

Swansea Bay City Deal

Skills and Talent Programme

Business Case

“Create Ambition and Raise Aspiration”

Version 8

Updated May 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.



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 project will work with the eight projects that make up the City Deal as well as understanding the wider skills requirements across the region.

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.
	Yr Egin	To support and further develop the region’s creative industry sector and Welsh language culture. The two-phased programme will be located at the University of Wales Trinity Saint David campus in Carmarthen.
	Digital infrastructure	To significantly improve digital connectivity throughout the City Region for the benefit of businesses and residents, also helping to attract inward investment.
Life Science & Well-being	Life Science, Wellbeing & Sport Campuses	To develop digital health and platform technologies and clinical innovation to help prevent ill health, develop better treatment 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	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. 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	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.

	Pembroke Dock Marine	This project will place Pembrokeshire at the heart of UK and global zero carbon, marine and offshore 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.
	Supporting Innovation & Low Carbon Growth	This project will help further decarbonise the Neath Port Talbot economy, while safeguarding the regional steel industry and providing high-quality space for the innovation, ICT and research and development sectors.

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 be a cross cutting theme across all other 8 projects, the programme has already established a connection with all project leads and has strong and developing links through to the private sector via sector specific cluster groups. Existing consultation mechanisms will therefore identify the skills required and the relevant providers to deliver those 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 productivity (GVA) across the 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
- Centres of Excellence identified as a legacy for 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 achieve more, quicker and easier 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.

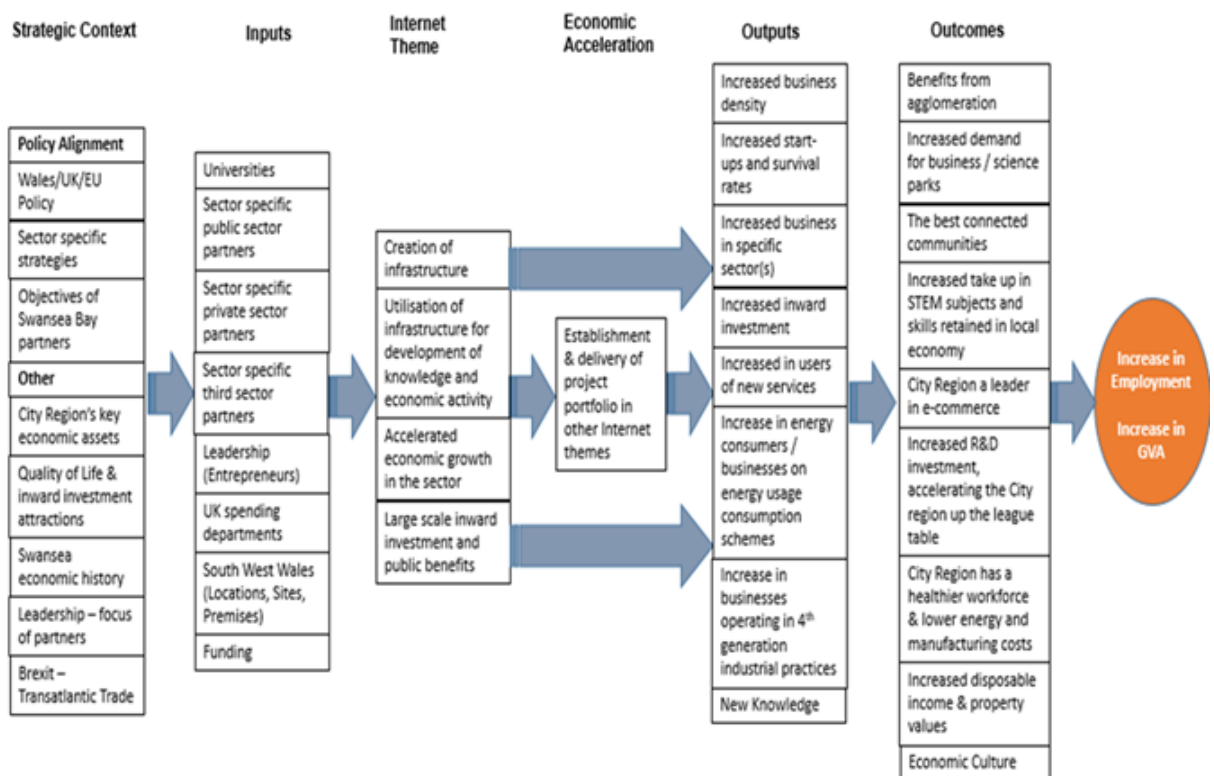
3 Overview of Strategic Case

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 delivered 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.	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	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	Working with employability programmes to develop the opportunities to upskill and

		through project community benefits programme.	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 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.

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 the right choices in schools.

