were ratified at a Workshop of all the training providers and project leads held on the 23rd September 2020.

The critical success factors of the programme will be measured across the next 10 years and will be achieved by bringing together the stakeholders to deliver the skilled workforce, without which the individual projects would not necessarily succeed. The aim is to increase productivity and earnings and reduce the gap between lowest and highest earners and the number of people without any or below level 2 qualifications.

These were as follows

Critical Success Factors	
Strategic Fit	<ul style="list-style-type: none"> • Strategically aligned to the Swansea Bay City Deal • Strategically aligned to the Welsh Government Education and Skills strategy and Wellbeing and Future Generations Act. • Delivers the future skills requirements for the region and the skills needs of the 8 projects that make up the City Deal. • Increasing the number of people with higher level qualifications • Retraining people in the region to give the opportunities to all. • Developing resilient learners with a life-long attitude to learning.
Value for Money	<ul style="list-style-type: none"> • Reduce the duplication that could occur if all 8 City Deal projects managed their own skills programme by bringing together the skills requirements across the region. • The programme offers Value for money and avoids duplication. • Achieve a viable cost benefit ration compared to other options
Supplier capacity and capability	<ul style="list-style-type: none"> • Training providers from across the region are keen to work together to achieve the aims of the programme. • Reduce costs by delivering skills in a more cost efficient and co-ordinated way across the region, meeting needs of employers and the projects
Affordability	<ul style="list-style-type: none"> • Demonstrate the affordability of the Programme within the defined funding arrangements from the City Deal, Public and Private Sector
Achievability	<ul style="list-style-type: none"> • Delivery of option is achievable within the timescale, available funding and capacity.

Table 12 Critical Success Factors

3.5 Long-listed options

The following long list options were identified for the scope of the programme and agreed by the Senior Programme Team:

1. Business as Usual – City Deal skills needs supported only by existing programmes/providers
2. Do Minimum – create a dedicated Skills Programme team to enhance employers and schools’ engagement with City Deal Projects at an estimated cost of £1m

3. City Deal Skills Fund – create Skills Fund from City Deal resources available to City Deal projects only at an estimated cost of £8m
4. Supported City Deal Skills Fund - create a dedicated Skills Programme team to enhance employers and schools' engagement and manage awards from the City Deal Skills Fund to City Deal Projects only at an estimated cost of £10m
5. Targeted Skills Delivery – create RLSP project team and leverage public/private funding to address all City Deal Projects' skills gaps at an estimated cost of £30m
6. City Deal Ambitious - deliver a full suite of skills training to meet regional needs of all four themes of the City Deal at an estimated cost of £153m
7. Do Maximum – deliver a full suite of skills training to redress the entire regional skills gap at an estimated cost of £518m.

The long list options chosen are regarded as a reasonable and expansive list of options that could theoretically achieve the Programme's objectives. These options were considered by the Senior Project Team on the 12th April 2021. The long and short list of options were approved by the RLSP Board on the 14th April, 2021

1. Business as Usual will be carried forward as the status quo reference option
2. Do Minimum was rejected as it would not address the known skills deficit thereby endangering delivery of City Deal job creation targets.
3. City Deal Skills Fund was seen as valuable in providing extra funding for necessary new/additional skills training. However, it would not address Investment Objectives 3-5 and was therefore rejected
4. Supported City Deal Skills Fund was seen as potentially able to address all 5 Investment Objectives and will be carried forward
5. Targeted Skills Delivery was seen as able to address all Investment Objectives and potentially to lever in significant public and private sector match funding, further increasing the impact of the Programme. This option was therefore carried forward
6. City Deal Ambitious was seen as desirable and able to provide greater regional impact, potentially achieving outputs even beyond those contained in the Investment Objectives. This option was therefore carried forward.
- 7 Do Maximum was seen as highly desirable in that if successful it could address the entire known regional skills gap. However, the financial resources required would be unaffordable and the outputs would be well beyond the scope of the City Deal Programme. This option was therefore rejected.

3.6 Short List Options

The following 4 Options were therefore selected to go forward into the shortlist appraisal,

Option 1 – Business as Usual

Option 2 – Supported City Deal Skills Fund

Option 3 – Targeted Skills Delivery

Option 4 – City Deal Ambitious

3.7 Short List Options Appraisal

A Senior Team Options workshop was held, the attendees were asked to consider the relative merits and disadvantages of each option against both the investment objectives and critical success factors. Attendees assessed the options on the themes of scope, service solution, service delivery, implementation and funding as well as provide general comments around the practical and strategic aspects.

Scope

The scope of each Option is described below,

Option 1 – Business as Usual

To continue to deliver training through existing methods, with no additional funding. The FE, HE and training providers would offer the existing frameworks with no update or development of new opportunities. The RLSP would continue to gather data and do a minimal amount of work with schools.

Option 2 – Supported City Deal Skills Fund

A Skills Programme team would be recruited to enhance the employer and project engagement to identify the skills gaps and work with schools to share the opportunities that would be created through the City Deal projects. The eight Projects of the City Deal would deliver their own training solutions independently, bidding into the City Deal Skills Fund as required

Option 3 – Targeted Skills Delivery

The RLSP would explore the skills needs of all 8 projects and identify the gaps. A dedicated Skills Programme team would be appointed who would work with the City Deal Project leads, the wider employers and the training leads to develop an action plan to deliver the appropriate solutions to the skills gaps identified and using City Deal Programme funds to leverage public and private sector match funding. The solutions would be delivered as Skills Programme projects which would be developed by the Skills Programme team with key partners. The Programme team would work with schools and all education and training providers to highlight the skills needs and co-ordinate the future opportunities from the City Deal projects.

Option 4 – City Deal Ambitious

This option would allow for the delivery of a full suite of skills training to meet the needs of all industry sectors within the five themes of the City Deal – Construction, Energy, Digital, Smart Manufacturing and Life Science. The RLSP would explore the skills needs of all these sectors and identify the gaps. An enhanced dedicated Skills Programme team would be appointed who would work with public bodies, wider employers and the training leads to develop an action plan to deliver the appropriate solutions to the skills gaps identified and using City Deal Programme funds to leverage public and private sector match funding. The Skills Programme team would work intensively with all schools, colleges and universities to raise the awareness of and develop new skills programmes to address the sector gaps.

Analysis

- Option 1 – The Business as Usual would not contribute to the achievement of any of the Investment Objectives.

- Option 2 – Within the scope of Option 2, there would be organisational support for the development of apprenticeships and school pathways but the Programme would lack cohesion and fail to deliver a strategic solution.
- Option 3 – Successful delivery of the Targeted Skills Delivery Option would fully deliver meet 4 of the 5 Investment Objectives and achieve all Critical Success Factors.
- Option 4 – The City Deal Ambitious Option would also meet 4 of the 5 Investment Objectives but struggle for affordability and raise serious doubts regarding achievability and capacity due to the scale of deliverables.

Results

	Option 1					Option 2					Option 3					Option 4				
Scope	Business as Usual					Supported City Deal Skills Fund					Targeted Skills Delivery					City Deal Ambitious				
Investment objectives	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
	Red	Red	Red	Red	Red	Green	Red	Yellow	Red	Green	Green	Green	Yellow	Green	Green	Green	Green	Yellow	Green	Green
Critical Success Factors	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
	Red	Yellow	Green	Green	Green	Yellow	Yellow	Green	Green	Green	Green	Green	Green	Green	Green	Green	Yellow	Yellow	Red	Yellow

Service Solution

The service solution for each option is shown below:

Option 1

No change to the existing skills and training provision via the colleges, universities and training providers across the region. Engagement with schools would continue as is via the RLSP but no specific projects would be developed, or City Deal funding made available.

Option 2

Engage a dedicated Skills Programme team at an estimated cost of £1M to engage with employers and project engagement to identify the skills gaps and work with schools to share the opportunities that would be created through the City Deal projects at an estimated cost of £500k. Develop a Co-ordinated Action Plan to create 2 Centres for Excellence across the City Deal themes supported by match funding of £500k. Create an £8M City Deal Skills Fund with suitable award criteria and invite applications for training funding to support the requirements of the 8 City Deal projects.

Option 3

Identify the skills needs and the new qualifications that require to be developed and piloted throughout the region to support the eight City Deal Projects in the 5 key themes of Digital, Energy, Construction, Life science & wellbeing and manufacturing. Engage a dedicated Skills Programme team to engage with employers and project engagement to identify the skills gaps at an estimated cost of £1M. Work with schools to share the opportunities that would be created through the City Deal projects and support the development by schools of higher skills pathways, with funding of £500k. Develop an action plan to deliver the appropriate solutions to the skills gaps identified and using City Deal Programme funds (£10m) to leverage public and private sector match funding/contribution to create a £28M total value Skills Fund for City Deal Projects. The solutions would be delivered as Skills Programme projects which would be developed by the Skills Programme team working with the City Deal Projects and stakeholders and with key partners. Develop a Co-ordinated Action Plan to create at least 2 Centres for Excellence across the City Deal themes supported by funding of £500k.

Option 4

Identify the skills needs and the new qualifications that require to be developed and piloted throughout the region to address the key City Deal themes – Energy, Digital, construction, Smart Manufacturing and Life Science. Engage a dedicated Skills Programme team to engage with employers and project engagement to identify the skills gaps and work with schools to share the opportunities that would be created throughout the region in the target sectors. Develop an action plan to deliver the appropriate solutions to the skills gaps identified and using City Deal Programme funds to leverage public and private sector match funding to create a £153M total value Skills Fund for the region. The solutions would be delivered as Skills Programme projects which would be developed by the Skills Programme team working with both the City Deal Projects and other regional projects within the Key Themes. Develop a Co-ordinated Action Plan to create at least 2 Centres for Excellence across the City Deal themes.

Analysis

- Option 1 – This would bring no change to the status quo and maintain the current risk to the City Deal Project outcomes if the required new/additional skills are not provided.
- Option 2 – This Option would create investment in the development of future skills courses and support schools in creating appropriate pathways to the new skills and jobs being provided by the City Deal. However, the Programme, relying entirely on the scale and type of support bids from the individual City Deal projects would lack cohesion and the ability to ensure a sustainable response to the current skills deficit.
- Option 3 – The Targeted Skills Delivery Option would meet the need for a co-ordinated Programme of skills support across the other City Deal Projects to deliver the skills requirements of the City Deal projects in a managed and cost-effective way. It would also ensure the sustainability of this delivery by investing in the development of future skills courses and supporting schools in creating appropriate pathways to the new skills and jobs being provided by the City Deal. Support for a Centre of Excellence in any of the 5 key themes would also address the critical need for facilities to support upskilling of the existing workforce across the region.
- Option 4 – This Option would address the full sector skills deficit in the 5 key themes across the region, within a dedicated Programme. However, it would require a scale of financial and human resource which is currently unavailable and face serious practical difficulties in delivery, making it a high risk solution.

Results

	<i>Option 1</i>					<i>Option 2</i>					<i>Option 3</i>					<i>Option 4</i>				
Scope	<i>Business as Usual</i>					<i>Supported City Deal Skills Fund</i>					<i>Targeted Skills Delivery</i>					<i>City Deal Ambitious</i>				
Investment objectives	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
	Red	Red	Red	Red	Red	Red	Green	Red	Yellow	Red	Green	Green	Yellow	Green	Green	Green	Green	Yellow	Green	Green
Critical Success Factors	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
	Red	Green	Green	Green	Green	Yellow	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Yellow	Yellow	Red	Green

Service Delivery

The service delivery solution for each option is shown below:

Option 1

Training delivered by individual Colleges, universities, training providers and schools as existing. RLSP continues to identify skills needs.

Option 2

City Deal Projects bid individually into the City Deal Skills Fund and source their training requirements from existing providers. Skills Programme team manage funding awards and engage with employers and schools to raise awareness of City Deal opportunities.

Option 3

Single delivery model reducing duplication of effort and costs of delivering the training solutions for the City Deal projects. Co-ordinated programme delivered by the Skills Programme team working with the City Deal Projects directly and with key partners. Skills Programme team manage funding awards, engage with employers and schools to raise awareness of City Deal opportunities and develop at least 2 Centres of Excellence.

Option 4

Single delivery model reducing duplication of effort and costs of delivering the training solutions for the City Deal Key Themes. Co-ordinated programme delivered by the Skills Programme team working with the City Deal Projects and regional employers and bodies representing the Key Themes. Skills Programme team manage funding awards, engage with employers and schools to raise awareness of City Deal opportunities and develop at least 2 Centres of Excellence.

Analysis

- Option 1 – This Option would bring no additional service delivery capacity to that which is already existing. Any new skills requirements would rely entirely on additional investment in new course development from existing providers from existing resources which are already fully committed to existing courses.
- Option 2 – This Option would put in place a fully resourced and dedicated team to engage with stakeholders and schools and with the capability to assess City Deal Projects’ individual applications for skills support. However, the opportunity would be lost to co-ordinate an integrated programme of skills delivery and leverage the additional financial and human resources of regional educational institutions.
- Option 3 – Whilst requiring greater co-ordination and the ability to secure the commitment of regional educational stakeholders, the Targeted Skills Delivery Option would put in place co-ordinated resource to deliver the skills requirements of the City Deal projects in a managed and cost-effective way.
- Option 4 – This Option would as with Option 3, deliver a co-ordinated and managed resource and potentially addressing the entire regional skills deficit within the 4 Key Themes of the City Deal. The scale of this Option however would be likely to demand additional regional capacity and resources beyond what is reasonably feasible to deliver within the Programme period.

Results

	<i>Option 1</i>					<i>Option 2</i>					<i>Option 3</i>					<i>Option 4</i>				
Scope	<i>Business as Usual</i>					<i>Supported City Deal Skills Fund</i>					<i>Targeted Skills Delivery</i>					<i>City Deal Ambitious</i>				
Investment objectives	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
Critical Success Factors	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5

Implementation

The implementation solution for each option is shown below:

Option 1

No change to existing delivery

Option 2

Dependent on individual City Deal Project timetables and when/if applications are made to the Skills Fund

Option 3

Identify the skills needs across the 8 City Deal Projects and deliver through a co-ordinated Skills Fund Programme. Immediate start with delivery over 5 years and monitoring over 10 years.

Option 4

Identify the skills needs across the five Key Themes and deliver the training needs for the priority sectors identified. Immediate start with delivery over 5 years and monitoring over 10 years.

Analysis

- Option 1 – This Option would rely on the maintaining of existing service delivery thereby creating no delay in implementation.
- Option 2 – The Supported City Deal Skills Fund could commence implementation once the dedicated Project team could be recruited and put into operation (est. 6 months). Implementation of the £8M Projects Fund would rely entirely on the timing of applications being received from the individual Projects and the willingness of educational providers being prepared to deliver new courses on an ad hoc basis.
- Option 3 – This Option could commence implementation once the dedicated Project team could be recruited and put into operation (est. 6 months). Discussions with the Educational Provider group confirm there is sufficient capacity and commitment across the regional educational providers to deliver the £24M programme of projects within the required 5 year delivery timetable of the Programme.
- Option 4 – The City Deal Ambitious Option could commence implementation once the dedicated Project team could be recruited and put into operation (est. 6 months). However, the scale of new skills delivery proposed under this Option would be likely to incur significant time delays due to the major increase above current regional capacity required to deliver the Programme, potentially extending implementation over a much longer time period.

Results

	<i>Option 1</i>					<i>Option 2</i>					<i>Option 3</i>					<i>Option 4</i>				
Scope	<i>Business as Usual</i>					<i>Supported City Deal Skills Fund</i>					<i>Targeted Skills Delivery</i>					<i>City Deal Ambitious</i>				
Investment objectives	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green	Green	Yellow	Green	Green	Green	Green	Yellow	Green	Green
Critical Success Factors	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
	Red	Green	Green	Green	Green	Yellow	Yellow	Green	Green	Green	Green	Green	Green	Green	Green	Yellow	Green	Green	Red	Green

Funding

The implementation solution for each option is shown below:

Option 1

No additional funding requirement

Option 2

£10M (£1M project team, £1M schools/infrastructure £8m projects fund) dedicated funding provided by the City Deal.

Option 3

£10M (£1M project team, £1M schools/infrastructure, £8M projects) dedicated funding provided by the City Deal. £16M of other public match funding /in kind contribution, provided by education providers/local authorities and £4M of private sector match funding (apprenticeships)

Option 4

£153M of City Deal and other public funding, provided by education providers/local authorities and private sector match funding (apprenticeships)

Analysis

- Option 1 – This Option would maintain existing delivery levels within current third party budgets.
- Option 2 – The Supported City Deal Skills Fund Option can be delivered entirely from provisionally allocated resources from within the City Deal internal budget.
- Option 3 – This Option would rely on additional match funding being provided by regional educational providers in the form of new/additional course provision. The Regional Learning and Skills Partnership has already obtained support in principle from the appropriate regional organisations who have formed a dedicated Training Provider Group to meet this requirement.
- Option 4 – Whilst having the potential to deliver much greater regional outcomes, the financial sums required to deliver the City Deal Ambitious Option are significantly beyond what the City Deal or Provider Group could commit to within existing, or anticipated future, resources.

Results

	<i>Option 1</i>					<i>Option 2</i>					<i>Option 3</i>					<i>Option 4</i>				
<i>Scope</i>	<i>Business as Usual</i>					<i>Supported City Deal Skills Fund</i>					<i>Targeted Skills Delivery</i>					<i>City Deal Ambitious</i>				
<i>Investment objectives</i>	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
	Red	Red	Red	Red	Red	Green	Red	Red	Red	Red	Green	Green	Yellow	Green	Green	Green	Green	Yellow	Green	Green
<i>Critical Success Factors</i>	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
	Red	Green	Green	Green	Green	Yellow	Yellow	Green	Green	Green	Green	Green	Green	Green	Green	Yellow	Yellow	Yellow	Red	Red

Short List Options Summary

	<i>Option 1</i>	<i>Option 2</i>	<i>Option 3</i>	<i>Option 4</i>
Scope	Red	Yellow	Green	Green
Service Solution	Yellow	Yellow	Green	Yellow
Delivery	Green	Green	Green	Yellow

Implementation				
Funding				

	<i>Option 1</i>	<i>Option 2</i>	<i>Option 3</i>	<i>Option 4</i>
Objective 1				
Objective 2				
Objective 3				
Objective 4				
Objective 5				

Option 1 would purely maintain existing regional provision and fail to meet any of the Investment Objectives of the Programme.

Option 2 carries the lowest risk in terms of implementation as it can be operated and funded entirely from allocated City Deal resources. However, it could only achieve around a third of the additional skills required by Investment Objective 1 and would be likely to result in uncoordinated and ad hoc delivery of training needs.

Option 3 was found to have the capability to meet Programme objectives from identified City Deal and Partner contributions and provide the increased delivery capacity within the Programme timescales. It also can deliver a co-ordinated Programme to maximise cost effectiveness and ensure City Deal Projects’ additional skills requirements are managed to align with timing needs.

Option 4 could meet and significantly exceed all Programme objectives, delivering a major skill’s boost for the region. However, the financial and other capacity requirements are beyond what the City Deal and its identified Partners could provide and no additional sources of public and/or private funding can be identified. The scale of this Option would also raise very severe challenges in developing the additional human/organisational capacity required within the required Programme timescale.

Option 3 was therefore chosen as the preferred option as it satisfied all Critical Skills Factors and all of the Investment Objectives with the exception of Investment Objective 3 where it received an amber rating.

3.8 ECONOMIC APPRAISAL

3.8.1 Introduction

This section provides a detailed overview of the costs and benefits associated with each of the selected short-listed options. The detailed information and calculations supporting the conclusions reached are attached at Appendix G – Skills and Talent Programme Cost Benefit Analysis. The calculations are at this stage of the Business Case process, based on external educational statistical data, as it is not possible to calculate specific City Deal Project requirements, costs and benefits. Costs are based on usual education costs and benefits are based on national statistics of additional income derived from each higher skill level.

3.8.3 Estimating Benefits

The Skills and Talent Programme has an enabling role in the SBCD in developing the appropriate skills supply pipeline to populate the additional jobs necessary for the City Deal projects to achieve their objectives from within the region as far as is possible. Consequently, any quantitative and qualitative benefits to be derived from the Skills and Talent Programme are effectively already 'double-counted' within these Projects' declared outcome targets.

The approach to the Skills and Talent Programme Business Case therefore is not to evaluate the Programme by the benefits delivered directly by the activity but to assess the cost effectiveness of the Programme in delivering the required skills (relative to existing skills delivery benchmarks) and as the means to compare different delivery options. The benefits to individuals from achieving incremental skills qualifications/levels in terms of additional annual remuneration is well documented from national statistics and other data. The estimated effects on regional income can therefore be calculated on an annual basis and the cost effectiveness of each option deduced.

