

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.