The table below highlights some of the potential key skills requirements already identified for each of the project business cases in the City Deal portfolio, this document is continually being added to as skills are 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"> • 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

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 way that meet the needs of all employers.
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. Do Nothing – 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 – Do Nothing

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 – Do Nothing		
Additional Income Generated	-	-
<i>Less City Deal funding</i>	-	-
<i>Less Other Public Sector Funding</i>	-	-
Total	-	-
Option 2 – Supported City Deal Skills Fund		
Additional Income Generated	£16,537,040	£11,932,301
<i>Less City Deal Funding</i>	£10,000,000	£9,812,949
<i>Less Other Public Sector Funding</i>	-	-
Total	£5,537,040	£2,119,352
Option 3 – Targeted Skills Delivery		
Additional Income Generated	£49,603,320	£35,788,186
<i>Less City Deal funding</i>	£10,000,000	£9,812,949
<i>Less Other Public Sector Funding</i>	£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
<i>Less City Deal funding</i>	£57,552,000	£56,482,633
<i>Less Other Public Sector Funding</i>	£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: Do Nothing	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: Do Nothing	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%	

5.1 Overview of Commercial Case

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 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 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 must 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 a revenue funding amounting to a total of £30 million over 5 years, £10 million City Deal; £16 Million public sector and £4 million private sector funding.

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.

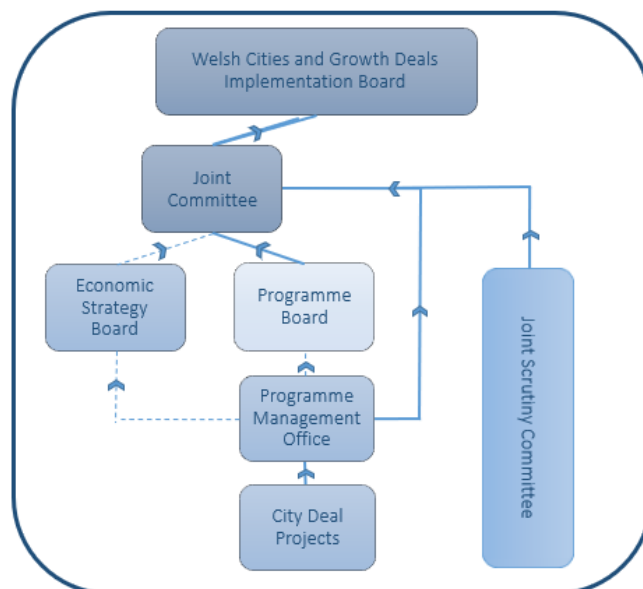
This Programme is a desk-based research project to identify the skills gaps and work with the project leads; training providers and Welsh Government to provide the most appropriate training in the region to support the development of talented individuals to take up the roles.

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

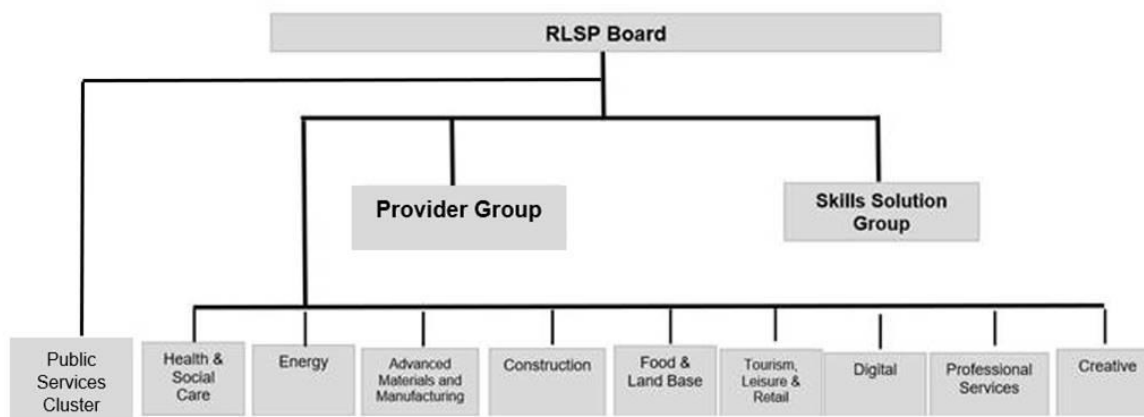
7 Overview of Management Case

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 will meet strict governance portfolio hierarchy as detailed in the table 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 provides an oversight and 'on the ground' leadership in relation to the skills requirements and demands of industry. 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 RLSP will ensure the programme is managed effectively, to approved timescales and in line with the governance structure of partner organisations. The RLSP has overall responsibility for decisions pertaining to the strategic direction, the approval of projects and where appropriate, the operational delivery of the scheme.