To calculate benefits for the Skills and Talent Programme Options reference has been made to national statistics on additional income to be derived by individuals as each higher skill level is achieved.

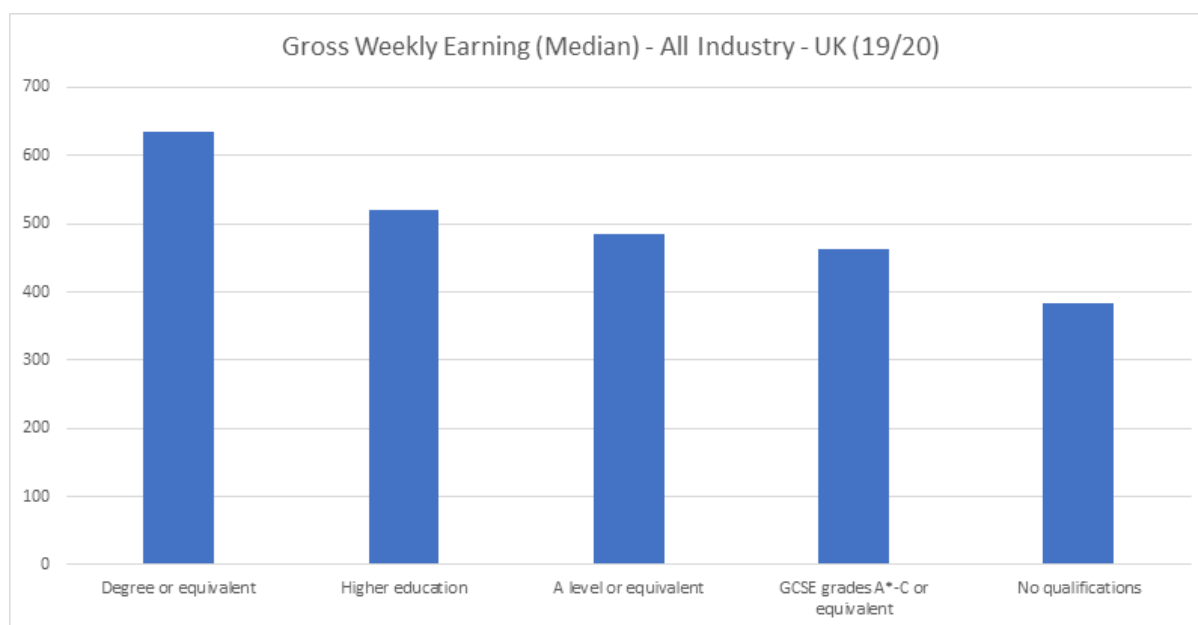


Table 13 - Summary of Additional Income by Skill Level

These translate into additional incomes as follows,

NVQ Skill Level Achieved	Additional Annual Income (per person)
Level 2	£4,160
Level 3	£1,040
Level 4	£1,560
Level 5	£1,560
Level 6-8	£5,720

With regard to assessing net benefits for the City Deal region, allowances for leakage, displacement, multiplier effects and deadweight are already included within the project Business Cases for each of the other City Deal Projects,

- **Leakage** – anticipated leakage beyond the City Deal target area is already included within each City Deal Project Business Case and can therefore be ignored for the Skills and Talent Programme
- **Displacement** – as the Skills and Talent Programme will only deliver new skills/courses which do not currently exist, displacement is expected to be zero
- **Multiplier effects** – any multiplier effects from economic activity associated with additional local income and local supplier purchases have been ignored as all benefits are already included within each City Deal Project Business Case
- **Deadweight** – as, by definition, the Skills and Talent Programme will only deliver new skills/courses for Projects which would not materialise without the City Deal, deadweight is assumed to be zero.

To calculate the benefits for each Option, the respective breakdown of skills to be offered by level set out in Section 3.2 above has been used. The calculations have assumed skills delivery being split evenly over the 5-year delivery period and that additional annual income, for each respective additional skills level achieved by an individual learner, is first earned 12 months after completion of the respective course. The annual income growth will be measured over 15 years. For example, a full-time Level 3 learner on a 1-year course, and who commenced study in Year 3 of the Programme, would first earn additional income in Year 5 of the Programme. Likewise, a part-time Level 6 learner undertaking a 6 year course, and who commenced study in Year 5 of the Programme would not earn additional income until Year 12 of the Programme.

3.8.3 Summary of Benefits

	Option 1: Business as usual	Option 2: Supported City Deal Skills Fund	Option 3: Targeted Skills Delivery	Option 4: City Deal Ambitious
Operational phase impacts				
Additional Income Generated p.a. at the end of the Programme period	-	£1.82M	£5.46M	£32.12M
No. of Additional Skills Delivered	-	760	2,276	14,000

Table 14 – Summary of Additional Annual Income and Skills Delivered

3.8.4 Estimating Costs

Methodology

Costs have been calculated using current course fees for skills being delivered in the region within related skills disciplines. The calculations have taken into account the number of skills expected to be delivered at each skill level in accordance with the table in Section 3.2 above, broken down into the projected proportion of full time and part time learners.

Optimism Bias

An allowance for optimism bias of 10% has also been made for each short-listed option to account for those risks not reflected. The extent of optimism bias has been derived through consideration of the level of remaining risk and potential for increase. As all costs are based on current, standard public sector course costs, the potential for cost increase (excluding for inflation) is very low. Whilst the Programme will require the development of new courses, these costs are expected to be absorbed by the educational provider and recovered through course fees.

As with economic benefits, the economic costs for all short-listed options have been appraised over a 15-year period (in line with the funding model for the SBCD), after allowing for Optimism Bias of 10% and discounted at a rate of 3.5% in line with the HM Treasury Green Book. All discounted costs have been presented in 2021 prices, with general inflation excluded.

Description, Sources and Assumptions

The gross costs and funding under each of the short-listed options are described in Table 14 below,

Source of funding	Option 1: Business as usual	Option 2: Supported City Deal Skills Fund	Option 3: Targeted Skills Delivery	Option 4: City Deal Ambitious
City Deal	-	£10,000,000	£10,000,000	£57,552,000
Other Public Sector	-	-	£16,000,000	£92,083,200
Private Sector	-	-	£4,000,000	£4,000,000
Total gross cost	-	£10,000,000	£30,000,000	£153,635,200
Optimism bias (OB) @10%	-	£1,000,000	£3,000,000	£15,363,520
Total gross cost plus OB	-	£11,000,000	£33,000,000	£168,998,720

Table 15 - Summary of Gross Costs and Funding Sources

Net Present Cost Findings (All Public Sector Costs, but excludes private sector costs/investment)

	Undiscounted Value (£)	Net Present Value (£)
Option 1 – Business as usual		
Additional Income Generated	-	-
Less City Deal funding	-	-
Less Other Public Sector Funding	-	-

Total	-	-
Option 2 – Supported City Deal Skills Fund		
Additional Income Generated	£16,537,040	£11,932,301
Less City Deal Funding	£10,000,000	£9,812,949
Less Other Public Sector Funding	-	-
Total	£5,537,040	£2,119,352
Option 3 – Targeted Skills Delivery		
Additional Income Generated	£49,603,320	£35,788,186
Less City Deal funding	£10,000,000	£9,812,949
Less Other Public Sector Funding	£16,000,000	£15,700,965
Total	£23,603,320	£10,274,272
Option 4 – City Deal Ambitious		
Additional Income Generated	£292,948,032	£211,535,059
Less City Deal funding	£57,552,000	£56,482,633
Less Other Public Sector Funding	£92,083,200	£90,372,214
Total	£143,312,832	£64,680,212

Table 16 – Net Present Cost Findings

Option Ranking

The Short-listed Options have been ranked in terms of their respective costs and benefits (All Public Sector Costs). The results are summarised in Table 17. It can be seen that whilst Option 4 ranks the highest in terms of costs, it ranks the highest in terms of additional income benefits and overall Net Present Value (costs net all benefits), followed by Option 3.

Options Ranking	Option 1: Business as usual	Option 2: Supported City Deal Skills Fund	Option 3: Targeted Skills Delivery	Option 4: City Deal Ambitious
Net Present Cost	1	2	3	4
Additional Income	4	3	2	1
Net Present Value	4	3	2	1
Overall Ranking	4	3	2	1

Table 17 – Short-list Options Costs and Benefits Ranking

Value for Money Assessment

City Deal Funding only

	Option 1: Business as usual	Option 2: Supported City Deal Skills Fund	Option 3: Targeted Skills Delivery	Option 4: City Deal Ambitious
City Deal funding (after allowing for optimism bias)				
Undiscounted City Deal funding	-	£10,000,000	£10,000,000	£57,552,000
Discounted City Deal funding	-	£9,812,949	£9,812,949	£56,475,484
Additional Income benefits (discounted)				
		£11,932,301	£35,788,186	£211,535,059
Cost effectiveness				
Cost per net additional skill	-	£12,912	£4,460	£4,034
Benefit/Cost Ratio	-	1.216	3.647	3.745

Table 18 – Value for Money Assessment, City Deal Costs only

All Public Sector Costs

	Option 1: Business as usual	Option 2: Supported City Deal Skills Fund	Option 3: Targeted Skills Delivery	Option 4: City Deal Ambitious
All Public Sector funding (after allowing for optimism bias)				
Undiscounted Public Sector funding	-	£10,000,000	£26,000,000	£149,635,200
Discounted Public Sector funding	-	£9,812,949	£25,516,897	£146,854,847
Additional Income benefits (discounted)				
		£11,932,301	£35,788,186	£211,535,059
Cost effectiveness				
Cost per net additional skill	-	£12,912	£4,460	£4,034
Benefit/Cost Ratio	-	1.216	1.403	1.440

Table 19 – Value for Money Assessment, All Public Sector Costs

Option Appraisal Conclusions

Whilst Option 4 can potentially achieve the highest additional income benefits, this is primarily a reflection of the much greater quantum of skills delivery and the additional costs required. Despite the much greater scale, and attendant risks of delivering such a large Programme, it achieves only a relatively small increase in the Benefit/Cost ratio and reduction in average costs for delivery of each additional skill. Consequently Option 3 was chosen as the Preferred Option going forward.

3.9 QUALITATIVE BENEFITS APPRAISAL

Methodology

In line with HM Treasury Green Book supplementary guidance on Business Cases, the qualitative benefits under each option have been weighted and scored. This was undertaken by:

- identifying the benefits criteria relating to each of the investment objectives.
- weighting the relative importance (in %s) of each benefit criterion in relation to each investment objective.
- scoring each of the short-listed options against the benefit criteria on a scale of 0 to 9; and
- deriving a weighted benefit score for each option.

Qualitative Benefits Criteria

The weights that were applied to each investment objective / benefits criterion are shown in Table 20 below.

Investment Objectives	Qualitative Benefits	Weight Total 100%
Objective 1: To directly deliver at least 2,200 additional skills and support the development of around 14,000 individuals with higher level skills (level 2-8) within 10 years.	<ul style="list-style-type: none"> • Higher skilled individuals for the jobs created through the City Deal projects. • Increased number of individuals progressing into a career offering higher earnings. • Increased number of people gaining a permanent role, moving from temporary or zero hour contracts. 	30%
Objective 2: To create 3,000 new apprenticeship opportunities to include level 3 through to Degree apprenticeships.	<ul style="list-style-type: none"> • Opportunities for all to achieve a qualification and skills for a career pathway in a vocational occupation. • Increased number taking up opportunities through the apprenticeship route to further their career in specialist areas developed through the 8 City Deal projects. • Increased number of individuals entering the Degree apprenticeship programme. 	25%
Objective 3: To create at least 2 Centres of Best of Excellence within	<ul style="list-style-type: none"> • Developing a Centre that specialises in the development of fit for purpose skills within a particular sector(s) 	15%

<p>specific sector(s) to develop the region as being the best area for skills development.</p>	<ul style="list-style-type: none"> • Increase investment in the region for specialist sectors as a result of a specific Centre of Excellence for skills. • Increased awareness of the job opportunities in region as a result of the Centre of Excellence through the 8 City Deal projects and other associated investment. 	
<p>Objective 4: To create a clear pathway from school education through FE and HE in the key areas of digital, energy, smart manufacturing and life-science and wellbeing, through engagement and development work with schools increasing the number of pupils following the STEM subjects in FE and HE.</p>	<ul style="list-style-type: none"> • The engagement with schools will develop the pathway for children from primary school through to secondary school through the introduction of new vocational training opportunities specialist workshops etc. • Integrate the City Deal projects within the curriculum of every school in the region, to generate awareness of the opportunities and the new skills that will be needed for the jobs created. • Increased work experience for pupils and students through the 8 City Deal projects to raise awareness of the skills needs. • Increased number of students studying STEM subjects in FE or HE. 	20%
<p>Objective 5: Deliver 20 new/updated course frameworks to ensure they meet the training needs of the future.</p>	<ul style="list-style-type: none"> • Developing new and updating existing frameworks to meet the needs of the projects and employers across the region. • Reduce duplication and focus training in key areas to increase opportunities. • Ensure that frameworks are developed to meet the longer term (10-15 year) skills needs. 	10%

Table 20 – Qualitative Benefits Weighting

Qualitative Benefits Scoring

Benefits scores were allocated to each option according to its contribution to the investment objectives. The scores were based on a scale from 0-9, with the scores to be interpreted as follows:

- 7 – 9: a significant positive impact;
- 4 – 6: a positive impact;
- 1 – 3: a marginal positive impact; and
- 0: a neutral / no change position.

The scores for each option were discussed and agreed by workshop participants to confirm that the scores were fair and reasonable.

3.10 ANALYSIS OF KEY RESULTS

The results of the benefits appraisal are shown in Table 21 below,

Benefit Criteria and Weight	Option 1: Business as usual		Option 2: Supported City Deal Skills Fund		Option 3: Targeted Skills Delivery		Option 4: City Deal Ambitious	
	R	W	R	W	R	W	R	W
Raw (R) weighted (W) scores								
Objective 1: To directly deliver at least 2,200 additional skills and support the development of around 14,000 individuals with higher skills (level 2 – 8) within 10 years.	0	0	4	1.2	7	2.1	9	2.7
Objective 2: To create 3,000 new apprenticeship opportunities to include level 3 through to Degree apprenticeships.	0	0	7	1.8	7	1.8	7	1.8
Objective 3: To create at least 2 Centres of Best Practice within specific sector(s) to develop the region as being the best area for skills development.	0	0	6	0.9	6	0.9	6	0.9
Objective 4: To create a clear pathway from school education through FE and HE in the key areas of digital, energy, smart manufacturing and life-science and wellbeing, through engagement and development work with schools. Increasing the number of pupils following STEM subjects in FE and HE.	0	0	5	1.0	7	1.4	7	1.4
Objective 5: Invest in the delivery of 20 new/updated course frameworks to ensure they meet the training needs of the future.	0	0	3	0.3	6	0.6	8	0.8

Total	0	0	25	5.2	33	6.8	37	7.6
Percentage Scores (Max. 90%)		-		52%		68%		76%
Rank	4		3		2		1	

Table 21 – Qualitative Benefits Appraisal Key Results

The key considerations that influenced the scores achieved by the various options were as follows:

Option 1 – This Option would bring no change to the existing scale and scope of skills delivery thereby delivering no additional benefits to the regional economy.

Option 2 – The Supported City Deal Skills Fund would only deliver a proportion (c.30%) of the new skills training required. It would provide assistance and support to the development of apprenticeships, Centres of Excellence and Schools engagement but in a responsive rather than programmed manner. It would not have the capacity to support investment in new course frameworks which would be left to individual organisations without critical mass.

Option 3 – Targeted Skills Delivery would have a positive, or significantly positive, impact on all 5 Investment Objectives and enable a co-ordinated and sustainable approach to the timing and delivery of Programme outputs.

Option 4 – This Option would have a positive, or significantly positive, impact on all 5 Investment Objectives and deliver major additions in terms of regional skills provision and sustainable Programmes resulting in the highest percentage benefits score of all the Options and is therefore ranked 1st.

3.11 RISK APPRAISAL - UNQUANTIFIABLES

A risk analysis has been undertaken that encompasses an assessment of the main risks associated with the project. The analysis has been informed by the guidance contained within the HM Treasury’s Green Book. A workshop was held on the 21st April 2021 to evaluate the risks associated with each option. A summary of the key risk areas is set out below, identifying the risks that may affect the successful delivery of the Programme and the overall severity of each risk, based upon a judgement of the probability and potential impact.

Methodology

Within the risk table below a score has been given to the probability of each risk arising – ranging from very high (a maximum score of 5) to very low (a score of 1). The impact of each risk has also been assessed, using the same scoring range as has been used for probability (i.e. a range of 1-5). The overall risk score is calculated by multiplying the probability score by the impact score (giving a maximum score of 25, representing an extreme risk). The scores can be banded low, medium or high to provide an indication of the overall rating of each risk.

Risk Scores

The workshop assigned the risk scores shown in Table 22 below on the basis of participants’ judgements and assessments of previous projects.

Summary of Risk Appraisal Results (Pr. = probability)	Strategic Risk No.	Impact	Option 1: Business as usual			Option 2: Supported City Deal Skills Fund		Option 3: Targeted Skills Delivery		Option 4: City Deal Ambitious	
			Pr.	Tot.		Pr.	Tot.	Pr.	Tot.	Pr.	Tot.
City Deal Funding not secured – without this funding the programme will not be implemented.	1	5	-	-		2	10	2	10	5	25
Project partners operating their own skills projects	2	4	-	-		5	20	3	12	3	12
Insufficient capacity and capability to Project manage the programme and to deliver the stated activities and results	3	4	-	-		4	16	2	8	4	16
Organisational and financial risks associated with taking on this project	4	3	-	-		3	9	3	9	5	15
The programme does not secure sufficient partner/stakeholder buy in.	5	5	-	-		5	25	3	15	5	25
Slippage to the project timescales	6	2	-	-		4	8	3	6	4	8
Failure to increase the number of	7	5	-	-		4	20	3	15	3	15

skilled individuals.											
Lead times in the development of a new skills offer in the region.	8	2	-	-		5	10	3	6	5	10
Failure to engage with training providers to deliver the necessary skills development	9	4	-	-		4	16	2	8	4	16
Total (Maximum Possible Score 161)				-			134		89		142
Rank				4			2		1		3

Table 22 – Risks Assessment

3.2 THE PREFERRED OPTION

The results of the investment appraisal are summarised in Table 23 below.

Evaluation Results	Option 1: Business as usual	Option 2: Supported City Deal Skills Fund	Option 3: Targeted Skills Delivery	Option 4: City Deal Ambitious
Economic appraisals	4	3	2	1
Benefits appraisal	4	3	2	1
Risk appraisal	4	2	1	3
Overall Ranking	4	3	1	2

Table 23 – Short-list Options Evaluation Results

On the basis of this analysis, the preferred option is Option 3 – Targeted Skills Delivery. Whilst Option 4 – City Deal Ambitious scored 1st in the Economic and Benefits Appraisals, this is purely a reflection of the much higher costs and scale of the skills delivery projected. The level of funding for a Programme of this scale not currently available and there would be very significant delivery risks due to the enormous increase in regional capacity and capability that would be required. Option 3 can be delivered within identified costs at a low risk exposure and can deliver the prime objective of ensuring sufficient new and additional skills can be provided to meet the needs of the other City Deal Projects. This has therefore been selected as the Preferred Option going forward.

3.3 SENSITIVITY ANALYSIS

The methods used were:

- a) 'switching values'
- b) scenario planning/ analysis ('what if ') by altering the values of the 'uncertain' costs and benefits to observe the effect on the overall ranking of options.

Results of Switching Values

Table 24 below shows the values (in %'s) at which the preferred option would change in the overall ranking of options. As all external Programme benefits are, by definition, included within the other City Deal Projects' Business Cases, the switching values analysis looks only at the impact on each Option of changes in public sector cost and additional income benefits to individuals in achieving increased skills levels. Under the current Programme approach, new skills would be delivered over the first 5 years and aggregate additional income would accumulate year on year to reach maximum benefit at the end of the SBCD Programme benefits period in 15 years. To estimate total Programme benefits and to calculate the Net Present Value of additional income benefits for comparison purposes, benefits have been assumed to occur within 1 year after each learner completes the additional skills level course as set out in Section 3.8 above.

Change in Costs (%)	Option 1: Business as usual	Option 2: Supported City Deal Skills Fund	Option 3: Targeted Skills Delivery (Preferred Option)	Option 4: City Deal Ambitious
Total costs	-	-	-	-75.63%
Additional Learner Income benefits	-	+300%	-	-
NPV/C	-	+15.38%	-13.33%	-

Table 24 – Results of Switching Values

Key Observations

The assessment of switching values shows that the benefits under the alternative options would have to increase considerably, compared to the preferred option, in order to change the overall ranking of options. The magnitude of change required is such that Option 3 can be identified as the preferred option with a high degree of confidence.

