

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:

- 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.

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.