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 Board will be delivered under the regional governance framework as set out within the City Deal 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.
- Initial approval and sign off of key project documentation and coordination of approval of key documentation from wider stakeholders as required.
- 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.

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

Programme evaluation

A review of the programme will be conducted at the end of the programme to evaluate its' effectiveness.

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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.

1.4.4 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 local authorities, universities and health boards that aims 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 across the projects and programmes of the SBCD Portfolio which have been developed under the Key Themes of Economic Acceleration, Energy, Life Science and Wellbeing and Smart Manufacturing:

Economic Acceleration

- Regional 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

- 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 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, 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 241,000.¹⁰ 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/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 programme. 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 science 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 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 each individual 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

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

section highlights the key issues the region faces, whilst the programme will address some there are 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 of the 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 all of the evidence gathered to date there is clear knowledge that there is a demand for new skills to be developed as a matter of urgency to support the delivery of the City Deal project.

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	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	

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 a number of 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 pathway 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 The 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, it is therefore imperative that any market and institutional challenges are addressed in a timely manner. The Swansea City and Waterfront Digital District and Yr Egin 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 these areas access to services 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 need 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.

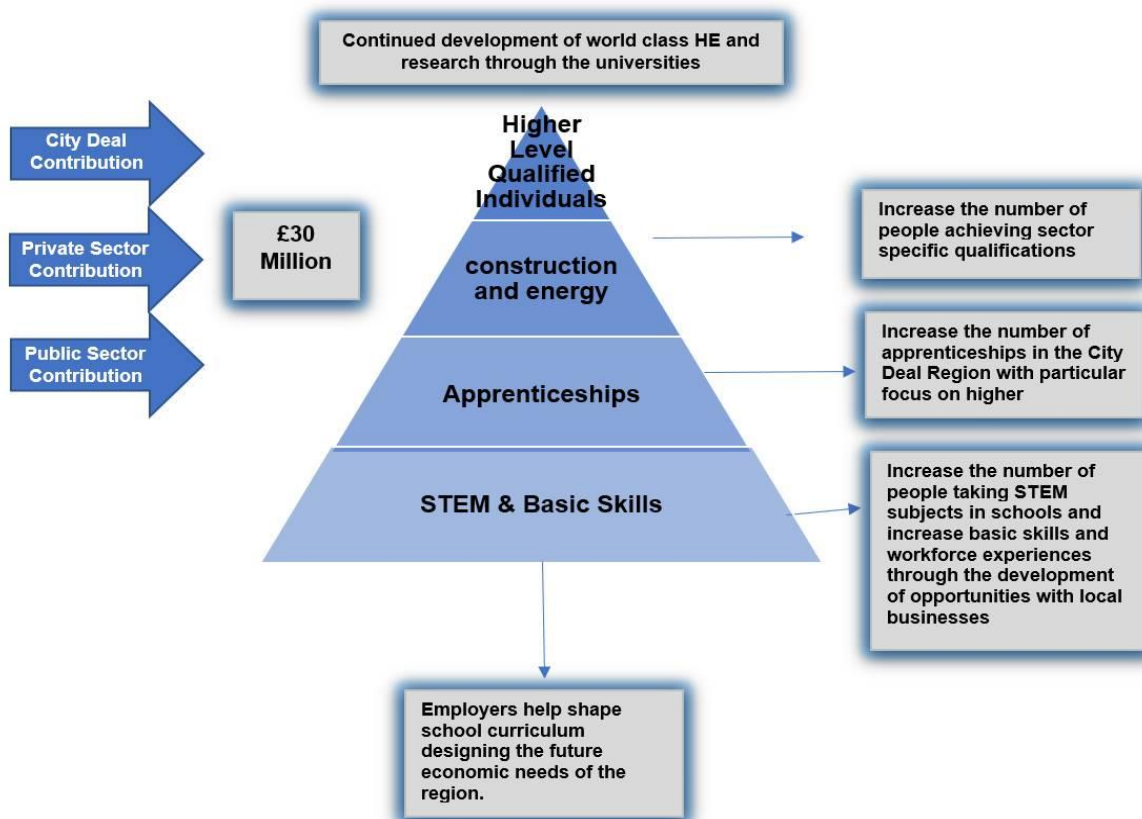


Figure 1 – the route for investment to transform the skills landscape

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. This 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 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 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 programme 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 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
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..	Qualitative Higher skilled individuals for the jobs created through the City Deal projects. Quantifiable Increased number of higher skilled individuals from the baseline of 2019 statistics. Cash releasing Net income Non-cash releasing Contributes to increase in employment opportunities for local people.
Objective 2: To create 3,000 new apprenticeship opportunities to include level 3 through to Degree apprenticeships.	Qualitative Opportunities for all to achieve a qualification and skills for a career pathway in a vocational occupation. Quantifiable Number of apprenticeships offered through the construction phase of the projects, higher apprenticeships in the specific sectors. Cash releasing Net income Non-cash releasing Contributes to increase employment and training/upskilling opportunities for local people.