Results of Scenario Planning

Tables 25 below summarises the results associated with variances made to increasing costs, the time taken to deliver the Programme benefits and reducing overall benefits, as follows.

- 20% increase in costs
- 1-year delay in benefits
- 40% reduction in benefits

Net Present Value (15-year appraisal)	Option 1: Business as usual	Option 2: Supported City Deal Skills Fund	Option 3: Targeted Skills Delivery	Option 4: City Deal Ambitious
Base	-	£2,119,352	£6,348,876	£60,754,534
Increasing costs by 20%	-	£156,763	£461,015	£30,598,430
1-year delay in benefits	-	£996,275	£2,977,715	£40,906,125
Reducing benefits by 40%	-	-£2,653,568	-£7,966,398	-£23,859,489

Table 25 – Results of Scenario Planning

Summary Table of Economic Appraisals

The results of the economic appraisals above are summarised in Table 26 as follows. As explained above, the only benefits captured are additional learner wage benefits as all other benefits and unquantifiable factors are contained within the specific Business Cases of the other 8 City Deal Projects the Skills and Talent Programme will support.

Summary of Economic Appraisal	Option 1: Business as usual	Option 2: Supported City Deal Skills Fund	Option 3: Targeted Skills Delivery	Option 4: City Deal Ambitious
Net Present Value (after allowing for private sector investment)	-	£2,119,352	£6,348,476	£60,754,534
Public Sector Cost	-	£9,812,949	£25,516,897	£146,854,847
Appropriate BCR	-	1.216	1.403	1.440
Significant unmonetizable costs/benefits	-	N/A	N/A	N/A
Significant unquantifiable factors	-	N/A	N/A	N/A
Risk costs (increased education delivery costs) - residual optimism bias (undiscounted)	-	£1,000,000	£3,000,000	£15,363,520
Switching Values (preferred option only)			-13.33%	
Time Horizon and Reason	15 Year Programme Period in accordance with City Deal requirements			

Table 26 – Economic Appraisal Summary

4.0 Commercial Case

4.1 Introduction

The purpose of the commercial case is to set out the procurement arrangements for the Skills and Talent programme.

4.2 Procurement strategy and route

4.2.1 Programme Investment

This programme does not contain a high value capital-cost based construction project, instead it will deliver several lower cost revenue interventions at project level to achieve the programme investment objectives and outcomes.

The Skills and Talent programme will manage this through delivery of a programme fund disseminated to projects following approval by the Programme Board. It is anticipated that pilot projects will be led and procured by a third-party stakeholder organisation.

Table 28 shows the process for delivering the programme - developing proposals for pilot projects from the stakeholder groups and to approval by the Programme Board. The apprenticeship programme will be delivered in conjunction with the 8 City Deal projects.

Stage 1 of the process will deliver a skills barometer for the region and will identify any skills gaps and potential solutions that will support the successful delivery of the City Deal projects. This research will be undertaken by a range of stakeholders and partners but may require the procurement of specialist advisers/consultants. If required, the procurement will be managed by the lead delivery organisation.

4.2.2 Lead Delivery Organisation

The Skills and Talent programme is led by Carmarthenshire County Council on behalf of the four regional Local Authorities, two universities and two health boards that make up the Swansea Bay City Deal primary stakeholders. Carmarthenshire County Council will ensure that procurements fully comply with:

- Welsh National Rules on the Eligibility of Expenditure – public contracts regulations 2015
- Welsh Procurement Policy Statement 2019
- State Aid Rules
- Procurement Legislation
- Community Benefits Principles
- Any other Carmarthenshire County Council, UK and Welsh Assembly Government rules and regulations which apply to procurement
- Procurements will also align to the procurement principles of the City Deal (See 4.2.5)

4.2.3 Procurement Route

All quotations above the value of £25,000 will be advertised on the Sell2wales website (www.sell2wales.gov.uk).

Pilot project procurements undertaken by the project stakeholders will be in accordance with Welsh Government procurement regulations and the lead organisations' procurement policies. Third party procurements and will also be subject to the terms and conditions expected by Carmarthenshire County Council and Welsh Government as funding providers and will align to the procurement principles of the City Deal.

4.2.4 Collaborative purchasing

The Programme office team / Skills Solution Group will liaise with pilot project lead delivery organisations to assess whether a collaborative approach with other stakeholders might be more beneficial to secure economies of scale and enhanced social value.

4.2.5 Swansea Bay City Deal Procurement Principles

The SBCD Procurement Principles have been established for project teams that are developing and delivering projects as part of the SBCD Portfolio.

The Principles (Appendix H) set out how the SBCD expects project teams to take a fresh look at the way works, goods and services are specified and procured so that the maximum economic, social and environmental benefit to the region can be achieved from the process. The Principles look beyond the initial construction phase and apply to the operational service of the assets or frameworks when created.

The five SBCD Procurement Principles are:

- Be Innovative
- Have an open, fair and legally compliant procurement process
- Maximise Community Benefits from each contract
- Use Ethical Employment Practices
- Promote the City Deal

4.3 Procurement plan and proposed implementation timescales

The Skills and Talent Programme has a phased approach to delivery. Appendix I details the programme implementation plan and timeline following the identification of the key skills required.

Should the programme require specialist advisers/consultants as described above, this is planned to take place between Q3 2021 and Q1 2022

4.4 Risk Allocation

Risks can be assigned to three main categories (which are not mutually exclusive) – business, service and external risks.

- Business risks remain with the public sector and cannot be transferred. These include the loss of opportunity and poor Value for Money that occurs when schemes under-deliver or fail completely.
- Service-related risks may be shared between the public and private sectors e.g. design, demand, and operational risks
- External risks arise from the wider environment, not the intervention being appraised e.g. catastrophe risks and regulatory risks outside of the programmes' control.

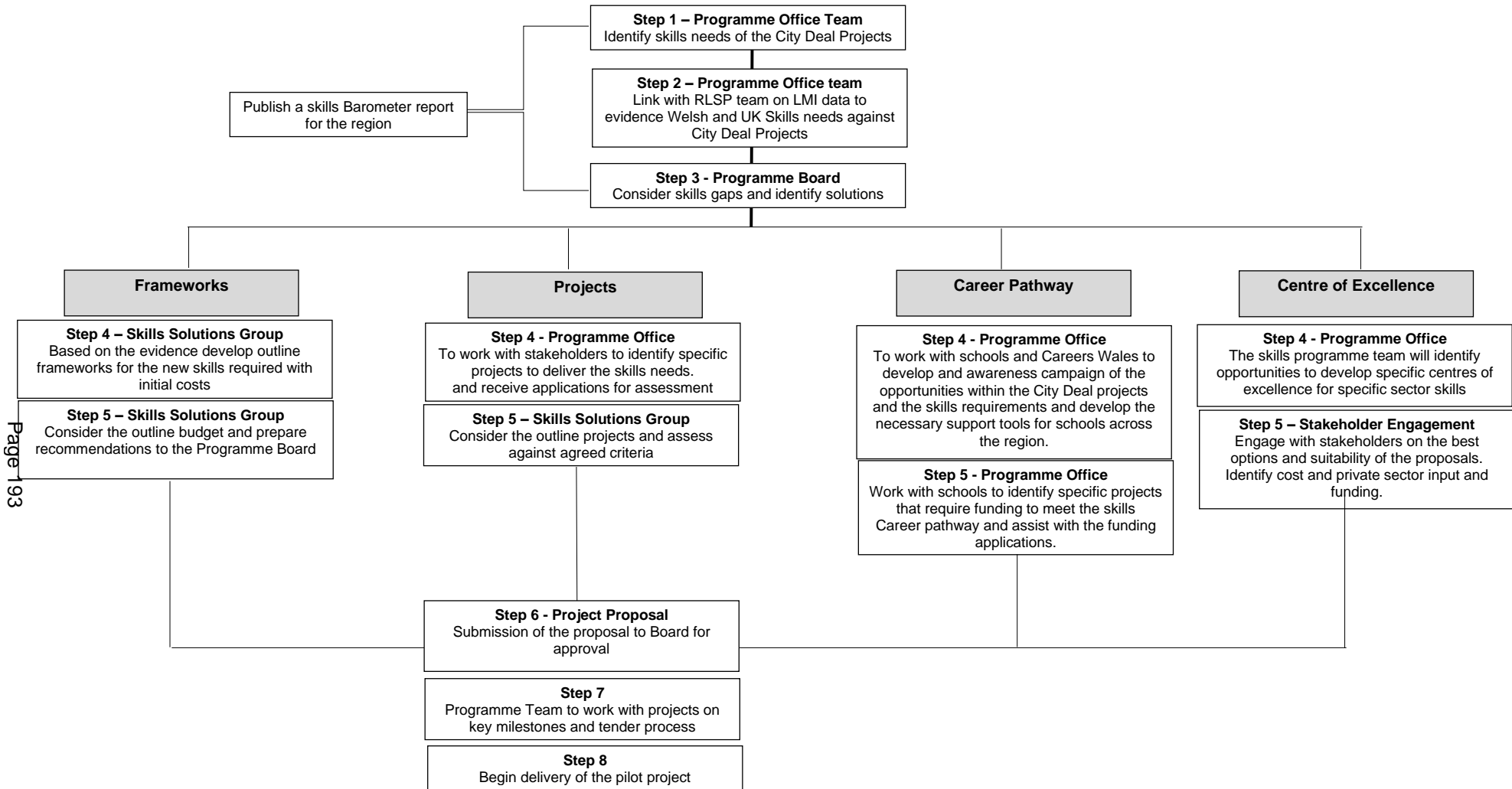
Given the service/revenue nature of any procurements likely to be undertaken by the lead delivery organisation it is unlikely that any risk will lie solely with the private sector.

Risk Category	Public	Private	Shared
1. Design risk			✓
2. Development risk			✓
3. Transition and implementation risk	✓		
4. Availability and performance risk			✓
5. Operating risk			✓
6. Variability of revenue risks	✓		
7. Termination risks	✓		
8. Technology and obsolescence risks			✓
9. Control risks	✓		
10. Residual value risks			✓
11. Financing risks	✓		
12. Legislative risks			✓
13. Lead times in the development of a new skills offer			✓
14. Failure to engage with training providers to deliver the skills			✓

Table 27 Risk allocation

The programme risks will be managed by the RLSP Board within the existing governance structure as detailed in the Management case.

Table 28 Skills and Talent Programme Delivery Process



4.5 Service Requirements and Outputs

The initial skills gaps analysis will be undertaken by the Programme team and the Skills Solution Group to understand what new/updated skills and apprenticeship frameworks are required to inform development of the pilot projects which will be delivered in conjunction with stakeholders. An action plan will be developed outlining the gaps and proposals and recommendations. The assistance of consultants / specialist advisers to help with the research may be required and if so, will be procured as described in section 4.2.

4.5.1 Service Requirements

The summary of potential service requirements and outputs is described in table 28 below.

Requirement ➤	Timescales	Scope of the procurement	Required outputs	Business areas affected by the procurement	Business environment and related activities	Business objectives relevant to the procurement	Required service streams	Stakeholders and customers for the outputs	Options for variation in the existing and future scope for services	Potential developments and further phases that may be required
Outputs ▼										
Research - skills needs and gaps across the region	Phase 1 - Q3 2021 – Q1 2022	Procure suitably qualified consultants / specialist advisers with experience of skills sector	Consultants with experience of skills sector Development of Action plan Develop and publish a Regional Skills Barometer	RLSP partners CCC Procurement Dept – Programme team (when established)	Formation of Skills Solutions Group	Develop regional skills needs and gaps analysis Create skills barometer Inform other stages of programme delivery	RLSP partners Training Providers CCC Procurement Dept	RLSP partners Regional colleges, universities, and training providers SBCD primary stakeholders SBCD Projects & Programmes Industry representatives Governments	Ongoing / tbc, feeds into next stages of programme development	Feeds into next stages of programme development and delivery

Table 29 SBCD Skills Programme Services and required outputs

4.6 Payment mechanisms and key contractual arrangements

Payments and key contractual arrangements for procurements directly undertaken by the Lead Delivery Organisation will be made in accordance with Carmarthenshire County Councils' existing terms and conditions and any terms and conditions applied by the Welsh and UK Governments as funding partner.

Third party procurements at pilot project level will be governed by the terms and conditions of the lead delivery partner and will be subject to the terms and conditions expected by Carmarthenshire County Council and Welsh Government as funding providers.

Payments are usually made on the delivery of outputs and may be linked to the delivery of key service outputs, as contractually agreed. Payments may be staggered against the delivery of key outputs within the overall implementation plan for the programme.

Contractual arrangements relating to intellectual property rights will be agreed between the relevant parties as the pilot projects develop.

4.7 Accountancy Treatment

The RLSP will not create any physical property assets through the Skills and Talent programme. The City Deal funding will be used to fund the programme management arrangements and to provide financial incentives for the pilot projects. Any assets funded through the projects will be logged on a skills and talent asset register and submitted with the monitoring reports.

4.8 Personnel Implications

A programme team will be established to service the programme as outlined in the Management Case. This process does not include the transfer of any staff or TUPE issues.

All staff recruited on the programme will be employees of Carmarthenshire County Council. As such they will be covered by the Council's human resources policies and codes of practice that are in place for the well-being and management of staff. These policies are available to all staff via the Council's intranet.

5.0 Financial Case

5.1 Introduction to the Financial Case

This section focuses on the financial elements of the business case and the financial implications of the preferred option.

The funding of this Programme will be operated through Carmarthenshire County Council as the accountable financial body and managed on a day-to-day basis through the Regional Learning and Skills Partnership Board.

This Programme is initiated by a desk-based research project to identify the skills gaps and work with the project leads; training providers and Welsh Government to provide the most appropriate training in the region to support the development of talented individuals to take up the roles.

Following the initial research there will be a requirement to develop specific projects that will include courses to meet the Industry needs; update course content where required and re-accredit those courses. The projects will also include pilot initiatives to upskill the workforce in specific areas, the work with schools will also be supported through this Programme to provide more detailed information about the opportunities that will be developed through the City Deal and the courses available to them within the region

5.2 Financial Risk Management and Assurance

5.2.1 Financial Risks

The portfolio financial risks are monitored and managed as part of the City Deal's overall risk management arrangements. The City Deal Programmes and Projects maintain, manage and monitor their own risks in line with guidance from the Green Book and the City Region's Accountable Body and SBCD Portfolio Management Office. The Programme operates a risk register and issues log, specifically including any financial risks identified. These risks will be monitored and updated with mitigating control actions through the Programme board as a standing item and then regularly presented to the City Deal Programme Board and Joint Committee, through the Portfolio Management Office.

5.2.2 Financial Issues, Dependencies and Interdependencies

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

5.2.3 Assurance - Internal Audit

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

As required by these Standards, the Head of Internal Audit as appropriate to the Programme Lead Authority will undertake an independent review and report findings to the Portfolio Lead Authority and Programme Board. The format of the Annual Report complies with the requirements of the Code of Practice. The Strategic and Annual Audit Plans are approved annually by the Project lead authority and Project board. In addition, the Internal Audit Unit undertakes fraud investigation and pro-active fraud detection work.

5.2.4 Assurance - External Regulators

The Audit Wales as External Auditor to the Project Lead Authority reviews and comments on the financial aspects of Corporate Governance which include the legality of financial transactions, financial standing, systems of Internal Financial Control and standards of financial conduct and fraud and corruption.

5.3 Investment Summary

The SBCD partnership, through the Internet of Economic Acceleration publication and subsequent discussions with the Welsh and UK Governments, has developed a clear strategy which has been underpinned by identified interventions to deliver widespread and sustainable economic growth across the region. The Skills and Talent Programme is a pivotal part of this intervention to support and increase the availability of educational and training opportunity to enhance, upskill and support development across the region.

The current forecasted expenditure and investment breakdown is presented in Table 30. Below.

Expenditure	Year 1 2020/21 (£m)	Year 2 2021/22 (£m)	Year 3 2022/23 (£m)	Year 4 2023/24 (£m)	Year 5 2024/25 (£m)	Year 6 2025/26 (£m)	Total (£m)
Capital	£ -	£ -	£ -	£ -	£ -	£ -	£ -
Revenue	£ 24,800	£ 770,000	£ 5,000,000	£ 7,500,000	£ 9,650,000	£ 7,055,200	£ 30,000,000
Total	£ 24,800	£ 770,000	£ 5,000,000	£ 7,500,000	£ 9,650,000	£ 7,055,200	£ 30,000,000
Funding							
Swansea Bay City Deal Grant	£ 24,800	£ 270,000	£ 1,500,000	£ 2,500,000	£ 3,400,000	£ 2,305,200	£ 10,000,000
Public Sector	£ -	£ 250,000	£ 3,000,000	£ 4,000,000	£ 5,000,000	£ 3,750,000	£ 16,000,000
Private Sector	£ -	£ 250,000	£ 500,000	£ 1,000,000	£ 1,250,000	£ 1,000,000	£ 4,000,000
Total	£ 24,800	£ 770,000	£ 5,000,000	£ 7,500,000	£ 9,650,000	£ 7,055,200	£ 30,000,000

Table 30. Skills and Talent Investment Breakdown

These figures are the current financial investment forecast which the Skills and Talent Programme is currently projecting over its 6-year term and are set within a the original SBCD Heads of Terms. Funding elements are subject to change as the programme evolves. On the successful approval of the programme business case the Accountable body will release Government funding to the Programme up to the value of the agreed Programme allocation.

It is the aim of the SBCD that all Programmes will be delivered in a seven-year period in order to maximise the full benefits realisation of the operational schemes during the lifetime of SBCD funding, which is to be released to the SBCR from both the UK and Welsh Governments over a 15-year period.

The Skills and Talent Programme has been allocated £10m by the SBCD Programme. This is an initial estimate and may evolve over the course of the Programme as development provision and market conditions change. Further funding may be sought from the City Deal or other sources in due course, depending on the cost and success of early activities.

The overall investment composition comprises of three following investment components:

- The **City Deal investment** component consists of the government grants awarded by UK and Welsh government totalling £10m. City Deal Grant is awarded to Programmes of the fifteen-year term up to a maximum of the allocated value.
- **Public sector** investment consists of investment/contributions from local authorities and other public funded and public service organisations. Public Sector investment will also consist of funding from FE, HE and schools as cash or in-kind match funding for projects. Local Authorities may agree that borrowing for a Regional Programme should be made by all the Authorities equally or in proportions agreed or that borrowing should be carried out by one Authority on behalf of others if they so agree. The decisions as to whether borrowing on behalf of the Programme shall be carried out by one Authority on behalf of the others and the proportions shall be determined by the Authorities as a matter reserved to the Authorities.
- **Private sector** investment includes regional investment from local and national private sector partners as well as local higher education providers.

5.4 Income and Expenditure Summary

The UK and Welsh Government capital grant contribution to the Skills and Talent Programme is awarded over a fifteen-year period and currently forecasted at £10m. Funding will only be released from the Portfolio on the successful approval of business cases by both the UK and Welsh Governments, up to a maximum of the agreed grant allocation.

An inherent temporary funding gap is recognised with the funding being released to the Programme over a fifteen-year period. Carmarthenshire County Council as the Programme Lead Authority is responsible for managing the operational cashflows in respect of the Programme, with all Authorities contributing to its delivery proportionately. Therefore, subsequently accountable for managing inherent risks and the funding gap recognised.

The Programme expenditure profile is presented in Table 31 and Table 32 below with further financial appraisal on the expenditure forecasts at Programme level detailed in Figure 2.

