

Swansea Bay City Region Joint Committee - 13 February 2025

Construction Impact Assessment Review Report

Purpose:	To update Joint Committee on the review of the Construction Impact Assessment Report
Policy Framework:	Swansea Bay City Region Joint Committee Agreement
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For Information	

1. Introduction / Background

- 1.1. The Swansea Bay City Deal (SBCD) Portfolio Management Office (PoMO) collates and reports a Construction Impact Assessment (CIA) through the SBCD Governance Boards.
- 1.2. The CIA summarises programme and project risks and issues, estimated construction cost increases and Lead Delivery Organisation mitigating actions specifically affecting the procurement and construction phases of delivery.
- 1.3. SBCD Programme Board and Joint Committee requested that all Lead Delivery Organisations continue to assess and monitor the status of their SBCD Programmes and Projects and report the potential or actual impact of construction related challenges on successful delivery of their Programmes or Projects.
- 1.4. In June 24 the PoMO presented a report that considered the following areas of focus: Value for money when allocating public funds, flexibility in procurement, especially in frameworks, informing the review and refresh of the regional procurement strategy, and partnership solutions to address the skills issues affecting the Construction Industry.
- 1.5. Following that report and acknowledging that the Portfolio is experiencing slippage in delivery, the PoMO has refocussed the CIA to cover current and future construction elements that make up the programme and project Business Cases.

- 1.6. The Construction sector is more settled (December 2024) than when the original CIA was compiled in 2022 and when the spike in prices and material supply issues were at a peak. Although prices remain high and inflationary pressures persist, they are more predictable, and supply and sector confidence are much improved. However, the 5-year BCIS construction industry forecast for Q4 2024 to Q4 2029 predicts that building costs will increase by 17% over the next five years, while tender prices will rise by 19% over the same period, according to their latest construction forecast data.
- 1.7. This Quarter shows no increase in construction costs and a reduction in Red Risks and Amber Risks, increase in Green Risks mainly attributable to PDM reviewing all their Risks. Increase in Green Risks across all 5 fields, Reduction in Amber Risks across all fields, Reduction in Red Risks relating to Time and Cost.

Impact Field	Scope	Targets	Time	Reputation	Stakeholder/ Partnerships	Costs	Procurement	Resources
Risk / Issue								
Red	1	0	5	0	0	3	0	0
Amber	8	15	15	16	9	20	14	4
Green	37	31	26	30	37	23	32	42

2. New focus of Construction Impact Assessment

- 2.1. The assessment in July 2024 showed that costs and the assessment of risk/issues had remained static over several iterations of CIA reporting due to portfolio progress and no new significant procurements having taken place. The assessment estimated an unmitigated residual impact of **£12.75m** for those projects yet to procure.
- 2.2. The July assessment did not include any effects of increasing costs on future phases of construction required to fulfil the Programme or Project Business cases e.g.: Future Zones 2, 3 and 4 of Pentre Awel, and Campuses Project, Singleton site Phase 2 and Morrision site Phase 2.
- 2.3. The revised version of the CIA will now cover 23 high-cost construction-related project elements that are included in the 9 SBCD programme and project Business Cases. Although this includes 7 projects that have, or will soon be completed and become operational, the main focus going forward will be on the remaining 16 projects that are either being developed or are planned for a future start date.
- 2.4. An initial conservative funding gap estimate for those elements where cost estimates can be applied is £42.69m
- 2.5. The methodology for assessing risks and issues will remain the same as previously used but will now be project-focused as opposed to Business Case focussed.
- 2.6. The new iteration of the CIA will be fully completed in the next round of Quarterly reporting.

3. Financial Implications

3.1 There are no financial implications.

4. Legal implications

4.1 There are no legal implications.

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

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

Background Papers: None

Appendices:

Appendix A - Construction Impact Assessment Summary Report