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.	Qualitative Developing a Centre that specialises in the development of fit for purpose skills within a particular sector(s). Quantifiable The number of Centres created in the region to deliver specific sector skills. Cash releasing Net income 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.
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.	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. Quantifiable Increased number of children following STEM subjects and/or vocational courses. Cash releasing Net-income 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.
Objective 5: To deliver 20 new/updated course frameworks that meet industry training needs	Qualitative Developing new and updating existing frameworks to meet the needs of the projects and employers across the region. Quantifiable The number of new frameworks developed, or existing frameworks updated Cash releasing Net income. Non-cash releasing Additional benefit for employers with frameworks that meet their business needs.

Table 11 Investment Objectives.

3.4 Critical Success Factors

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 way that meet the needs of all employers.
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

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.

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. Do Nothing – 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. Do Nothing 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.

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 – Do Nothing

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 – Do Nothing

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 Do-Nothing Option 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	Do Nothing					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	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	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/contribution5 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>Do Nothing</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	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	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>				
<i>Scope</i>	<i>Do Nothing</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
<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	Yellow	Green	Green	Green	Yellow	Yellow	Green	Green	Green	Green	Green	Green	Green	Green	Green	Yellow	Yellow	Red	Green

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>				
<i>Scope</i>	<i>Do Nothing</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	Red	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	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

	Option 1					Option 2					Option 3					Option 4				
Scope	Do Nothing					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	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	Yellow	Yellow	Red	Red

Short List Options Summary

	Option 1	Option 2	Option 3	Option 4
Scope	Red	Yellow	Green	Green
Service Solution	Yellow	Yellow	Green	Yellow
Delivery	Green	Green	Green	Yellow
Implementation	Green	Green	Green	Red
Funding	Green	Green	Green	Red

	<i>Option 1</i>	<i>Option 2</i>	<i>Option 3</i>	<i>Option 4</i>
Objective 1	Red	Red	Green	Green
Objective 2	Red	Yellow	Green	Green
Objective 3	Red	Green	Yellow	Yellow
Objective 4	Red	Green	Green	Green
Objective 5	Red	Green	Green	Green

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.

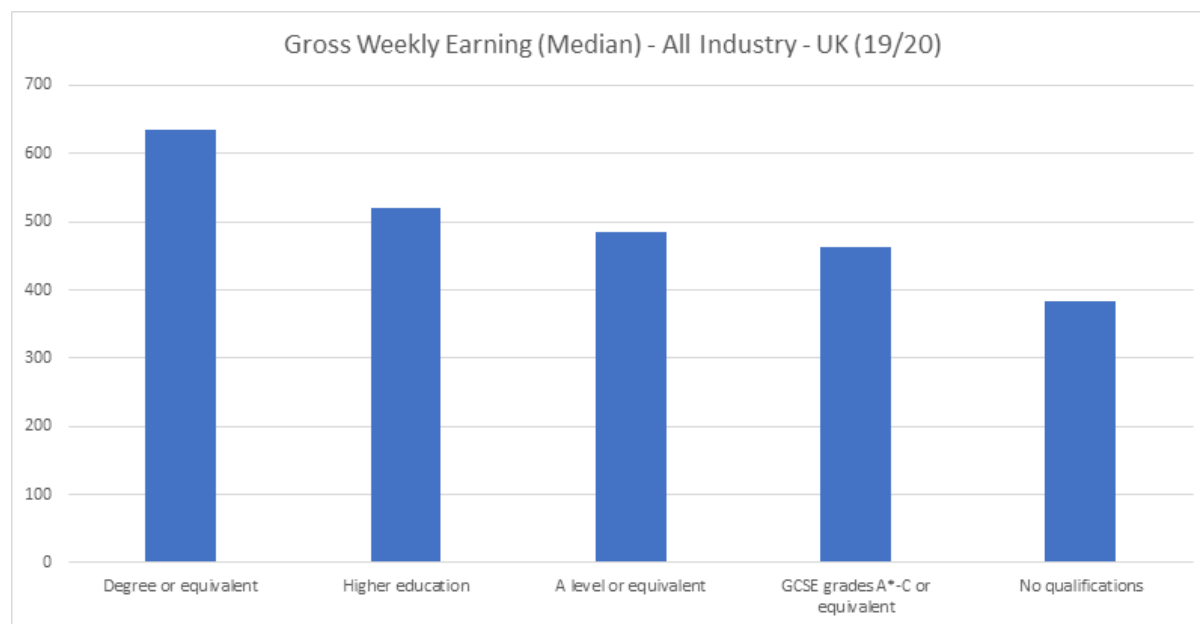


Table 13 - Summary of Additional Income by Skill Level

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: Do Nothing	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: Do Nothing	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 – Do Nothing		
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: Do Nothing	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: Do Nothing	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: Do Nothing	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 specific sector(s) to develop the region as being the best area for skills development.	<ul style="list-style-type: none"> • Developing a Centre that specialises in the development of fit for purpose skills within a particular sector(s) • 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. 	15%
Objective 4: To create a clear pathway from school education through FE and HE in the key areas	<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. 	20%