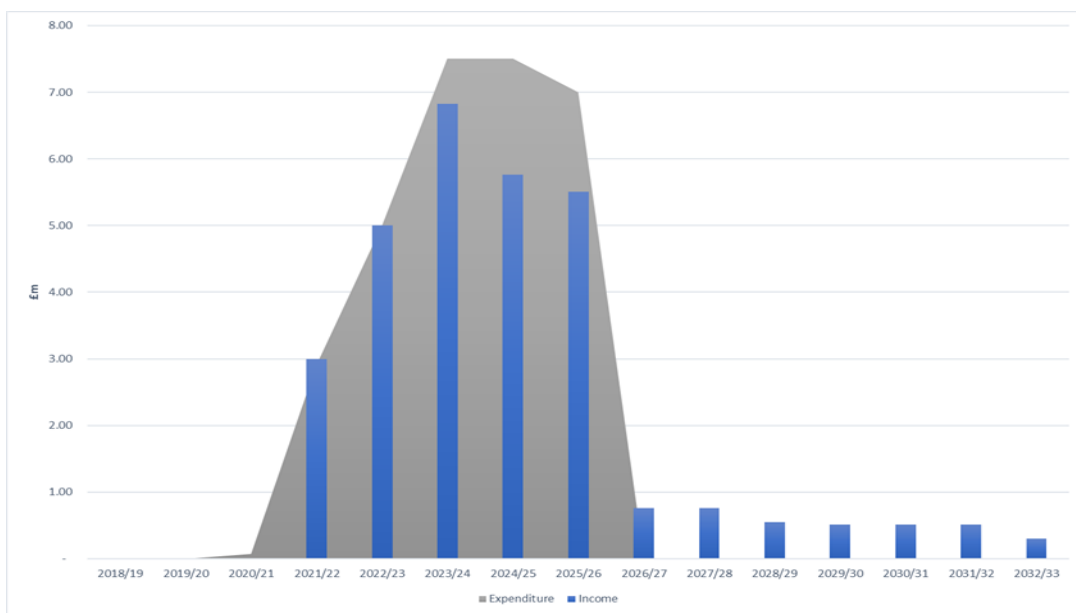


Figure 2. Forecasted Income and Expenditure Summary

5.4.1 Programme Income and Expenditure Forecast

Expenditure	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Capital/Revenue								
Capital Expenditure	-	-	-		-	-	-	-
Revenue Expenditure	-	-	24,800	770,000	5,000,000	7,500,000	9,650,000	7,055,200
Total	-	-	24,800	770,000	5,000,000	7,500,000	9,650,000	7,055,200
Funding								
City Deal Expenditure	-	-	-	294,800	1,500,000	2,500,000	933,416	746,888
Public Sector Expenditure	-	-	-	250,000	3,000,000	4,000,000	5,000,000	3,750,000
Private Sector Expenditure	-	-	-	250,000	500,000	1,000,000	1,250,000	1,000,000
Total	-	-	-	794,800	5,000,000	7,500,000	7,183,416	5,496,888

Expenditure	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	
Capital/Revenue								
Capital Expenditure	-	-	-	-	-	-	-	-
Revenue Expenditure	-	-	-	-	-	-	-	30,000,000
Total	-	-	-	-	-	-	-	30,000,000
Funding								
City Deal Expenditure	746,888	746,888	539,419	497,925	497,925	497,925	497,926	10,000,000
Public Sector Expenditure	-	-	-	-	-	-	-	16,000,000
Private Sector Expenditure	-	-	-	-	-	-	-	4,000,000
Total	746,888	746,888	539,419	497,925	497,925	497,925	497,926	30,000,000

Table 31 Income and Expenditure Forecast

5.5 Investment Breakdown

5.5.1 City Deal Grant Funding Profile

The amount of £10m has been allocated regionally for the Skills and Talent Programme. These allocations are indicative and can be varied if needed, in-line with the governance arrangements set out in the Management Case. Greater clarity on costs and their spread over the duration of the Programme is expected to become available once the Programme management team is in place and the sub-Programmes are scoped out in more detail. Appendix J details the income and expenditure for 2021 – 2026. Table 32 below operational expenditure is budgeted over the programme delivery life cycle in respect of a management team and relevant supporting costs.


		Skills and Talent					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	
Programme Management Team		243,553	221,451	227,638	258,992	265,518	1,217,151
Operational Expenditure (Marketing and Consultancy Fees)		25,000	50,500	51,010	26,530	27,061	180,101
Total Operational Expenditure		268,553	271,951	278,648	285,522	292,579	1,397,252

Table 32 Operational Budget

5.5.2 Public and Private Sector Funding Profile

Public Sector Funding Statement		
Theme	Public Contribution (£m)	Detail
Schools	3,000,000	Student numbers and delivery models are being developed. Pilot Projects based on employment demand led skills will be developed and project match funding/in-kind contributions will be required from schools.
Further Education	5,000,000	Pilot projects based on employment demand led skills will be developed and delivered by FE and match funding/in kind contributions will be required to support the projects.
Higher education/Universities	7,000,000	Pilot projects based on employment demand led skills will be developed and delivered by HE and match funding/in kind contributions will be required to support the projects.
Employability Directive	1,000,000	Demand led training through employment agencies to upskill unemployed to support integration back into the workplace, pilot projects will be developed to deliver upskilling opportunities. Match finding or in-kind contributions will be sought for the projects.
Total	£ 16,000,000	
Private Sector Funding Statement		
Theme	Private Contribution (£m)	Detail
Apprenticeships	4,000,000	Early discussions with providers are in the process of taking place. Private sector investment will constitute of an estimated 3000 demand led apprentices within industry which will also include the utilisation of City Deal Programmes and projects as part of delivery models.
Total	4,000,000	

Table 33 – Public and Private sector funding profile

5.5.3 City Deal Funding

The four Local Authorities have agreed that Carmarthenshire County Council will act as the Accountable Body responsible for discharging the Council’s obligations in relation to the Swansea Bay City Deal in accordance with the Joint Committee Agreement.

Upon formal approval of the programme business case and funding agreement, funding will be released from the Accountable Body to the Programme. The City Deal flow of funding is demonstrated in Figure 3 below.

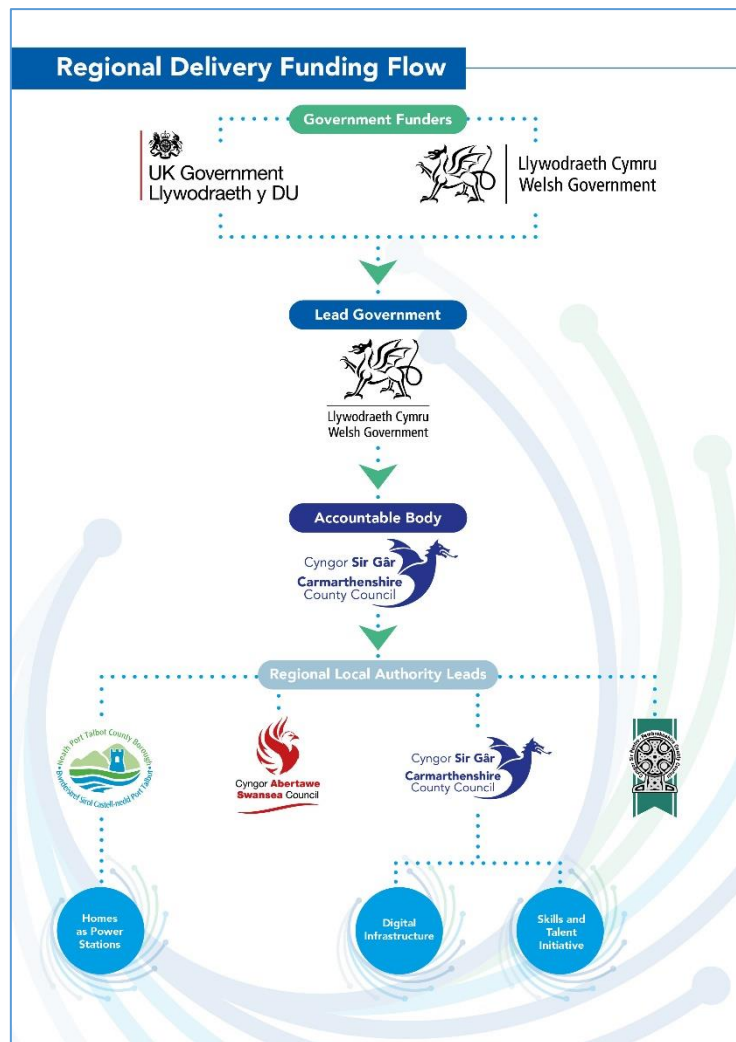


Figure 3. City Deal Funding Flow

5.5.4 Borrowing

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

The exact level of borrowing and the structure and terms of the borrowing is yet to be confirmed at this point in time, however it will be calculated based on the amount required per relevant local authority and will be in line with the individual local authority’s internal

requirements. This is being determined by the four Section 151 Officers of the four regional local authorities. All borrowing will be agreed based on the principles of the Prudential Code and Treasury Management Policy and Strategy for each local authority. When further details of the investments required for each Programme are known, a full business case appraisal for each individual Programme 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.

5.5.5 Government Grant 'Top Slice'

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

5.5.6 Interest on Investments

It is recognised that throughout the lifecycle of the City Deal portfolio, cash balances will arise through cashflow movements as and when Programmes become live and actual expenditure is incurred. Cash balances held by the Joint Committee will be invested through Carmarthenshire County Council as the Accountable Body. Income generated from cash investments will be ring-fenced and redistributed direct to Programmes based on the allocation outlined within the original Heads of Terms.

5.6 Monitoring and Evaluation

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

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

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

The monitoring requirements of the Portfolio will require the Programme Authority Lead to submit a claim for Programme funding to the Accountable Body at a frequency to be determined by the Accountable Body. The claim shall include a progress report on the Programme. The progress report shall include an assessment of risks associated with the Programme and details of progress against the agreed outputs. After the parties have agreed in accordance with clause 6.7 of the funding agreement that the Programme has achieved practical completion, the Programme authority lead shall not be required to submit claims for Programme funding. Thereafter, the Programme authority lead shall complete annual monitoring returns in a form to be specified by the Accountable Body prior to the Accountable Body releasing any Programme funding to which the Programme authority lead is entitled. The annual monitoring forms will include an obligation to report on the progress in achieving the agreed outputs. The Accountable Body reserves the right to impose additional monitoring

requirements at a frequency and for such period as it considers reasonable in all the circumstances.

In addition to the above monitoring requirement the Accountable Body will require quarterly financial updates on Programme spend to support the cashflow management of the portfolio. These will detail the actual spend to the period, with forecast outturn over the 15-year duration of the portfolio.

Programme lead authorities are also obligated to support the Accountable Body with any progress update reporting as required by the Welsh and UK Governments.

5.7 Accounting Treatment of Programme Transactions

5.7.1 Accounting for Income and Expenditure

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

5.7.2 Revenue Requirement

The Welsh Government has acknowledged that revenue funding will be required to support the delivery of Programmes within the City Deal portfolio. The revenue requirements by Programmes of the City Deal are to be managed locally by the Programme Lead Authorities. The Welsh Government recognises that the four local authorities will need to manage their capital funding to enable revenue expenditure to be supported. To achieve this through the use of the Local Authorities' capital receipts, Local Authorities will reference to the latest direction from Welsh Government Ministers on the use of capital receipts. This was issued under section 15(1) (a) of the Local Government Act 2003, along with accompanying guidance. Specific revenue funding will be detailed within Programme business cases and funded through partner investment.

5.7.3 Balance Sheet Accounting

Assets generated though the life of the Programme will be accounted of and held in the balance sheet of the Local authority in which constituent area the asset is completed. Local authorities will account for asses in line with the relevant legislation and accounting standards.

5.7.4 Value Added Tax

Value Added Tax (VAT) is included where appropriate within the forecasts and estimates demonstrated. For objectives delivered by local authorities, VAT is excluded from forecasts and estimates under the application of Section 33 of the VAT act 1994. This Act refunds to (mainly) local government bodies the VAT attributable to their non-business activities and exempt business activities, providing it is considered an insignificant proportion of the total tax they have incurred. Programmes or components of Programmes that are delivered by parties, other than that of local authorities, are subjected to VAT in the manner as regulated by the industry or sector in which they operate, except where regulatory standards dictate a specific treatment or application. Programme business cases will identify and detail the application of VAT and include within forecasts and estimates as appropriate.

5.8 Added Value

The Skills and Talent Programme is a transformational project breaking new ground in drawing together employers and training providers to develop the new key skills required to

meet the changing demands of industry as well as developing the skills of the young people of the region to be the future workforce.

5.9 Sustainability

The development of new training courses identified through the Intervention will enable the provision to be incorporated within the mainstream HE and FE provision thereafter as part of the permanent offer within the region.

5.10 Constraints

The project is subject to the following constraints:

- State Aid rules

5.11 Dependencies

The project is subject to following financial dependencies that will be carefully monitored and managed throughout the lifespan of the scheme:

- Continued core-funding from Welsh Government for the RLSP.
- Revenue support for the Programme from the Local Authorities
- Match funding from the private sector.

6.0 Management Case

6.1 Introduction

The Skills and Talent management case provides key stakeholders with confidence that the capability and capacity to govern and deliver the programme are in place to meet the benefits realisation proposed throughout the business case, ensuring that they and other governance and delivery structures receive information in a timely and transparent manner to help them make informed decisions.

This has been achieved by establishing and operating capacity and capability to implement and manage robust governance and approvals through people, structures, strategies and processes based around Portfolio, Programme and Project Management (P3M) practices and principles. Having these arrangements in place to consider how the programme will manage delivery of the business case, organisation, quality, plans, risk, change and progress will overcome challenges by reducing complexity whilst ensuring appropriate governance is utilised. In doing so, will regular revisits to the strategic, economic, commercial and financial cases, and analysis of the Programme will be required throughout delivery.

The Skills and Talent Programme is strategically owned by the Swansea Bay City Region and the Projects and Programmes within the SBCD, and operationally managed by the RLSP Board and the Skills and Talent Programme Office. This approach will provide flexibility in the methodologies that the diverse set of programmes and projects will utilise to manage their development and delivery whilst ensuring the ability of the Skills and Talent Programme to maximise and realise its own benefits whilst meeting the needs of the wider Portfolio.

All governance committees have been established and are fully operational. Robust governance and approvals of the Skills and Talent Programme are through its people, structures, strategies and processes as detailed in this Case. The appointed SRO, Barry Liles the Pro Vice Chancellor of Trinity Saint David University has a wealth of experience in the skills landscape of Wales.

The Skills and Talent programme will undergo a Gateway 0 external review on the 23 -25 June 2021. The Skills and Talent programme will be reviewed periodically by the CDPO, it's regional partners and external stage gate reviews to assess and monitor the success and governance of the project. These arrangements will also ensure that the ambitions of the Skills and Talent programme are being met and that value for money and training needs are being addressed to meet the requirements of the individual projects that make up the City Deal and the wider economic success of the region.

The Skills and Talent programme management office have conducted regular reviews throughout the preparation of the business case which has helped shape the business case and the benefits proposed throughout. These recommendations have been endorsed by the Regional Learning and Skills Partnership Board and will be implemented as part of the programme. A summary of the engagement can be found in Appendix K.

6.2 Governance and delivery structures

6.2.1. Swansea Bay City Deal Governance Structure

The SBCD established a legal governance document - the Joint Committee Agreement (JCA) - in May 2018. Leading to the establishment of the SBCD Joint Committee, which outlines the principles, rights and obligations of City Deal arrangements. Under the terms of the JCA, the four regional local authorities have pledged to work in partnership to discharge their obligations

to one another, and to the Welsh Government and the UK Government, to promote and facilitate projects funded under the SBCD. The management processes and procedures outlined in the JCA include financial cash flow, project approval, risk management and progress updates.

The overarching SBCD governance and delivery structure, as outlined below in Figure 4, is operational with established Terms of Reference for the various boards and committees, membership/post holders, and plans and processes in place to govern and deliver the SBCD portfolio.

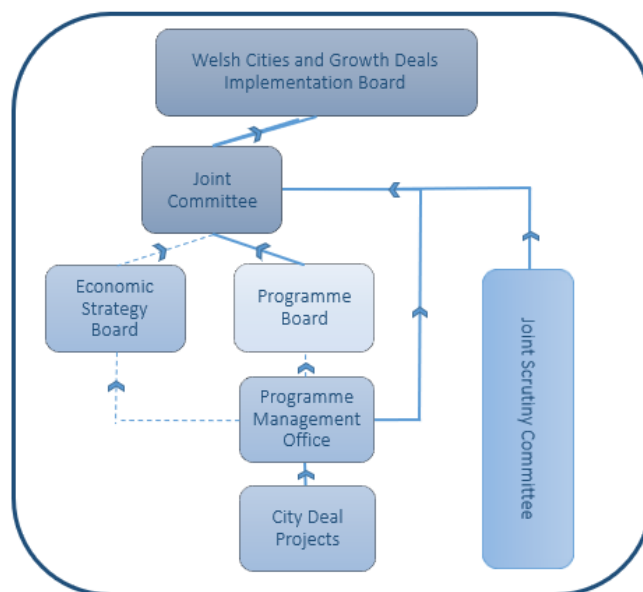


Figure 4 – Swansea Bay City Deal Governance Structure

Governance entity	Purpose	Owner/ Lead	Meets	Reports to
Joint Committee	Executive board with overall responsibility for scrutiny and business case approvals. It holds the Programme (Portfolio) Board and PoMO to account. Comprises of the four Local Authority Leaders of Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea.	Cllr Rob Stewart	Monthly	WG/UKG
Programme (Portfolio) Board	Oversees the operations of the SBCD. Responsible for reviewing business case developments and portfolio progress. Consists of the head of paid service of each of the eight primary partners for the SBCD, and is chaired by the SBCD Senior Responsible Owner.	Wendy Walters	Monthly	Joint Committee
Senior Responsible Owner	Appointed by the Joint Committee, the SRO is also the chairperson of the Programme (Portfolio) Board to champion the SBCD and drive its successful implementation by overseeing portfolio delivery and ensuring that appropriate governance arrangements are in place. The SRO holds the Portfolio Director to account.	Wendy Walters	-	Joint Committee

Portfolio Director	Responsible for delivering the Portfolio Business Case and Project Development Roadmap.	Jonathan Burnes	-	Joint Committee and SRO
Programme / Project managers	Experienced individuals who manage the development of the programme / project Business Cases and implement the Assurance and Approval plan and project plan. Also works with the Portfolio Director and PoMO to apply the Portfolio Development Roadmap. Depending on the size and complexity of the programme / project the Programme / Project Manager will run the Programme / Project Team and manage external advisers.	PM for each City Deal project	Monthly	Project / Programme Boards / SRO and SBCD Portfolio Director
Portfolio Management Office	Responsible for the day-to-day management of matters relating to the Joint Committee and the SBCD.	SRO Wendy Walters	Weekly team meetings	Joint Committee/ SRO
Economic Strategy Board	Private sector advisory body which acts as the voice of business. Provides strategic direction for the City Deal through advice to the Joint Committee on matters relating to the City Region. The Chair is accountable to the Joint Committee.	Chris Foxall (whilst Ed Tomp is on sabbatical)	Monthly	Joint Committee
Joint Scrutiny Committee	Provides advice, challenge and support to the Joint Committee for the SBCD Portfolio and associated cross-cutting regional projects/programmes. The full terms and reference for the Joint Scrutiny Committee are set out in the Joint Committee Agreement.	Cllr Rob James	Bi-monthly	Joint Committee
Accountable Body	Carmarthenshire County Council is the Accountable Body responsible for discharging City Deal obligations for the four Local Authorities including financial and staffing matters. The Accountable body is the primary interface for the City Deal with the Welsh and UK Governments.	CEO Wendy Walters Leader Cllr Emlyn Dole	-	Joint Committee

Table 34 Swansea Bay City Deal Governance

6.2.2 Skills and Talent Programme Governance Structure

The Skills and Talent programme is one of the 9 projects/programmes that make up the Swansea Bay City Deal and is bound by the overarching governance of the City Deal Programme model. The programme will operate in accordance with the Heads of Terms agreed by Welsh and UK Governments and the four local Authorities. The Heads of Terms outlines in detail the City Deal's governance. The Project will conduct its business in accordance with the City Deal's parameters set out by the SBCR Joint Committee, Economic Strategy Board and Programme Board. The Skills and Talent governance and delivery structure detailed in figure 5 below sits below the SBCD structure represented in figure 4. Carmarthenshire County Council is the lead body for the Skills and Talent programme and the Regional Learning and Skills Partnership (RLSP) will be responsible for the delivery of the programme.