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.	<ul style="list-style-type: none"> • 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. 	
Objective 5: Deliver 20 new/updated course frameworks to ensure they meet the training needs of the future.	<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: Do Nothing		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	0	0	4	1.2	7	2.1	9	2.7

individuals with higher skills (level 2 – 8) within 10 years.								
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: Do Nothing		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	2	4	-	-	5	20	3	12	3	12

own skills projects										
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 skilled individuals.	7	5	-	-	4	20	3	15	3	15
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: Do Nothing	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: Do Nothing	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: Do Nothing	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: Do Nothing	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			

Table26 – 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 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.

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.

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.

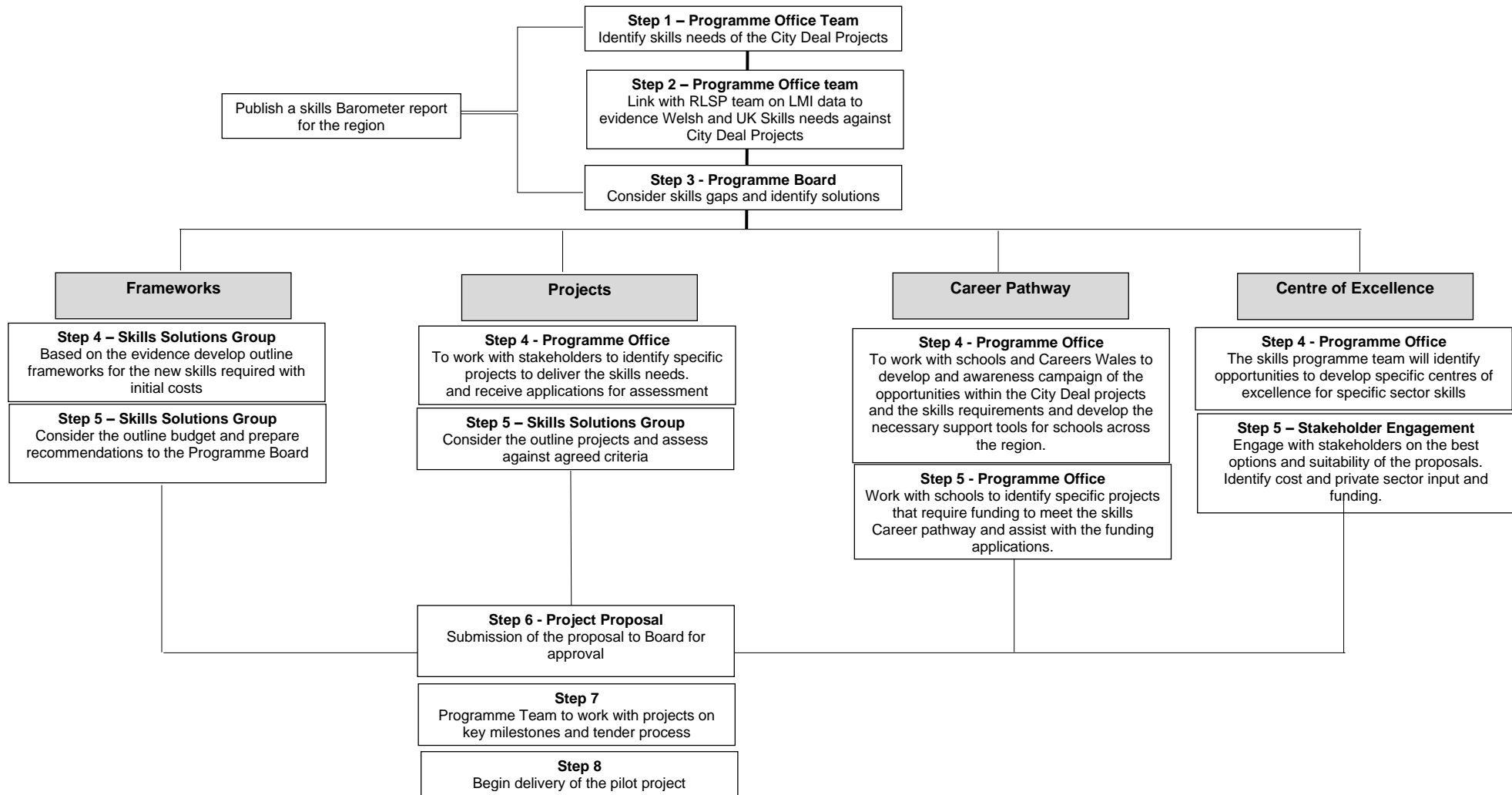
Given the service/revenue nature of any procurements likely to be undertaken by the lead delivery organisation it is unlikely that any risk will lie solely with the private sector.

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 Government 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 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 Programme Management Office. The project 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 project board as a standing item and then regularly presented to the 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 develop across the region.

The current investment breakdown presented in Table 30. below is based on forecasted

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

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 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.

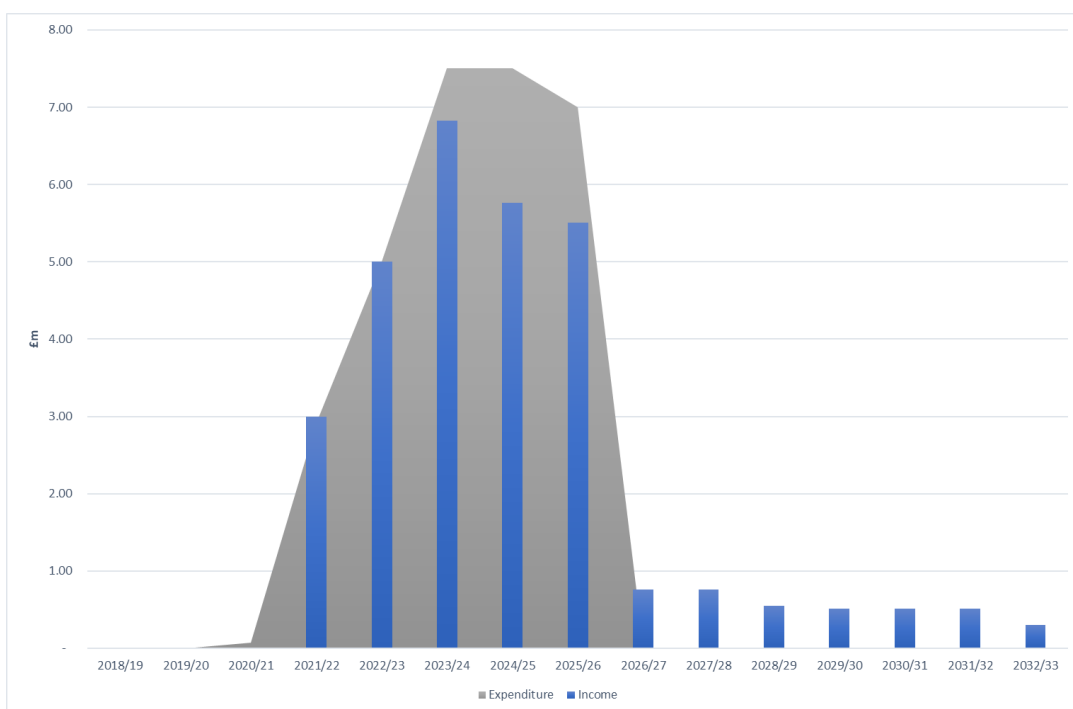


Figure 2. Forecasted Income and Expenditure Summary

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	2,920,000	5,000,000	7,500,000	7,500,000	7,055,200
Total	-	-	24,800	2,920,000	5,000,000	7,500,000	7,500,000	7,055,200
Funding								
City Deal Expenditure	-	-	-	1,194,800	1,500,000	1,786,528	746,888	746,888
Public Sector Expenditure	-	-	-	1,250,000	3,000,000	4,000,000	4,000,000	3,750,000
Private Sector Expenditure	-	-	-	500,000	500,000	1,000,000	1,000,000	1,000,000
Total	-	-	-	2,944,800	5,000,000	6,786,528	5,746,888	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. The 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

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 32 – Public and Private sector funding profile

5.5.3 City Deal Funding

The release of funds from the Accountable Body will follow one of two funding routes. This is determined on a Programme basis, dependant on whether funding is being released to a regional Programme or a Local Authority Programme. The flow of funding is shown in Figure 3 below:

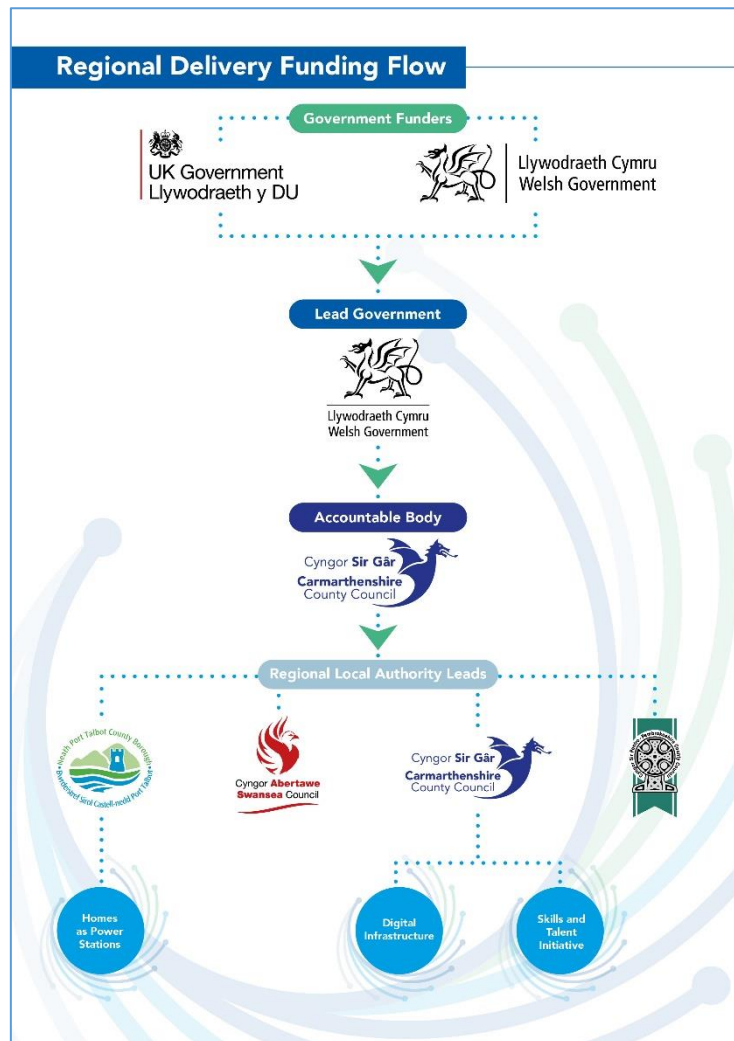


Figure 3. City Deal Funding Flow

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 on State Aid as they apply

5.11 Dependencies

The project is subject to following 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 Project 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 and suitable in order 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 require regular revisits to the strategic, economic, commercial and financial cases, and analysis of the Programme 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 their own benefits realisations 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 the following Management Case.

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 and 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, this document 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.

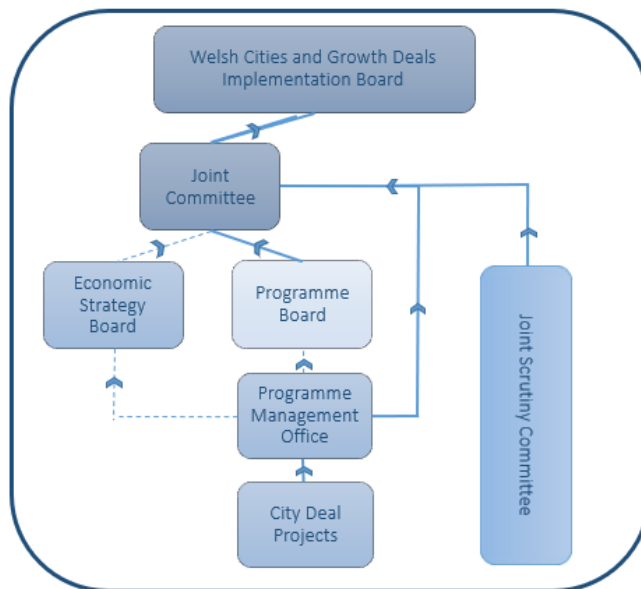


Figure 4 – Swansea Bay City Deal Governance Structure

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 33 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.