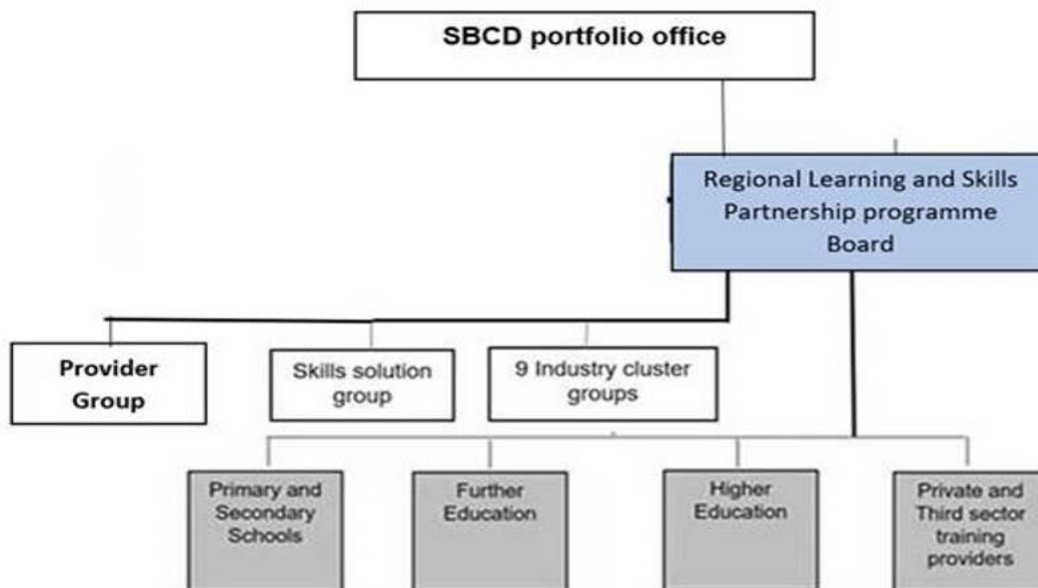


Figure 5 Skills and Talent Programme Governance Structure

The Regional Learning and Skills Partnership Board for South West has been in existence since 2010 led by a private sector Board incorporating representatives of further and higher education, training providers and Local Authority education together with key stakeholders in employability and training in the region. The partnership is transformational bringing business leaders, education and regeneration partners together to help provide a better future for learners and potential learners and people wishing to re-train across the region. The RLSP Board provides an oversight and ‘on the ground’ leadership in relation to the skills requirements and demands of industry.

The RLSP will head the governance structure for the project and through the Skills & Talent Programme Manager will ensure the project is managed effectively, to approved timescales and in line with the governance structure of partner organisations. The RLSP will assist all regional and portfolio stakeholders with effective decision-making pertaining to the strategic direction and, where appropriate, the operational delivery of the scheme in order to successfully deliver the benefits outlined within this business case.

To achieve the requirements of the governance arrangements the Board recommended and unanimously agreed in a special meeting on the 25th February 2021 that the Terms of Reference and membership should be updated to meet the governance requirements to deliver the Skills and Talent programme incorporating additional representation from both public and private sector including observers from the Portfolio office. The updated Terms of Reference for the Board can be found in Appendix L. Membership of the group is detailed in Appendix C. The Skills Solution group will have responsibility of working with the Programme management team to identify the skills gaps and develop solutions in the form of projects to deliver the skills requirements to meet the needs of the projects. Appendix M details the terms of reference and membership of the Skills solution group which includes representation of all projects that make up the SBCD.

The RLSP Board will provide leadership and drive forward the vision of the Skills and Talent programme as set out in the Business Case. The remit of the Programme Board will be

delivered under the SBCD regional governance framework as set out within the City Deal portfolio business case. The Programme Board will have responsibilities which will include but not exclusive to:

- Securing funding and approval for the programme
- Updating the business case when required in accordance with the requirements and expectations of the Welsh and UK Governments and submitting this via the agreed governance requirements of the SBCD.
- Project level approval of all major plans and seeking approval through the agreed governance arrangements.
- Provide resource required to enable the programme delivery
- Approval of all deviations from agreed tolerances in line with agreed change management arrangements.
- Arbitration on any conflicts that cannot be resolved at Project level and escalation through the appropriate channels as required.
- Reviewing and reporting the programme benefits (outcomes and impacts) and whether they are still achievable.
- Management of major risks and issues at programme level and coordination and escalation of risks and issues that are likely to have an impact on other areas of the Portfolio.
- Project governance documentation sign off Approving and funding key changes
- Guaranteeing equity and catering for the needs of all partners and stakeholders.
- Ensuring longevity of initiatives and programmes created as a result of the Skills and Talent programme.

The Board is supported by nine Industry cluster groups and the membership of each cluster group provide valuable insight into the needs of the industry. Figure 6 below details the board's current breadth of influence across all key employment sectors. Appendix D details the membership of the Cluster groups.

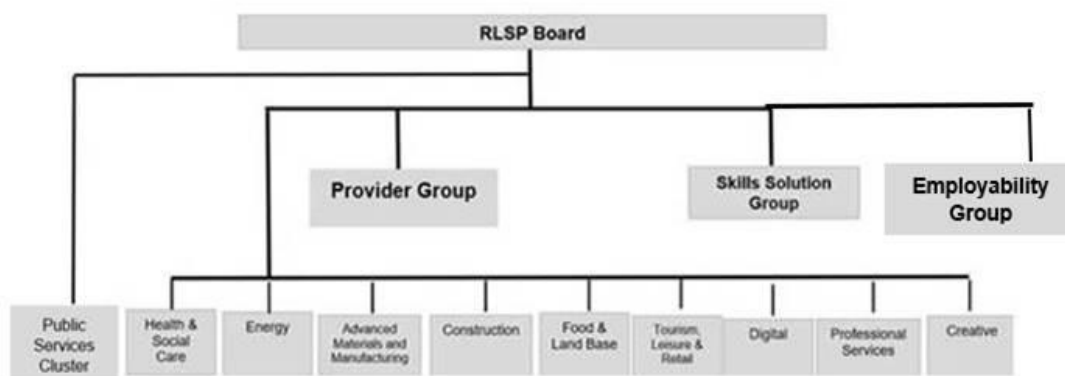


Figure 6 Regional Learning and Skills Partnership Board Stakeholder Engagement

The Programme Team will work with the Skills Solutions group, the Provider group, the Industry Cluster groups and the employability group on the delivery of the programme that will include the following areas of work:

- Liaise with the Swansea Bay City Deal projects on skills requirements and ensure that the programme delivers the skills training required to ensure the success of the projects.

- Work with stakeholders to develop projects to meet the training needs of the region and support the development of projects to deliver the skills gap identified.
- Monitor the performance of the projects against the key programme investment objectives to ensure that the programme remains on track to deliver on the proposed outputs.
- Provide support to the RLSP Board to resolve key issues and manage the risks and opportunities within the programme.
- Work with the Regional School Improvement Consortium to prepare a career path plan to support project proposals from schools to deliver on the aims of the programme in raising the aspiration through highlighting opportunities that will be generated through the City Deal projects and other business investments attracted to the region.
- identify opportunities and implement Centres of Excellence in the region that will deliver on key programme outcomes

6.2.3 Skills and Talent Programme Delivery Team

The day-to-day operation of the programme will be delivered by the Skills and Talent programme management team who will have responsibility for the delivery programme working to and alongside the Regional Learning and Skills Programme Board. The Programme Implementation Plan (Appendix I) details the timescale of the programme across all five key areas of delivery.

The Programme team will be responsible for:

- Providing the Portfolio Management office, and ultimately Portfolio Board, Joint Committee, UK and Welsh Governments with all necessary reports and documentation as outlined within the Programme and Portfolio IAAP documentation (Attached as Appendix N)
- Developing, implementing, maintaining and monitoring a comprehensive performance management system and evaluation framework that will operate and meet the requirements of both the strategic portfolio and programme level governance.
- Being responsible for the management of the programme including gateway reviews, performance and financial management of the delivery programme, undertaking due diligence as required
- Overseeing delivery and ensuring integration between the respective City Deal projects.
- Maintaining appropriate communication, recording and reporting functions with the wider stakeholder group through the Portfolio Management office.

The Skills and Talent Programme Management team is led by an experienced and qualified Regional Partnership Manager who reports to the Economic Development Manager within Carmarthenshire County Council as the Lead Authority for the delivery of the Skills and Talent Programme. Figure 7 below shows the structure of the Programme Team.

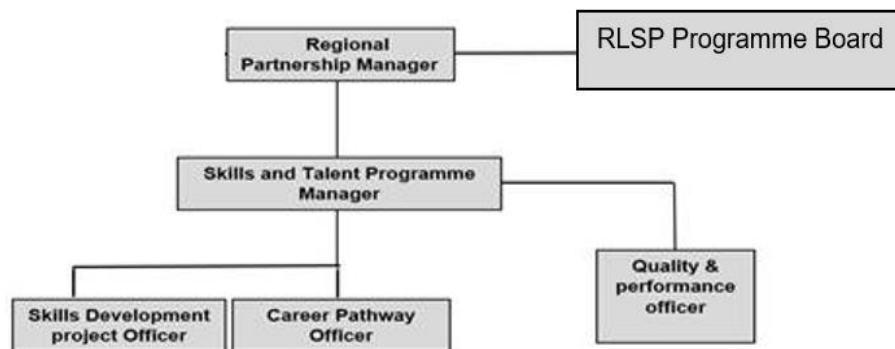


Figure 7 – Skills and Talent Programme Management Structure.

- ***Regional Partnership Manager***
 The post holder is responsible for the development and delivery of the programme; for reporting back to the RLSP, the portfolio office and various boards across the City Deal as required. The post holder will ensure that all risks, benefits and value for money are monitored and reported on a regular basis and that the work of the programme is communicated to all stakeholders and meets the needs determined by the wider City Deal projects and programmes.
- ***Programme Manager***
 The post holder will work with the RLSP Programme Board, project partners and stakeholders to identify and deliver the skills needs for the region and the portfolio. The skills needs will be developed into pilot skills projects to be funded through the programme to meet the needs of the 8 City Deal projects and other potential investment projects that are attracted to the region.
- ***Skills Development Project Officer***
 The post holder will be responsible for assisting partner organisations and stakeholders to identify the requirements of the City Deal projects and programmes and develop the projects and ensure that they deliver value for money; the outputs and outcomes required within the programme.
- ***Career Pathway Project Officer***
 The post holder will be responsible for working with schools to strengthen the link between education and training providers and businesses in the region to work together to implement a skills programme for the City Deal area that will develop a highly skilled and trained workforce for the future “Creating Ambition and Aspiration in All”. The post holder will liaise with the schools across the region to ensure that the projects developed enhance the career pathways into the jobs created by the City Deal projects.
- ***Quality and Performance Officer***
 The post holder will undertake the day to day financial monitoring of the programme activities and will gather and record the programme and project outputs.

The new roles will be recruited into the Programme Office as soon as possible to bring the necessary skills and experience to successfully deliver the programme.

In addition to these roles Carmarthenshire County Council will provide support services for financial leadership.

6.3 Stakeholders

The programme builds upon the momentum created through proven collaborative working. The RLSP has a strong employer and stakeholder engagement programme that has grown to over the last 4 years to over 3000 businesses and all the training providers and public bodies listed below.

- Further Education providers – Coleg Sir Gar (incorporating Coleg Ceredigion); Gower College; Pembrokeshire College; Neath and Port Talbot College and Colegau Cymru
- Higher Education - Swansea University; University of Wales Trinity St David; Aberystwyth University and Open University.
- Local Authorities - All four Local Authorities: Swansea City Council, Neath Port Talbot County Borough, Carmarthenshire County Council and Pembrokeshire County Council. There is also engagement with Ceredigion and Powys County Councils who have an interest in Skills Development in the region.
- Welsh Government - The Departments of: Economy and Infrastructure; Health, Wellbeing and Sport; and Finance and Local Government, together with the First Minister's Cabinet Office.
- NHS - Both Swansea Bay University Health Board and Hywel Dda University Health Boards covering the entire region from an NHS perspective
- Private Sector – Welsh Government designated Anchor and Regionally Important Companies; Large Companies; Small and Medium Size Enterprises in the region. The chairs of each Sector Cluster groups represent the specific sectors within the City Deal themes
- Third Sector organisations
- Skills Solution group representing all HE, FE and training providers who will be instrumental in working with the programme team to deliver skills solutions

The consultation and engagement with all of the organisations/individuals listed above on the proposals for the Skills and Talent programme has been continuous throughout the development of the business case, via face-to-face meetings; questionnaires on skills needs etc; presentations to forums and meetings and workshops.

During the development of the business case for the Skills and Talent programme there has also been extensive engagement with over 300 schools across the region and the RLSP officers now regularly attend Head teacher group meetings and meet with schools to discuss the programme and opportunities for schools to work with the programme team including the development of a Welsh Language level 2 and 3 courses delivered in school for Engineering and Digital studies.

The RLSP have also worked with the 14-19 school co-ordinators to develop specific modules for the support of the City Deal projects within the Welsh Baccalaureate and will utilise this network of co-ordinators to ensure the training developed and delivered, best meets the needs of the wider portfolio.

6.4 Use of Special Advisors

Specialist advisors may be necessary in the following areas:

- Technical
 - Capture of requirements
 - Production of service definitions

- Production of procurement documentation
- Interaction with stakeholders and national and regional governments
- Supplier dialogue
- Legal
 - Draft contracts
 - State aid guidance and judgements
 - Procurement support in dialogue and contract finalisation

Where advisors or consultants are engaged this will be completed in line with the procurement principles agreed for the SBCD and the Programme office will engage with the PoMO in order to ensure the appointment provides maximum benefit for the programme.

In addition, the SBCD Economic Strategy Board (ESB) is made up of business 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 programme / project business cases, the ESB has considered the business case during its' development and during a test and challenge presentation in May 2021. All comments or issues raised during the meetings have been addressed and incorporated into the business case. The ESB makes recommendations to the Joint Committee for consideration. New members were appointed as specialist advisers in 2020 to broaden the representation of further sectors including skills and micro businesses. All ESB member appointments used an open recruitment exercise process and all members are unpaid for their SBCD contributions.

The Skills and Talent programme has already engaged with a number of Specialist Advisors in the preparation of the Business Case these include:

- DS Swallow on the Economic Case
- Joe Flanagan Advisor to Welsh Government
- Belfast and Edinburgh City Deal management offices.

6.5 Monitoring and Evaluation for Performance and Benefits

The Programme Monitoring and Evaluation processes will replicate those set out in the SBCD Monitoring and Evaluation Plan. The Programme SRO will ensure that the Programme team makes appropriate arrangements to collate, monitor and communicate project milestones, deliverables and benefits realisation. The M&E Plan aligns to the revised HM Treasury Green and Magenta books and the UK Government's Project Delivery Guidance.

The M&E plan will be applied at programme / project level where a two-way cascade of outputs and outcomes will be required to understand performance and impact of the SBCD portfolio. The tools and templates used to monitor and evaluate activity are summarised in the table below, along with their frequency:

Document	Frequency
1. Highlight report	Monthly
2. Monitoring report	Quarterly
3. Annual report	Annually
4. Benefits realisation plan / register reported	Continually updated and reported quarterly
5. Milestone evaluations	Year 5 and 10

The M&E requires the delivery of two primary components. Firstly, Progress and Performance, which is a periodic assessment of programme / project implementation and performance activities; and secondly, Programme Benefits Realisation/Evaluation, which is the evaluation of their results in terms of relevance, effectiveness, and impact. The Monitoring and Evaluation undertaken by the programme board will provide the SBCD governance structures, namely the Portfolio Management Office, Joint Committee, Programme (Portfolio) Board, Economic Strategy Board and Joint Scrutiny Committee, with information on the progress and impact made towards achieving the programmes milestones, outputs and outcomes. This information will be shared with the Welsh and UK Governments through periodic updates and reviews, while also being made available to the public on an annual basis. Regular updates on the following will be provided in line with the overarching Portfolio M & E requirements:

- portfolio communications,
- RAG rating and summary status,
- key achievements,
- key planned activities,
- key risks and issues,
- output deliverables,
- Integrated Assurance and Approval Plan (IAAP),
- Covid-19 Impact Assessment,
- Financial monitoring.

6.6 Benefits Realisation

The measurement of benefits within the delivery of the Skills and Talent programme is problematic as there are so many moving parts that change and, benefits could be assigned to. The key SMART objectives will be fully laid out under the Prince 2 methodology so that the delivery can be clearly identified in terms of benefits that will be derived and delivered from the programme.

The benefits management will assess and review the outcomes that result in change that were achieved as part of the activities undertaken by the Skills and Talent Programme. The milestones to review benefits will be agreed at programme level to ensure that benefits are realistically and meaningfully measured however benefit progress will be reported at least quarterly to the PoMO. These will be aligned to the IAAP and external stage gate review process. Further work will take place in Q2 2021/22 to further develop the plan and associated strategy, map, profile, and reports as required.

An overarching benefits measure should be the number of skills increases across the region, linked with the ongoing ability of the individuals benefiting from the Skills and Talent programme and percentage of these who are able to successfully obtain employment in the intended areas of industry as a direct result of the programme.

All Skills and Talent Programmes are enabling in its nature, if there is no demand or beneficial use that can be made, then it would have no value. As such many of the outputs and benefits identified are predicated on the future opportunities to the regional workforce maximising the opportunities provided by the skills and talent programme in order to produce relevant training in order to meet the current skills gaps and provide suitably qualified individuals to take up the employment opportunities available as a result of the wider portfolio.

In order to measure a benefit against the intended outputs of the programme, ideally a base-line position would need to be identified, so that improvement or degradation can be seen. Whilst the setting of a base-line would be open to interpretation there is data readily available in order to determine the level of skills and talent within the region. It is therefore proposed that metrics will be devised in order to assess the impact of the Skills and Talent programme and the population of South West Wales. The Benefits Register for the programme is attached as Appendix O.

The lasting legacy of the programme will be the establishment of a range of new skills courses across a range of sectors. The collaborative working established as part of this Programme will ensure that all sectors will be involved in the development of “fit for purpose” skills training for the region in order to achieve the City Deal aim of developing a highly skilled workforce for the region. This joint working will provide lasting improvements including:

- Improved efficiency through integration of services and elimination of duplication which will benefit the learner and the potential learner by freeing up resources.
- Flexible and responsive approach to the needs of the local labour market by bringing learning and skills together with regeneration opportunities in the region. This will benefit the learner by delivering relevant learning opportunities with greater potential for employment.
- Availability of informative, up to date information to help in strategic planning; ensuring the most appropriate learning opportunities and progression routes are available for learners in the region, which will benefit the learner by providing pathways.
- The Programme ultimately aims to inform the restructuring of provision of publicly funded training and education in the region.
- Flexible and responsive approach to the needs of the local labour market by bringing learning and skills together with regeneration opportunities in the region, which will benefit the learner by delivering relevant learning opportunities with greater potential for employment.

The measurement is not meant to be comprehensive but focus instead on the most likely indicators that would give a positive measure of the benefits realised through undertaking the Skills and Talent Programme. The measurement itself will need to be carried out through a sample based primary research programme, which will allow additional benefits to surface.

The measurement of benefits from the programme will be over a long period of time as there are a number of areas e.g. schools where the impact will not be seen until the child in primary school in 2021 will be leaving school in 12 years. However, there will be some more immediate measurements where upskilling can take place to support specific projects from within existing workforce or people in colleges and universities that will become aware of opportunities within the City Deal projects during their study years.

6.7 Risk Management Strategy

Risk is defined as the uncertainty of outcome, whether positive **opportunity** or negative **threat**, of actions and events. The risk must be assessed in respect of the combination of the likelihood of something happening, and the impact which arises if it does actually happen. Risks that have occurred, or will do so imminently, are no longer risks, but are known as **issues**. They are no longer risks because the uncertainty about whether they will occur has been removed.

A Programme Risk Management Strategy will be developed in Q2 2021/22 and will be aligned to HMT Green Book supplementary guidance: The Orange Book, the strategy defines the risk appetite and tolerance of the SBCD, as well as principles of the strategy, along with a documented process for identifying, assessing, addressing and measuring risk and issues. The risk management strategy is led from the top of the SBCD and is embedded in standard practices and processes of the SBCD governance arrangements.

The purpose of the Risk Management Strategy is to provide a systematic and effective method by which risks can be consistently managed throughout the SBCD Portfolio. This will:

- Inform stakeholders how risks will be identified, assessed, addressed and managed
- Provide a common strategy and understanding of portfolio management that will enhance the capability, willingness and understanding of appropriate governance and assurance, thereby increasing the likelihood of successful delivery of the SBCD aligned to the regional ambitions
- Detail the key roles and responsibilities of groups and individuals associated with the SBCD with respect to programme management
- Signpost to additional resource, support and training
- Provide standard definitions and language to underpin the risk management process
- Implement an approach that follows best practice

The Programme risk management approach is based on P3M (Portfolio, Programme and Project) and HM Treasury Orange Book best practices.