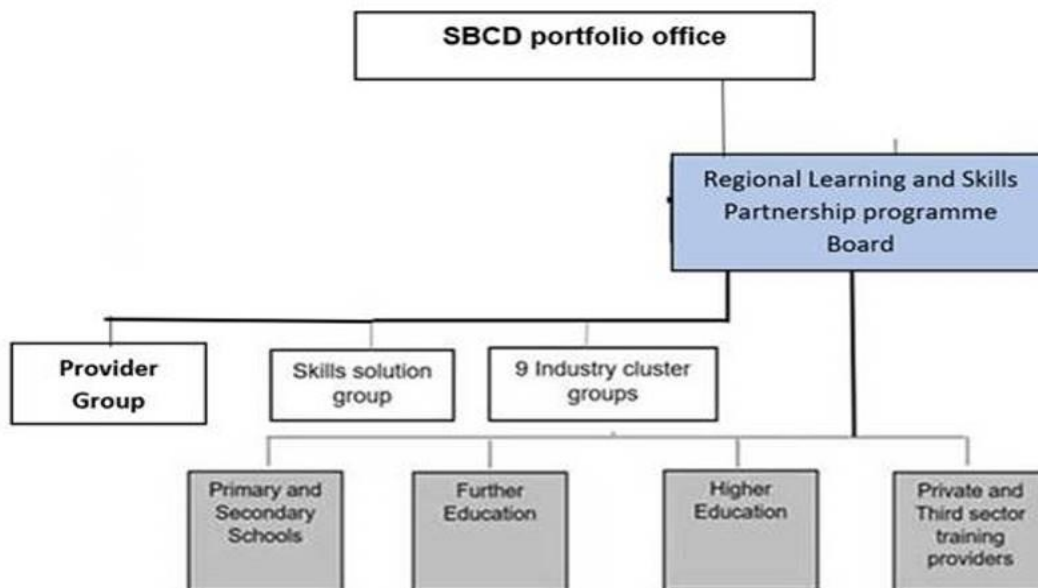


Figure 5 Skills and Talent Programme Governance Structure

The Regional Learning and Skills Partnership Board for South West and Mid Wales has been in existence since 2010 led by a private sector Board 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 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 PM 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 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.
- Initial approval and sign off of key project documentation and coordination of approval of key documentation from wider stakeholders as required.
- 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.

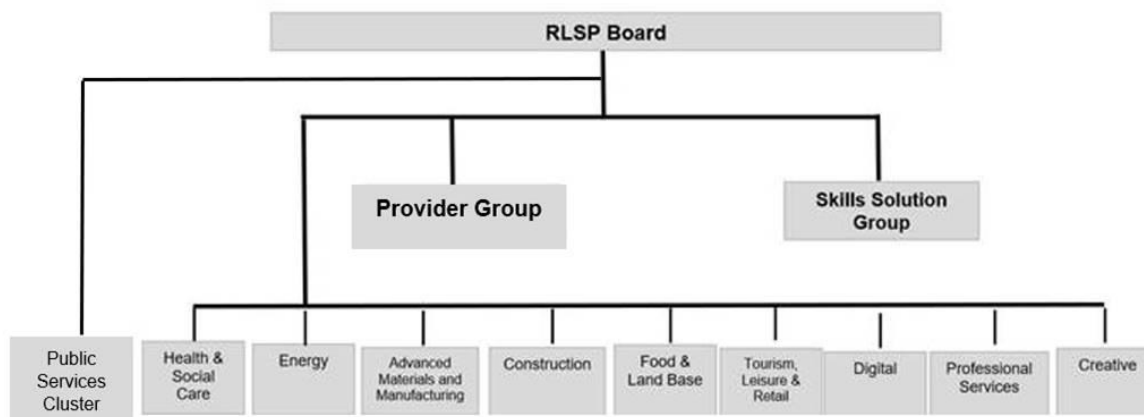


Figure 6 Regional Learning and Skills Partnership Board Stakeholder Engagement

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.

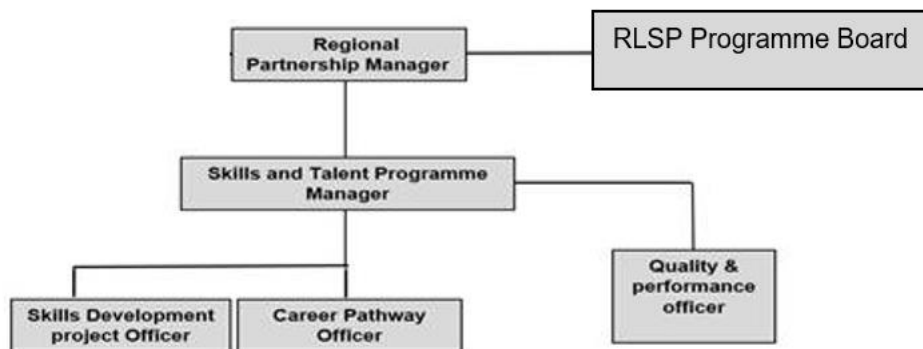


Figure 7 – Skills and Talent Programme Management Structure.

- ***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 SBCR 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 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 office.

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,
- IAAP,
- Covid-19 Impact Assessment,
- financial monitoring.

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.

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.

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.

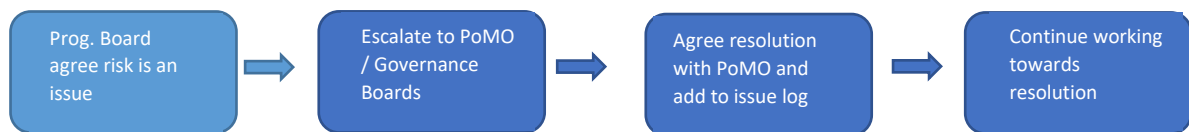


Figure 8 Moving a Risk to an Issue

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 Programme Office
PM	Programme Management
PoMO	Portfolio Management Office
M & E	Monitoring and Evaluation