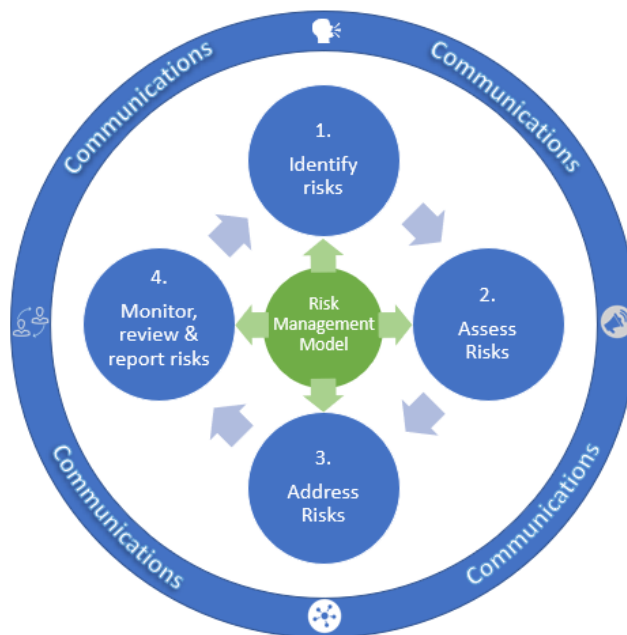


Figure 9 HM Treasury Orange Book Best Practice model

The Programme currently has a risk register (Appendix F) and regularly reports on prioritised risks through the PoMO in order to inform the Portfolio Stakeholders of pertinent risks. The risk register is sub-divided into the themes of development, implementation, operational and financial. Each risk provides details of the description, owner, consequence and a review update, accompanied by a scoring based on probability and impact for each risk. The

identification and assessment of risks in the risk register are aligned to the UK and Welsh Government Guidance, where 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 portfolio and may be shared between the public and private sectors
External	External systemic risks affect all society and are unpredictable and random in nature

Business-related risks that can affect the scope, time and cost at portfolio level are summarised as follows:

- Displacement as a result of competing with other regions across Wales
- Lack of funding from Welsh and UK Governments
- Lack of inward investment from private sector
- Lack of quality human capital within the region
- Political conflict at Regional, UK and Welsh Government levels

Service-related risks will be managed by each of the City Deal programmes and projects, who will maintain, manage and monitor their own risk registers in line with guidance from the Green Book and the PoMO governance arrangements. Any significant risks that may affect portfolio deliverables will be escalated to the PoMO and reported and managed via the regional governance structure.

External Risks: Although not within the control of the programme, external risks are significant to delivery and are therefore monitored accordingly. Key business risks captured in a programme risk register are:

- Length of time for the approval of the business case
- Failure to increase the number of skilled individuals
- Lead in times in the development of new skills offer in the region.

The Programme Risk Register is considered by the PoMO for escalation to Programme (Portfolio) Board and Joint Committee on a quarterly basis. This document is also available for review by Joint Scrutiny Committee.

The Programme Risk Register is an important tool and will form part of the Skills and Talent Risk Management Strategy and helps the Programme board and PoMO document risks, track risks and address them through preventative controls and corrective measures.

The Programme board will also establish an issues log in order to facilitate the management of issues at the appropriate time. The Issues Log will be updated quarterly and reported on by exception through the Governance structure via the Quarterly Monitoring Report.

6.8 Communication Plan

All communications relating to the Skills and Talent programme will be managed through Carmarthenshire County Council media team working alongside the PR departments of the four Local Authorities and the SBCD Portfolio office.

6.9 Contingency

The City Deal's Joint Committee Agreement outlines contingency arrangements for several scenarios. The scenarios identified include the withdrawal of a programme / project from the City Deal portfolio, the change of a project local authority lead, and the withdrawal of a partner from the City Deal portfolio. All these scenarios and contingency arrangements will be managed via the portfolio and programme / project risk registers and issue logs and reported accordingly. Risk management is not the same as contingency planning. Risk management is about identifying, assessing, avoiding, mitigating, transferring, sharing and accepting risk; while a contingency plan is about developing steps to take when an actual issue occurs.

The RLSP Programme Board will establish contingency plans to develop steps to take when an issue occurs.

When a Risk has undergone all mitigation and the situation becomes certain, the occurrence becomes an issue. The Programme Board will advise the PoMO as soon as reasonably practicable and adopts the following process to ensure the issue is managed appropriately.

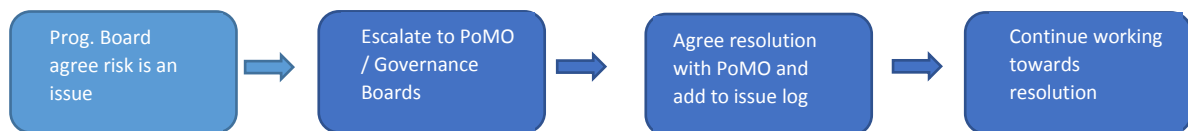


Figure 8 Moving a Risk to an Issue

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

The Programme office will work with the PoMO to ensure that contingency arrangements are considered and in place at a programme and project level to manage potential scenarios in the development, delivery and operational phases of the individual schemes.

6.10 Post Funding/Continuation Strategy

The City Deal funding will facilitate the identification of projects to identify the skills gaps and the development of new skills within the region. The development of a new framework of skills to meet industry needs will be funded through pilot development from the City Deal and future delivery would be adopted through the Welsh Government Skills funding programme.

It is anticipated that the RLSP will demonstrate ongoing commitment to the training schemes developed through the City Deal Skills and Talent programme by working with Welsh Government Skills and Training to include all new frameworks developed as part of the programme within mainstream delivery in FE colleges and work- based learning apprenticeships in future.

Glossary of Terms

RLSP	Regional Learning and Skills Partnership
CDP	City Deal Portfolio
FE	Further Education
HE	Higher Education
DCMS	Department of Culture Media and Sport
SBCD	Swansea Bay City Deal
CPD	Continuous Professional Development
CDPO	City Deal Portfolio Office
PM	Programme Management
PoMO	Portfolio Management Office
M & E	Monitoring and Evaluation



Agenda Item 9



Swansea Bay City Region Joint Committee - 29 July 2021

Swansea Bay City Deal Change Request – Innovation Matrix

Purpose:	To inform Joint Committee of the change request relating to Swansea City & Waterfront Digital District - Innovation Matrix
Policy Framework:	Swansea Bay City Deal
Consultation:	Programme (Portfolio Board) Joint Committee UKG / WG
Recommendation:	It is recommended that the Joint Committee:- (1) approve the change request to reprofile City Deal funding in order to deliver the Swansea City & Waterfront Digital District - Innovation Matrix Project, subject to UKG/WG approving the request and the amended project
Report Author:	Geraint Flowers
Finance Officer:	Chris Moore, Section 151 Officer, SBCD
Legal Officer	Tracey Meredith, Monitoring Officer, SBCD

1. Introduction

Box Village has become the new Innovation Matrix, a higher quality, slightly larger space that will allow for greater flexibility and use from tenants.

Private Sector funding was contractually secured and would have delivered sufficient private sector investment to satisfy the requirements of the scheme. However, the private sector partner has not been forthcoming and as a result, the University will be forced to deliver the project without a private sector partner. This will effectively pass the £1.9m of private sector investment on to Innovation Precinct, which will not be delivered for c. 3 years.

As a result of these two points and with VAT implications as the University will be delivering the project directly, Innovation Matrix will have an anticipated funding gap of £5.716m. To rectify this, the University proposes to reallocate £5.716m of existing City Deal Funding from the Innovation Precinct project enable the commencement of the Innovation Matrix.

To note this change request is not a request for additional funding

2. Financial Implications

Financial implications exist within the amendment to the allocation profile. There is no change to the overall project costs or investment.

Implications exist in the achievement of the private sector investment component as the previous commitment has now been withdrawn and the change request allocates the full investment allocation to the Innovation Precinct element of the project.

Whilst there is allocation amendment to the City Deal grant between the project elements this has no effect over all to the total grant award. The deliverables associated with the grant are still expected to be achieved or bettered.

Risks associated with the project and its amendments will be managed through the projects risk register with mitigating actions included.

3. Legal implications

There are no legal implications.

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

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

Background Papers: None

Appendices:

- A:** Change Management Summary
- B:** Innovation Matrix Change Identification Supporting Information
- C:** Impacts of Non Approval
- D:** Innovation Matrix Project Update
- E:** Innovation Precinct Project Update



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Swansea Bay City Deal

Digital District Project Change Request Summary

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Overview

- Box Village has now become the new 'Innovation Matrix', a significantly higher quality space that will allow for greater flexibility and use for tenants in line with the University strategy to co-locate key commercial partners and research centres within a new purpose built facility. The synergies between the partners will drive a new wave of innovation and growth.
- The University secured a private sector partner to deliver a minimum of £1.9m of private sector investment for Innovation Matrix as part of a wider agreement on strategic funding package for the SA1 area. The funding is contractually secured. However there are currently some challenges in ensuring that the private sector partner are delivering on their commitment and as a result there is likely to be a significant delay in the funding reaching the University, which means that an alternative model needs to be enabled which will allow the Innovation Matrix to proceed on the planned timescales. The University has assessed the anticipated delay as between 3 to 5 years to resolve commercial opportunities with the existing private sector partner. The University believes that the most effective risk mitigation strategy is to defer the planned £1.9m of private sector investment to the Innovation Precinct project, which will not be delivered for c. 3 years to allow time for the private sector funding issue to be resolved.
- As a result of these two points and with VAT implications as the University will be delivering the project directly, Innovation Matrix will have an anticipated funding gap of £5.716m.
- To rectify this, the University proposes to reallocate £5.716m of City Deal Funding from the Innovation Precinct project to the new Innovation Matrix.

This change request is not a request for additional funding. It is a reallocation of funding between the two schemes, and the total level of funding from all sources (as well as the total cost of the programme as a whole) will remain the same. All economic benefits originally outlined in the business case will at least be achieved or more likely improved upon.

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Reallocation of Funding

2016 Profile

Project	Original Box Village and Digital Literacy Facility	Innovation Precinct	Total
City Deal Funding	£2,351,512.00	£11,094,768.00	£13,446,280.00
Private Funding	£1,900,000.00	£7,000,000.00	£8,900,000.00
University Funding	£5,164,410.00	£3,145,867.00	£8,310,277.00
Total	£9,415,922.00	£21,240,635.00	£30,656,557.00

2021 Profile

Project	Innovation Matrix and Digital Literacy Facility	Innovation Precinct	Total
City Deal Funding	£8,067,688.93	£5,378,591.07	£13,446,280.00
Private Funding	£-	£8,900,000.00	£8,900,000.00
University Funding	£5,164,410.00	£3,145,867.00	£8,310,277.00
Total	£13,232,098.93	£17,424,458.07	£30,656,557.00

Note: The University is working in conjunction with City and County of Swansea to further develop the concept of a refurbishment delivery methodology for Innovation Precinct, which will reduce the amount of required funding sufficiently to satisfy the change in total cost above. The University is also currently undertaking an exercise with Carter Jonas to establish the viability of securing £8.9m of private sector investment for Innovation Precinct. This will effectively de-risk private sector investment for the scheme and will allow the University to provide greater reassurance for the delivery of private sector funding overall.

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Risks of Non-Approval of Recommended Change

The University has assessed the anticipated delay as between 3 to 5 years to resolve commercial opportunities with the existing private sector partner.

This would result in the following impacts to key project metrics:

Measure	1 Year Delay	2 Year Delay	3 Year Delay	5 Year Delay
Operational GVA	-£7.908m	-£15.816m	-£23.724m	-£39.540m
Project Cost*	£13.894m	£14.588m	£15.318m	£16.888m
Total Impact	-£8.570m	-£17.172m	-£25.810m	-£43.196m

* Inflation only, BCIS 5 Year Forecast

Additional impacts would also include:

- Delay of job creation and 15yr target, knock on effects to wider GVA Delay and/or reduction in growth of SMEs in the region
- Inability to contribute to policy objectives, such as COVID recovery

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Innovation Precinct

Note: The changes to Innovation Precinct will be formally addressed in the upcoming Innovation Precinct Change Request. As a result, the information below is for information purposes in the context of Innovation Matrix.

- The changes to the Innovation Matrix and wider developments since the original Business Case will necessitate a change to the delivery strategy for the Innovation Precinct. The University's revised approach will satisfy both the requirements of changes to funding and the ongoing commitment to achieving the benefits and targets for the scheme.
- The University is progressing in partnership with City and County of Swansea to identify a c. 6,000m² building in Swansea City Centre, which will then be procured and refurbished, becoming a revised Innovation Precinct. By doing so, the University will be able to fulfil all of its benefits and targets and will deliver enhanced value for money.
- To ensure that Innovation Precinct in this new form will be able to satisfy the increased requirement for £1.9m of private sector investment, the University has commissioned Carter Jonas to study the viability of private sector funding. Whilst the finalised report is awaited, early indications are this level of additional funding is achievable. In addition to its existing funding commitment of £3.15M, the University will also consider providing an appropriate level of rental underwrite to secure the additional private sector investment if required.
- The University is fully committed to realising the Innovation Precinct project and will ensure that all benefits and targets are achieved as previously agreed. Whilst at this stage it is too early to begin detailed design etc., the University will ensure that the project is fully resourced and will ensure that all appropriate Gateway Reviews are conducted.

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SBCD Digital District Programme Change Notice

Box Village (now renamed Innovation Matrix) and Digital Literacy Facility, and Innovation Precinct (UWTSD Projects)

Executive Summary

- Box Village has become the new Innovation Matrix, a higher quality, slightly larger space that will allow for greater flexibility and use from tenants.
- The University secured a private sector partner to deliver a minimum of £1.9m of private sector investment for Box Village as part of a wider funding agreement with the University. The funding was contractually secured and would have delivered sufficient private sector investment to satisfy the requirements of the scheme. However, there is a significant risk that the funding will not be realised within the current projected timeline for the project and will thus have to be deferred. As a result, the University will need to consider alternative delivery models until private sector funding can be confirmed. This will effectively defer the £1.9m of private sector investment on to Innovation Precinct, which will not be delivered for c. 3 years.
- As a result of these two points and with VAT implications as the University will be delivering the project directly, Innovation Matrix will have an anticipated funding gap of £5.716m.
- To rectify this, the University proposes to reallocate £5.716m of existing City Deal Funding from the Innovation Precinct project enable the commencement of the Innovation Matrix.
- **This change request is not a request for additional funding. It is a reallocation of funding between the two schemes, and the total level of funding from all sources (as well as the total cost of the programme as a whole) will remain the same.**
- **All economic benefits originally outlined in the business case will at least be achieved or more likely improved upon.**
- The University is confident that any residual additional private sector investment required to deliver the Innovation Precinct project is achievable. The University is currently in discussions with Swansea Council about relocating Innovation Precinct to a new location in a future phase of the planned the City Centre re-development initiative. This will, significantly enhance the attractiveness of the project to private sector investors and partners. The University has commissioned property advisors, Carter Jonas, to provide an opinion to confirm that, based on similar private investment transactions within Swansea City Centre, it would be reasonable to anticipate that the increased private investment of £8.9M could be secured to deliver the Innovation Precinct in line with the proposed revision of business case funding requirements

- A summary of the change requested is shown below:

2016 Project Cost and Funding Allocations

Project	Original Box Village and Digital Literacy Facility	Innovation Precinct	Total
City Deal Funding	£2,351,512.00	£11,094,768.00	£13,446,280.00
Private Funding	£1,900,000.00	£7,000,000.00	£8,900,000.00
University Funding	£5,164,410.00	£3,145,867.00	£8,310,277.00
Total	£9,415,922.00	£21,240,635.00	£30,656,557.00

2021 Proposed Revised Project Cost and Funding Allocations

Project	Innovation Matrix and Digital Literacy Facility	Innovation Precinct	Total
City Deal Funding	£8,067,688.93	£5,378,591.07	£13,446,280.00
Private Funding	£-	£8,900,000.00	£8,900,000.00
University Funding	£5,164,410.00	£3,145,867.00	£8,310,277.00
Total	£13,232,098.93	£17,424,458.07	£30,656,557.00

Detailed Description of Rationale

1. The original Digital District Business Case submission to the City Deal in 2016 comprised Swansea Council's Digital Village and Digital Arena projects and two projects to be undertaken by the University –Box Village and Innovation Precinct. Box Village was to be completed first with the Innovation Precinct following on approximately 3 years later.
2. The costs and respective contributions to these projects were as follows,

Project	Box Village and Digital Literacy Facility	Innovation Precinct	Total
City Deal Funding	£ 2,351,512.00	£ 11,094,768.00	£ 13,446,280.00
Private Sector Funding	£ 1,900,000.00	£ 7,000,000.00	£ 8,900,000.00
University Funding	£ 5,164,410.00	£ 3,145,867.00	£ 8,310,277.00
Total	£ 9,415,922.00	£ 21,240,635.00	£ 30,656,557.00

The £9.4M Box Village project comprised both a £4.05M Digital Literary Facility and a £5.4M innovation, co-working 'shipping container' office facility. The Digital Literacy Facility has been completed and is now fully operational, 100% funded by the University.

3. Given the passage of time since the original Business Case submission, the University no longer felt that a 'shipping container' office would provide an acceptable solution today and is now proposing to deliver a highly flexible modular building which it has renamed the Innovation Matrix. This is not to be confused with the Innovation Precinct project which remains as originally proposed.
4. This change was agreed within the University and the rationale was confirmed by the design team that has worked on the Innovation Matrix Proposal. It is anticipated that the move from shipping containers to a modular building would more than triple the useable life of the facility and would create a higher quality and more desirable environment for prospective tenants. In addition, these changes would also result in a building that will be more durable, reducing ongoing maintenance requirements when compared to the original design. The change to Innovation Matrix would involve some additional construction cost (please see point 8 and 9 below). The design statement to support this from the principal architects (Stride Treglown) is attached as appendix 1.
5. The University believes the rationale for the revised Innovation Matrix project is strong and current economic challenges only further reinforce its importance in delivering the City Deal's objectives and the University's own current and future mission. The University is about to submit a planning application for the Innovation Matrix, with construction programmed to commence in 2021. However, the project must now address two factors in its delivery.
6. Firstly, the project business case was structured on securing a minimum of £1.9M of private sector funding. In 2018 the University entered into a conditional agreement whereby a private sector partner would invest at least £1.9m of funding for private sector capital investment for the project. This funding would have been used to partly pay for the construction of Box Village.. Whilst the University continues to seek new private partners it considers it to be highly unlikely that substantial private funding could be secured in the required timeline. At best this would create significant delay. To ensure Innovation Matrix can proceed as planned, the University is proposing to directly deliver the building itself. However, this means the University will need to find a replacement for the £1.9M of private funding alongside other financial implications, summarised in point 9 of this document.
7. Secondly, the outturn construction cost of the original Box Village scheme (and thus Innovation Matrix) has significantly increased from the original 2016 figures. There are two main reasons for this which are listed below:

- a. The increase in construction costs in the intervening period (2016 – 2021) indicate an increase in construction cost of approximately 14.1% ¹
- b. As the University is not able to deliver the scheme through a private sector partner, it is likely (and at this stage has to be assumed) that the University will not be able to reclaim associated VAT spend on the project.

When these factors are combined, it becomes apparent that Box Village could not be delivered in today's market for the same cost as the original financial requirements in the 2016 Business Case. When combined, the out-turn cost for the Box Village project in 2021 would be £7.103m as shown below:

Year	2016	2021	
Project	Box Village (without Digital Literacy Facility)	Box Village 'Equivalent Cost Today'	Change
Construction Cost	£4,705,922.00	£5,369,457.00	£663,535.00
VAT	Assumed fully recoverable	£1,073,891.40	£1,073,891.40
Net Total	£4,705,922.00	£6,443,348.40	£1,737,426.40
Land Cost	£660,000.00	£660,000.00	-
Grand Total	£5,365,922.00	£7,103,348.40	£1,737,426.40

8. To accommodate these cost increases and to deliver a slightly larger facility than before (+600 sq. m) in Innovation Matrix, would result in increased construction costs of c. £2.4M with a VAT requirement of £1.42m (please see the table in Point 9) for a total of £3.82m. When the outturn cost of delivering the old Box Village today is taken into account (table in Point 7), this means that to deliver the increased floorspace and to make the change to a more sustainable, higher quality and modular building design (as per Point 4) would require an additional £1.732m of construction costs which the University feels is fully justified when taken against the additional benefit that Innovation Matrix would deliver over Box Village. As the University would be delivering Innovation Matrix by itself (and not through a private sector partner), we must assume at this stage that no VAT would be recoverable as a worst-case scenario.
9. In summary, the total impact on cost of these reasons is shown below:
 - a. **Increase in construction cost uplift since 2016 - £ 663,535.00**
 - b. **Comparison between Box Village and Innovation Matrix - £1,732,292.11**
 - c. **New VAT Implications - £1,420,349.82**

Summary of construction cost increases for the Innovation Matrix compared with the original 2016 Box Village,

1

<https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/datasets/interimconstructionoutputpriceindices>

Year	2016	2021	2021	
Project	Box Village (without Digital Literacy Facility)	Box Village 'Equivalent Cost Today'	Innovation Matrix	Change (between 2016 and Innovation Matrix)
Construction Cost	£4,705,922.00	£5,369,457.00	£7,101,749.11	£2,395,827.11
VAT	Assumed fully recoverable	£1,073,891.40	£1,420,349.82	£1,420,349.82
Net Total	£4,705,922.00	£6,443,348.40	£8,522,098.93	£3,816,176.93
Inc. Land Cost	£5,365,922.00	£7,103,348.40	£9,182,098.93	£3,816,176.93

10. However, the amount of funding allocated for the project has not changed since the project's original submission in 2016. Therefore, in order to meet the increased construction (and VAT) costs (£3,816,176.93 from the above) and replace the £1.9M of private funding, a reprofile of £5,716,176.93 will be needed. The University is requesting that this funding is advanced into the Innovation Matrix from the £11.1M of City Deal funding currently contained within the Innovation Precinct project. This would enable the project to proceed as now envisaged and meet the current timescale.
11. This would result in revised funding allocations for Innovation Matrix and Innovation Precinct as set out below, compared with the original 2016, as follows,

2016 Project Cost and Funding Allocations

Project	Original Box Village and Digital Literacy Facility	Innovation Precinct	Total
City Deal Funding	£2,351,512.00	£11,094,768.00	£13,446,280.00
Private Funding	£1,900,000.00	£7,000,000.00	£8,900,000.00
University Funding	£5,164,410.00	£3,145,867.00	£8,310,277.00
Total	£9,415,922.00	£21,240,635.00	£30,656,557.00

2021 Proposed Revised Project Cost and Funding Allocations

Project	Innovation Matrix and Digital Literacy Facility	Innovation Precinct	Total
City Deal Funding	£8,067,688.93	£5,378,591.07	£13,446,280.00
Private Funding	£-	£8,900,000.00	£8,900,000.00
University Funding	£5,164,410.00	£3,145,867.00	£8,310,277.00
Total	£13,232,098.93	£17,424,458.07	£30,656,557.00

12. As can be seen from the above table, total project costs across the two projects would remain exactly the same, as would the total City Deal, University and private sector funding inputs. The only consequences of the requested change are that a greater proportion of overall City Deal funding would be transferred to the Innovation Matrix and the entire private funding input would be secured by the Innovation Precinct. If

the proposed change is acceptable to the City Deal, it would enable the Innovation Matrix to still proceed within the current timetable, which the University believes is extremely important (please see Point 13).

- 13.** The University has worked extensively to establish alternative delivery methods to the proposal outlined in this change request notice. As a result of the risk to private sector funding, along with the University's spend on existing commitments like the Digital Literacy Facility, the University has currently been unable to establish any other viable alternatives and believes firmly that this remains the only option. Should this change not be agreed, then the project would have to be held up until the University is able to secure another Private Sector Investor (which would likely be forced to wait until the resolution of the University's existing Private Sector Partner). Whilst it is unknown how long this process could take, the University would estimate that this would delay the start of the project by at least 3 years. The University firmly believes that there is a time criticality that necessitates Innovation Matrix moving forward as soon as practicable. From expert advice, the University understands that there is a very real possibility of sharp increases in construction costs over the following years of potentially 16%², which could risk the financial viability of the scheme. In addition, as construction costs increase it is unlikely that the project would be able to achieve the same level of benefits on a pound-per-pound basis, and as with any delay, would potentially lose three years of benefits if the project is forced to be pushed back. However, should this change be agreed, the University is very confident that the project would be deliverable.
- 14.** Swansea Council (as the lead authority in the Digital District Business Case) have been consulted extensively as part of the Digital District Governance Arrangements (found in the Digital District Business Case) and are in agreement with both the necessity and the methodology of the change contained in this document. To fulfil governance requirements, the University has formally written to the Council to detail this change. Swansea Council are fully supportive of the new Innovation Matrix and the University is in regular discussion with the Council to ensure that synergies and joint opportunities are maximised between the projects within the Digital District programme.
- 15.** With regard to the Innovation Precinct, the University is currently in discussion with the City and County of Swansea about potentially changing the location to the town centre. This would provide greater impetus to the Council's town centre regeneration strategy and also support Welsh Government's Town Centre First Policy. With the Innovation Precinct scheduled to begin in 2023, the University will continue to work with the Council and will in due time begin design on the Innovation Precinct and it should be noted that the University is dependent on Swansea Council for this to be delivered. As a result, the potential changes to Innovation Precinct would be the subject of a separate change request at a timely point in the future.

² <https://www.theconstructionindex.co.uk/news/view/developers-urged-to-start-now-to-beat-build-inflation>

- 16.** However, in the context of this change request, the University transferring Innovation Precinct to a prime town centre location could be expected to increase the value and level of demand for the facility, thereby significantly enhancing the potential for private funding. Originally within the project Business Case, the Innovation Precinct was to be developed within the University's SA1 estate and commence c.2/3 years after the Innovation Matrix. Following recent discussions with Swansea Council, the University intends to relocate this project to Swansea City Centre. This locational change has been strongly welcomed by the City Council as it will both enhance the City Centre regeneration programme and is likely to generate greater economic and community benefits than in the original location. The move to a refurbishment scheme will also significantly decreasing the cost of Innovation Precinct to absorb the reduction from c. £21.2m to £17.4m outlined in Point 11 above. This will ensure that there is no overall increase in cost within the programme as a whole. Whilst it is in reality too early at this stage to comment on specifics in terms of private sector funding for Innovation Precinct, the University is putting in place a robust and effective private sector engagement plan. In order to deliver the Innovation Precinct under the new proposals, private funding of just over 50% of the total cost would be required. The University has commissioned property advisors, Carter Jonas, to advise on the viability of raising private sector finance for the Innovation Precinct. Whilst we are awaiting the formal outcome of this report, early reports strongly indicate that this level of financial investment is both achievable and attractive to the private sector.
- 17.** The University has commissioned an independent report by CPC Project Management to assess the ability of the new Innovation Matrix to deliver the outcomes originally expected of Box Village. This in-depth report covered metrics for all the original benefits and targets for Box Village, and arrived at the following conclusions:
- a) Comparing the estimated benefits for Innovation Matrix with those extrapolated for the original Box Village scheme confirms that the new scheme delivers an increased level of benefits.
 - b) Total new additional effects related to construction have increased from £2m (cost based) to £6.2m, while operational net additional benefits have increased from £5.8m (cost based) to £7.9m.

Innovation Matrix Impact of Non-Approval

Box Village and Innovation Matrix

Box Village has now become the new 'Innovation Matrix', a significantly higher quality space that will allow for greater flexibility and use for tenants in line with the University strategy to co-locate key commercial partners and research centres within a new purpose built facility. The synergies between the partners will drive a new wave of innovation and growth.

The University secured a private sector partner to deliver a minimum of £1.9m of private sector investment for Innovation Matrix as part of a wider agreement on strategic funding package for the SA1 area. The funding is contractually secured. However there are currently some challenges in ensuring that the private sector partner are delivering on their commitment and as a result there is likely to be a significant delay in the funding reaching the University, which means that an alternative model needs to be enabled which will allow the Innovation Matrix to proceed on the planned timescales. The University has assessed the anticipated delay as between 3 to 5 years to resolve commercial opportunities with the existing private sector partner. The University believes that the most effective risk mitigation strategy is to defer the planned £1.9m of private sector investment to the Innovation Precinct project, which will not be delivered for c. 3 years to allow time for the private sector funding issue to be resolved.

Quantifiable Impacts

Given that the SBCD has a 15 year appraisal period, the impact of non-approval can be demonstrated through the loss of GVA for every year of delay to the project. In addition, the project would also suffer from increasing construction costs which can be measured against the BCIS funding forecast.

It should be noted that as the other benefits (including jobs created) would have already maximised within the 15 year appraisal period, under the conditions of the scenarios above, these benefits would still be delivered under the maximum five year delay.

From this, the University has calculated the estimated GVA and increase in project costs in the table below:

Measure	1 Year Delay	2 Year Delay	3 Year Delay	5 Year Delay
Operational GVA	-£7.908m	-£15.816m	-£23.724m	-£39.540m
Project Cost*	£13.894m	£14.588m	£15.318m	£16.888m
Total Impact	-£8.570m	-£17.172m	-£25.810m	-£43.196m

*Inflation only, BCIS 5 Year Forecast

Qualitative Impacts

In addition to the above, the University has identified several (non-exhaustive) qualitative impacts that any delay would have for the project:

- Reduction in growth of SMEs in the area
- Potential knock-on effects to wider tertiary job creation
- Failure to provide further opportunities for growth in Swansea
- Inability to deliver on COVID recovery policy objectives
- Inability to deliver on wider innovation strategy objectives
- Reputational loss to University/SBCD
- Loss of tenants already in engagement
- Impact on deliverability of Innovation Precinct
- Impacts on overall objectives of the Digital District programme
- Potential failure of deliverability of Innovation Matrix

Summary

Non-approval of the Change Request would certainly create severe impacts for both the deliverability and benefits of the Innovation Matrix project. Given the nature of cost increases in the construction industry currently, the University is expecting project costs to rapidly grow for any year on year delay. Whilst these are shown above, in reality it is highly likely that these cost increases would rapidly overwhelm contingency and available funding making the project unaffordable and thus undeliverable. Should the change request not be approved, it is highly likely that the timeline for Innovation Precinct will also move back by c. 3 – 5 years.

In combination with these increased costs, the significant impacts to overall project GVA would result in a substantial drop in BCR for the scheme which would have knock-on effects to the overall BCR for the Swansea Bay City Deal as a whole. In combination with the qualitative impacts shown above, it becomes clear that any delay to the Innovation Matrix would significantly affect the deliverability and benefits delivered by the scheme.

Innovation Matrix Project Update

Status Update

The Innovation Matrix Project seeks to develop a c. 3,200m² highly flexible and modular facility in the University's existing Swansea SA1 development. This project is intended to replace the original Box Village project within the University's Swansea Bay City Deal (SBCD) Digital District Programme and is currently the subject of a Change Request to the SBCD by the University.

At present, the University has undertaken design and costing work on the new Innovation Matrix using principal architects Stride Treglown with key costing information provided by Kier. The design itself has been informed by industry needs and is of significantly higher quality and has a much longer design life when compared to the original Box Village concept. In terms of design status, the University considers the project to be nearing completion of RIBA Stage 3, with spatial coordination and costing practically complete. The University has engaged with City and County of Swansea to agree planning and is confident that this will be received by the end of Q3 2021.

The University has undertaken a private sector funding procurement exercise and engaged a private sector funder to fund the original private sector funding component of the project. This funding has been contractually agreed between the University and the private sector funder but due to factors outside of the University's control, there is a significant risk that the funding will not be realised within the current projected timeline for the project. This has triggered the need for the formal Change Request Process that is currently underway with SBCD and full details of the reasons and requirements of this change can be found in the relevant Change Request documentation. It should be noted that the lead organisation for the Digital District programme is City and County of Swansea. Under the project governance arrangements outlined in the original business case submission to SBCD, the University has discussed and formally notified City and County of Swansea of this proposed change, with the full support of Swansea Council.

Currently, the project is awaiting formal acceptance of the Change Request by SBCD and other relevant organisations. The request was formally put to the SBCD Programme Board on 29th June 2021, with the recommendation that it be sent to the next SBCD Joint Committee Meeting. It was also recommended that SBCD engage with both Welsh and UK Government to ascertain any approval requirements going forward. This process is currently being undertaken.

Should the Change Request be approved, the University is committed to beginning work on the Innovation Matrix project as soon as practicably possible and will work with City and County of Swansea to formalise an appropriate funding agreement to facilitate the scheme.

NOTE: To avoid potential confusion between the original Box Village proposal and the new Innovation Matrix proposal, the information that follows in this document will concern the Innovation Matrix and all relevant statuses are associated with the current status of Innovation Matrix only.

Project Finances Status

The Innovation Matrix has a total project cost of **£13,232,099** delivered across an approximately 2 year design and construction period. A breakdown of funding sources is shown below:

Funding Source	Innovation Matrix and Digital Literacy Facility	Status
City Deal Funding	£8,067,688.93	Awaiting Approval of Change Request
Private Funding	£-	-
University Funding	£5,164,410.00	Confirmed by UWTSD and partially delivered (see below)
Total	£13,232,098.93	-

At present, the University is awaiting the outcome of the Change Request submitted to Swansea Bay City Deal to fulfil the requirements of City Deal Funding shown above. Of the University's required contribution of **£5,164,410**, the £4,050,000 of funding for the Digital Literacy Facility has been delivered.

Delivery Confidence Status

The University is committed to the delivery of Innovation Matrix and is fully confident that the Innovation Matrix is deliverable in its current form. The design of the building is non-contentious and the professional team has worked extensively on feasibility to ensure that the construction process will be successfully undertaken.

In terms of IAAP and Gateway process, both the SBCD and University consider the Innovation Matrix project to be at Gateway 3 – Investment Decision and will be undertaking a formal Gateway Review process on completion of the Change Request. As the project and associated approved business case itself predates the IAAP process being implemented into SBCD, it should be noted that this will be the first formal Gateway Review and the University will work extensively with both SBCD and other key stakeholders to ensure approval is granted as soon as possible.

At present, the only element that the University considers to be at risk is the Change Request itself, as non-approval would almost certainly render the project undeliverable in terms of the current timeline. However, the University is working extensively with SBCD and other relevant organisations to assist in the process and is fully confident that should the required change be approved, Innovation Matrix will be delivered without issue.

Main Risks and Mitigations

Risk	Description	Mitigation
1) Delay/Failure to agree Change Request	<i>The University and SBCD fail to agree (or there is a substantial delay) the Change Request, severely affecting the delivery of the project.</i>	<i>The University is working extensively with SBCD and other relevant organisations to manage the Change Control process and will continue to work to satisfy all requirements to secure approval of the Change Request.</i>
2) Rise in Construction Cost	<i>Construction costs are predicted to rise extensively over the next five years. This could impact the project and force either a redesign or reduction in benefits.</i>	<i>This risk is linked to Risk 1 above and will be mitigated similarly. In addition, the University is working extensively with its professional team to refine costs and will continue to monitor and mitigate any cost increases accordingly.</i>

3) Issues with Planning Approval	<i>The University fail to gain planning approval in time to allow the project to commence/major redesign and increased cost is needed.</i>	<i>The University is already in the planning process and has engaged extensively with Swansea Council planners to agree approval for the scheme. No major issues have been highlighted for the scheme, and the University will continue to develop the planning process with sufficient resource.</i>
4) Skills/Resource Issue in Operation	<i>Lack of resource or lack of available skills to ensure that the operational stage of the project is conducted effectively, delivering the required benefits.</i>	<i>The University has already delivered and is very successfully operating the Egin Phase 1 project and will use the experience gained from this to inform resource and skill requirements for Innovation Matrix. The University is committed to ensuring that sufficient resource is available to manage the facility.</i>

Issue	Description	Actions
1) Deferment of Private Sector Investment	<i>The original Private Sector Investment was contractually agreed, however it is now very unlikely that the University will receive this investment. This has made the project unaffordable.</i>	<ul style="list-style-type: none"> • <i>The University has undertaken an assessment of options and has concluded that a reprofile of SBCD funding would allow the project to proceed with minimum impact. Private Sector Investment would be recovered by the Innovation Precinct.</i> • <i>The University is currently engaged in a Change Request to approve this change and has reprofiled Innovation Precinct accordingly.</i>
2) Successful approval of Change Request	<i>The Innovation Precinct will be undertaking its own Change Request Process to develop the new delivery model</i>	<ul style="list-style-type: none"> • <i>The University is working extensively to ensure that sufficient information etc. is available for the approval of the above Change Request, and will proactively engage with both SBCD and other relevant organisations to maximise the chance of approval.</i>

Status of Benefits/Outcomes

The original Digital District Business Case (and associated Benefits Register) outlines the agreed benefits for both the original Box Village and Innovation Precinct projects as a whole, and the University is fully committed to delivering on these outcomes through the Innovation Matrix project.

Due to the enhanced nature of the Innovation Matrix when compared to Box Village, the University commissioned an Economic Impacts Assessment through CPC Project Management to identify the potential for benefits realisation for the new scheme. This report highlighted that the Innovation Matrix will exceed the original benefits expected to be created by the Box Village proposal, and will have a greater impact on the overall benefits for the Innovation Matrix and Innovation Precinct programme than before. The full report is available on request, but some highlights are shown below:

- Comparing the estimated benefits for Innovation Matrix with those extrapolated for the original Box Village scheme confirms that the new scheme delivers an increased level of benefits.

- b) Total new additional effects related to construction have increased from £2m (cost based) to £6.2m, while operational net additional benefits have increased from £5.8m (cost based) to £7.9m.

The University is fully confident in the ability of the scheme to provide these benefits and is putting in place an extensive and comprehensive benefits realisation plan to accompany the delivery of Innovation Matrix. The University is fully committed to achieving the benefits for the project.

Funding Agreement Status

As the programme lead for the Digital District is City and County of Swansea, in terms of governance and process it will be the University who agrees the sub-funding agreement for the project with City and County of Swansea, who in turn will agree the funding agreement between themselves and Carmarthenshire Council as Accountable Body to Lead Authority respectively. This also means that all benefits and targets to be delivered by Innovation Matrix and Innovation Precinct are now confirmed as part of the overall Swansea Digital District Programme.

The University's sub-funding agreement is currently in development but as the content will be materially affected by the current Change Request, the University has agreed with City and County of Swansea that this will be agreed once the Change Request has been successfully approved by SBCD. Once this has been agreed and the project is formally approved, the sub-funding agreement can be agreed by both parties and the project can formally start. The funding agreement between SBCD and City and County of Swansea has been agreed and is in place ready for the project to commence.

Status Summary

In summary, the University is fully confident in its ability to deliver both the Innovation Matrix project and the benefits and outcomes expected of the scheme provided the Change Request for Innovation Matrix is successfully completed.

- The project is currently at RIBA 3 and planning is expected to be approved shortly. The scheme is being delivered on land owned by the University and with the University's extensive experience of both project management and construction projects there is no expectation of any delay or issue with feasibility/management.
- The project is currently on hold in anticipation of a decision on the Change Request currently in process with SBCD and Welsh and UK Governments. It is expected that this Change Request will be fully approved by 2nd August 2021, which will then allow the funding agreement process to start.
- At present, the main risk associated with delivery is the Change Request process, but the University is confident that both the logic and information required for this process to be successful is available and will work extensively with all approval bodies to ensure the project can commence as planned.

Innovation Precinct Project Status

Status Update

The Innovation Precinct is the second project due to be delivered by University of Wales Trinity Saint David (UWTSD) as part of its involvement in the Swansea Bay City Deal (SBCD) Digital District Programme. Formally, the Digital District Programme is being delivered by City and County of Swansea with the University working in partnership.

The project seeks to create a c. 6,000m² facility to house both medium scale enterprises and to accommodate growth requirements for the University's tenants in the Innovation Matrix scheme. As a result of this, the Innovation Precinct project was always envisioned to be starting at least three years following handover and operation of the Innovation Matrix to allow sufficient time for business development. Consequently, design work and planning etc. has not yet commenced for the scheme, to enable greater flexibility to facilitate the changing requirements of businesses in the intervening years.

In light of the Change Request as part of the Innovation Matrix project, it has become apparent that a more economically advantageous delivery model was required to achieve at least the same level of benefits and outcomes originally envisaged whilst still accommodating the reduction in available funding. In addition, wider developments since the original Business Case was created in 2016, have made clear that Innovation Precinct would better support the City Regeneration strategy by being located within the town centre as opposed to University land in the SA1 development. The University has therefore engaged proactively with City and County of Swansea to explore the option of refurbishing an existing council-owned building within Swansea City Centre. In essence, the University's intention is to acquire a suitable building and create c.6,000m² of modern office space in partnership with the Private Sector, Swansea Council and the SBCD.

Whilst this outline plan above has been received enthusiastically and is now regarded as the agreed way forward, it should be noted at this stage that the Innovation Precinct will be the subject of a subsequent Change Request following on from the Innovation Matrix Change Request and will not be dealt with in detail in the current process to which this document relates.

The University has commissioned a study by Carter Jonas on the viability and availability of Private Sector funding for the scheme to ensure that an additional £1.9m (please see Project Finances Status section below) is achievable. Whilst the finalised report is still awaited, early indications are this level of additional funding is achievable. In addition to its existing funding commitment of £3.15M, the University will also consider providing an appropriate level of rental underwrite to secure the additional private sector investment if required.

Note: As outlined in the Innovation Matrix Status Update, it should be noted that all information in this document is written on the assumption that the Change Request is approved successfully and will thus outline the status of Innovation Matrix on this basis.

Project Financial Status

The Innovation Precinct has a total project cost of **£17,424,458.07** delivered across an approximately 2 year design and construction period. A breakdown of funding sources is shown below:

Funding Source	Innovation Precinct	Status
City Deal Funding	£5,378,591.07	Awaiting Approval of Change Request
Private Funding	£8,900,000.00	Awaiting engagement
University Funding	£3,145,867.00	Confirmed by UWTSB
Total	£17,424,458.07	-

At present, the University is awaiting the outcome of the Change Request submitted to Swansea Bay City Deal regarding the Innovation Matrix to fulfil the requirements of City Deal Funding shown above. Private Sector Funding is yet to be engaged as the project will not be commencing until approximately three years following completion of Innovation Matrix, but the University has commissioned an exercise to establish the viability and availability for private funding of this scale for this project.

Delivery Confidence Status

Innovation Precinct is a critical component of the University's overall strategy in Swansea and the University is fully committed to its delivery. Once the Change Request Process has concluded, the University would be able to shortlist a suitable candidate building and expand on the limited design work that has been conducted thus far. The University is confident that delivery of the scheme will be relatively straightforward and not unduly risky.

The University has extensive experience of the delivery of capital construction and refurbishment projects and will put in place a suitable and experienced design team once identification of the preferred building is complete. A key design aspect will be simplicity and flexibility of space and the University deems it inherently less risky and complex to refurbish a structurally sound building as opposed to constructing one on an untested site.

The University has commissioned a study to establish the viability of raising private sector investment for the project. Early indications show that indeed it is achievable for the project to raise this private investment.

Although the Innovation Precinct project is part of the Digital District business case, which outlines both the strategic intent and business justification for the projects, it has not yet progressed through to design as explained above. The University believes the project is currently at Gateway 2 – Delivery Strategy and will shortly organise and conduct an appropriate Gateway Review to ensure that the project can progress.

Main Risks, Issues and Mitigations

Risk	Description	Mitigation
1) Failure of Private Sector Investment	<i>The project fails to attract sufficient private sector investment to satisfy funding requirements.</i>	<i>The University has commissioned Carter Jonas to assess private sector funding availability and will begin funding procurement as early as possible to ensure that funding is in place for the project. By moving to a more economically advantageous delivery method in Swansea City Centre, the University takes the view that this will be inherently more attractive for prospective private sector funders.</i>
2) Failure to identify suitable building for refurbishment	<i>The University fails to identify a building of suitable size and specification to refurbish for the project within Swansea City Centre.</i>	<i>The University is working extensively with City and County of Swansea to ensure that a suitable building is selected and leased in good time for the project to commence. The University is aware of significant stock in Swansea City Centre, and will manage this process as efficiently as possible.</i>
3) Issues with Planning Approval	<i>The University fail to gain planning approval in time to allow the project to commence/major redesign and increased cost is needed.</i>	<i>As a refurbishment of what is anticipated to be an office building in Swansea, planning is considered to be fairly non-contentious. However, the University will ensure adequate provision is made for the planning process, and will ensure that this is expertly resourced.</i>
4) Skills/Resource Issue in Operation	<i>Lack of resource or lack of available skills to ensure that the operational stage of the project is conducted effectively, delivering the required benefits.</i>	<i>The University has already delivered and is very successfully operating the Egin Phase 1 project and will use the experience gained from this to inform resource and skill requirements for Innovation Precinct. The University is committed to ensuring that sufficient resource is available to manage the facility.</i>

Issue	Description	Actions
1) Reliance on external Change Request Process	<i>Innovation Precinct is contingent on the Innovation Matrix Change Request being successfully approved</i>	<ul style="list-style-type: none"> <i>University is working extensively with SBCD and other relevant organisations to ensure the Change Request Process is completed successfully</i>
2) Must successfully complete Innovation Precinct Change Request Process	<i>The Innovation Precinct will be undertaking its own Change Request Process to develop the new delivery model</i>	<ul style="list-style-type: none"> <i>University has already provided key information to SBCD, and will continue to work collaboratively to ensure a smooth process for the project</i>

Status of Benefits/Outcomes

The original 2018 business case for Digital District outlined the expected benefits and outcomes for both the original Box Village (now Innovation Matrix) and Innovation Precinct combined, and full details can be found in the project benefits register.

The Innovation Precinct project is naturally not at the level of development to be directly delivering on its expected benefits and outcomes, but the University is confident that by delivering a refurbished facility rather than a new build structure (as well as locating the project within the centre of Swansea, which will be inherently more attractive to prospective tenants thus leading to better probability of benefits achievability) it will be able to absorb the decrease in available funding with no impact to the agreed benefits. The University is working with the PoMo to articulate and report benefits realisation on a quarterly basis to demonstrate performance against targets at both portfolio and project level. The University is fully committed to the delivery of the benefits outlined within the business case, which have been confirmed with the signed funding agreement between the Lead Authority and Accountable Body (please see below).

The University is firmly committed to delivering on at least all the expected outcomes of the project and will put in place a robust and comprehensive benefits realisation plan as part of the overall project development process.

Funding Agreement Status

As Innovation Precinct part of the Digital District programme under the SBCD, there will effectively be a two stage funding process in place. Firstly, City and County of Swansea (who are the Accountable Body for the Digital District programme) enter into a funding agreement with Carmarthenshire Council (as Lead Authority for the SBCD) which will then facilitate the creation of a sub-funding agreement between City and County of Swansea and the University (for project delivery). This also means that all benefits and targets to be delivered by Innovation Matrix and Innovation Precinct are now confirmed as part of the overall Swansea Digital District Programme.

At present, the funding agreement between The Accountable Body and Lead Authority has been agreed and is in place, enabling the sub-funding agreement to be signed. The sub-funding agreement between City and County of Swansea and the University is now in development and will cover both Innovation Matrix and Innovation Precinct in a single agreement. It should be noted that at this stage, the sub-funding agreement is dependent on the successful approval of the Change Request for Innovation Matrix, but this will not materially affect the delivery timescales of Innovation Precinct.

Status Summary

Whilst the Innovation Precinct is a number of years from completion and as a result has not been through stages such as detailed design, the University is confident that the project can and will be delivered in a way that satisfies all benefits and outcomes.

- The project is currently at Gateway 2 – Delivery Strategy and will work extensively to develop sufficient information for a Gateway Review with SBCD in due course

- At present, the Change Request Process for the project has not formally started. However, it is anticipated that this Change Request will be undertaken following the successful approval of the Innovation Matrix Change Request.
- Early indications of the current development appraisal work being undertaken for the project has shown that the intended increased private sector investment is achievable.

Agenda Item 10



Swansea Bay City Region Programme Joint Committee - 29 July 2021

Swansea Bay City Deal Programme/Projects Highlight Report

Purpose:	To update Joint Committee on programmes / projects progress that form part of the Swansea Bay City Deal Portfolio
Policy Framework:	Swansea Bay City Deal
Report Author:	Amanda Burns, Senior Portfolio Support Officer
Finance Officer:	Chris Moore, Section 151 Officer, SBCD
Legal Officer:	Tracey Meredith, Monitoring Officer, SBCD
FOR INFORMATION	

1. Introduction

The SBCD Highlight Report details the monthly progress made and activities planned for the SBCD Portfolio's constituent programmes and projects.

2. Financial Implications

Financial implications are outlined within the Business Cases of each programme / project. Financial risks are recorded and managed through the portfolio risk register.

3. Legal implications

There are no legal implications.

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

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

Background Papers: None

Appendices:

A: Swansea Bay City Deal Highlight Report



Bargen Ddinesig

BAE ABERTAWE
SWANSEA BAY
City Deal

Programmes / Projects Update

SBCD Joint Committee

July 2021



Business Engagement

SBCD Portfolio Office



Peter Austin
Business Engagement
Manager

Activities Completed

- Coordinated monthly and extraordinary ESB meetings with Hollie & Chris Foxall
- Coordinating ESB visit to Swansea Arena with Hollie & Swansea CC
- Facilitated Campuses Test and Challenge meeting with ESB
- Completed E&I Framework to final draft and presented to ESB
- Facilitated introductory meeting with Deb Bowen-Rees new IOD Regional Chair and Jon Burnes
- Initial meeting with Rhian Chilvers SERCO – DWP Restart scheme
- meeting Swansea University re Hydrogen and electric Charging project
- Meeting Swansea University - regional working research

- Attended Webinars:
 - Milford Haven Energy Kingdom – arrangements and trading platforms
 - Wrap Cymru - sustainable procurement
 - UKA Live – spatial data
 - Delta – NPPS
 - WET – Automation in Transport

Activities Planned/Ongoing

- Follow on meetings between WG RMT and SBCD projects
- Assisting PDM/Haven EZ with procurement event
- Developing joint work programme SBCD & Wales Co-op
- Developing Social Value evaluation proposal for SBCD
- Working with Sell2Wales to develop SBCD project page on procurement platform
- Launch revised Sell2Wales project page
- Arrange procurement workshops with S2W & project teams
- Promote Wales Start-up Awards
- Add procurement page to SBCD Website
- Developing portfolio forward plan



Risks

- Ongoing alignment of Regional Strategy development to development of E&I framework
- Lack of coordinated approach to engagement and investment across portfolio

Issues



Yr Egin - June 2021



Project Partner Lead: UWTSD



Activities Completed

- Creative Sector Demand Study formally completed
- Phase 1 - analyse the size and strength of the creative workforce and business base in the Swansea City Bay Region
 - Phase 2 – Engagement and consultation with the sector to understand their needs

Normal report will be available from w/c 25/7/2021

Project reported to ESB. Several queries to be answered – Mainly around phase 2 demand

Phase 1 funding agreement now in place.



Activities Planned

Following completion of the Egin Phase 1 project and Joint Committee approval of the Full Business Case, the University is now proceeding with the next stages of the Integrated Assurance Action Plan in accordance with the agreed timetable to deliver Egin Phase 2

Preliminary outputs from the creative sector demand study are indicating a potential change to the business case. Pending confirmation of this, a change control notification is in draft with possible implications for a revised business case

University senior internal team has mobilised and will now work on development of Egin Phase 2.



Risks

Effect of Covid-19 on the Welsh/UK/global economies and the creative sector, and the implications for future level and nature of demand for Yr Egin

Potential change to current business case due to outcomes of Creative Sector Demand study

Issues

Implications of the recently announced Welsh Government strategy to achieve much increased levels of permanent remote working post Covid-19 and to develop a network of local, community-based working hubs



Pembroke Dock Marine

Project Partner Lead: Pembroke Dock Marine Board



Tim James
Project Manager



Wave Hub



Activities Completed

Marine Licence granted under CML2057 (IP1)

First META deployment has been successfully completed
PR link scheduled w/c 19.07.21st (OP16, IP5A, IP5B)

META Selkie deployment was presented at the [PriMare Conference](#). (OP11, OP16)

OREC Floating Wind Centre of Excellence presented at the R-UK arranged ministerial round table for FLOW.

CCAT's has released its consultation on [Reviving Carriage Drive](#). The Amenity project in the public area of the Dockyard..

19.07.21 MEW will release their updated state of the sector report.

WHDS hosted a [G7 FLOW conference](#)

SoS Wales and Dep SoS Wales attended webinar with MEW, Marine Energy Council: Building Back Better with Marine Renewables

Activities Planned

Ongoing management of PDI Listed Building Consents and Marine Licence Variations (IP1)

Launching MH:EK demonstrators (Riversimple RASA trial and Hydrogen heating system [@LoveMW](#))

Mid and SW regional team / HWEZ looking to put a PDM event on in September.

PDM being featured at Celtic Sea Cluster Launch (September) Cardiff.

OREC Exhibiting at KTN event (SLES)

Collaboration agreement workshops between partners are planned during July.

Risks

Capital cost increase against PDI project budget set in 2017. (IP1)

MEECE's extension still outstanding but WEFO approved by WEFO subject to SBCD funding (IP6b)

Universities are increasingly concerned over their share of MEECE's outputs as a result on only having 18 months left against the ERDF funding period to recruit. (IP6)

Issues

Ensuring appropriate level of project governance and reporting is established to maintain the projects value to the SBCD whilst ensuring the project remains delivery and impact focused.

Procurement for non WEFO funded phases is being reviewed.

Now SBCD funding is secured, each funding partner will need to re-profile their SBCD.

Swansea City & Waterfront Digital District

Project Partner Lead: City & County of Swansea

Activities Completed

Arena

Arena cladding and install of LEDs in progress.
Arena internal finishers and M & E equipment install commenced.
Coastal Parkland hard and soft landscaping commenced.

71/72 Kingsway

Contractor appointed.

Innovation Matrix

Planning permission for Innovation Matrix progressing.



Arena – cladding / LED's being installed

Activities Planned

Arena

Complete install of external arena LED's.
Practical completion in Autumn..
Agree terms and conclude the agreement with commercial tenants.
Hotel difficulties in funding are impacting delivery timescales.

71/72 Kingsway

The Business case to be updated to reflect the 71-72 moving to FBC.

Construction to commence Q3

Further detailed letting/operator discussions continue for 71/72 The Kingsway

Innovation Matrix

Pre application discussions on planning.



Huw Mowbray
Project Manager

Risks

Effect of Covid-19 and Material shortage on construction, including programme slowdown and impact on costs

Effect of Covid-19 upon level and type of commercial demand for 71/72 Kingsway, Box Village and Innovation Precinct–
Hotel: difficulties in funding are impacting delivery timescales.

Issues

Delivery of outputs likely to be affected by Covid-19



Pentre Awel

Project Partner Lead: Carmarthenshire County Council



Dr Sharon Burford
Project Manager

Activities Completed

- Memorandum of Understanding prepared and issued to Financial Markets – Two expression of interest received.
- Tenders posted
 - Zone 1 contractor (closing date 20.07) . Significant emphasis on social value and community benefits.
 - Design of Zone 3 (posted 16.07)
- Tenders assessed
 - Zone 1 client – side support services
 - VAT - specialist advice to cover both construction and operation of Pentre Awel
- Reconfiguration of governance structure to best support the implementation phase of the project. All implementation groups in place with stakeholder lead.
- Initial workshops/meetings held.
- Communications and Engagement Group reconvened with stakeholder representation.
- Continued engagement within stakeholder governance structures.

Activities Planned

- Assessment of the tender for contractor Zone 1 and design Zone 3.
- Confirm optimal finance option for CCC from Institutional bids. **Institutional investment not required for zone 1**
- Confirm all space requirements as required for Zone 1 contractors.
- Heads of terms development in progress
- Recommence third sector engagement.
- Wider engagement and participation within the Authority Economic Development Strategy
- Widen links with Life Science Hub Wales planning.
- Development of Welsh Language Equality proposals

Risks

- Failure to maximise whole system benefits across all training providers on site due to individual confidentiality agreements. **Mitigation** – Project Board approval gained for the establishment of an Education Skills and Training Implementation Group.
- Infrastructure - public transport doesn't meet the needs of end users. Mitigation - Scoping work underway including community based provision.



Digital Infrastructure



Gareth Jones
Programme Manager

Programme Partner Lead: Carmarthenshire County Council



Activities Completed

Detailed Programme financial budgets developed and ratified by Digital Board.

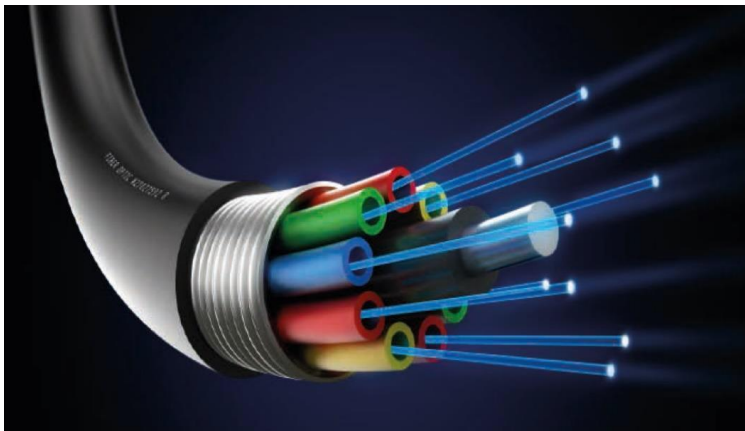
1 x Project Manager successfully appointment.

2 x Project Mangers recruitment ongoing.

Regional Digital Programme Funding agreements drafted.

External specialist advisor recruitment ongoing, currently out on Sell2Wales.

Regional 5G workshops arranged for July.



Activities Planned

Project Manager resource appointments.

Specialist advisors resource appointment.

Regional Digital funding agreements agreed by Digital Board.

Regional 5G workshops to inform investment.

Detailed scoping of specific individual Projects within the Digital Programme.

Further develop procurement and state aid strategy.



Risks

Ongoing policy alignment of Regional Digital Infrastructure strategy and Welsh Government (PSBA).

A lack of Telecoms suppliers with the necessary appetite and / or ability to deploy, particularly rurally.

Visibility of commercial investment plans across the Region.

Issues

Lack of human resource allocated to the Programme.

Insufficient financial resources allocated to address all the regions Digital Infrastructure aspirations.



Homes as Power Stations

Project Partner Lead: Neath Port Talbot Council



Activities Completed

Business Case Ministerial approval imminent

On-going engagement with Industry Wales

On-going research into supply chain development

On-Page 256

Activities Planned

To commence project delivery and engagement with WG

HAPS Project Board to meet September 2021

Third party funding agreements to be agreed

HAPS regional funds criteria and allocation to be developed

Brand development activity

Project manager to be recruited



Risks

Need to recruit suitably qualified and experienced Project Manager to enter delivery phase.

ISSUES

Ensure alignment to other energy efficiency in housing programmes. This is in progress with on-going engagement.



Supporting Innovation & Low Carbon Growth



Project Partner Lead: Neath Port Talbot Council



Activities Planned

- Technical Advisory Group to be formalised
- SILCG Programme Board to next meet in September
- Dialogue with Skills & Talent project re: skills for the green economy
- Advanced Manufacturing Production Facility – pre-market engagement event planning
- Marketing of Technology Centre
- Launch of property development fund once approval is received.
- Meeting with SWIC
- Business case approval



Activities Completed

- Business case submitted the POMO for submission to UK and Welsh government
- Ministerial visit to SILCG projects on 8th July 2021 with Minister David TC Davies
- SILCG Programme Board met 17th June
- SWITCH – design team meetings ongoing with draft designs expected shortly.
- Installation of the air quality monitoring sensors
- On-going engagement with industry, academia and government



Risks

Delay in approval of City Deal Business Case impact on already secured European Regional Development Fund match funding – regular dialogue with WEFO

Issues

To ensure SILCG specialist facilities meet the needs and demands of the decarbonisation agenda – on-going consultation with government, industry and academia



Life Science & Well-being Campuses

Keith Lloyd
Project Lead

Project Partner Lead: Swansea University



Activities Completed

Collaborative research and innovation activities continues

Continuing to obtain letters of support to evidence partner commitment to support outline business case

Engaged with Ministerial session scheduled for the 16th June.

Address Business Case feedback in Q1 2021 for formal submission in Q2.

Presented update on latest business case to ESB on the 21st June.

Interviewed for dedicated project manager on 9th June.



Activities Planned

Define comms and engagement material and progress structured private sector engagement activities/plan

Rebranding exercise with Waters – feedback provided on initial concept awaiting further iteration.

Confirm and finalise commercial arrangements between City & Council and the Health Board.

Define skills development.

PAR review scheduled for the 30th July.

Identify available key partners/industry to participate in WG Gateway Review interviews scheduled between 11th – 13th August.

Compile response to feedback received from ESB.

Schedule introductory meetings once new project manager is in post.



Risks

Impact of current pandemic and economic downturn on securing co-investment from the private sector

Impact on timescales as a result of the pandemic, impact on private sector and competing priorities particularly in health

Impact on delivery due to lack of resource.

Issues

Communication of the project's evolution



Skills and Talent

Project Partner Lead: Carmarthenshire County Council



Jane Lewis
Programme Manager

Activities Completed

Business Case completed and presented to the four Local Authorities - Approval gained

Business Case endorsed by SBCD Programme (Portfolio) Board

Presentation to David R T Davies MP Parliamentary Under Secretary of State for Wales, who was fully supportive of the programme.

Gateway Zero review complete and a Green Delivery confidence assessment given to the programme.

Activities Planned

Presentation to the Joint Committee Scrutiny on the 20th July.

Presentation of the Business Case to Joint Committee on the 29th July.

Submission of the Business Case to UKG / WG for Ministerial approval

Ongoing consultation with stakeholders.

Organise the first meeting of the Skills Solution Group.

Risks

Delay in implementing the Skills and Talent programme could impact on the delivery of the skills required by the approved projects

Issues

Impact of Covid-19 on the training landscape and the changing needs of businesses as a result of the pandemic

