

SWANSEA BAY CITY REGION JOINT SCRUTINY COMMITTEE

2.00 pm TUESDAY, 13 FEBRUARY 2024

**MULTI-LOCATION MEETING - COUNCIL CHAMBER, PORT TALBOT
& MICROSOFT TEAMS**

1. Chair's Announcements
2. Declarations of Interest
3. Minutes of the Previous Meeting (*Pages 3 - 30*)
To approve the minutes of the meeting held on the 04.07.23 and the 24.10.23 as an accurate record of the proceedings.
4. Audit of Accounts Report (*Pages 31 - 64*)
5. Joint Committee Statement of Accounts (*Pages 65 - 140*)
6. Update on GVA for Portfolio Monitoring & Evaluation (*Pages 141 - 144*)
7. Supporting Innovation & Low Carbon Growth Programme - Change request to incorporate the National Net Zero Skills Centre of Excellence (Now approved by Government) (*Pages 145 - 458*)
8. Innovation Matrix & Precinct Update (*Pages 459 - 480*)
9. SBCD Quarterly Reporting Q3 2023/24 (*Pages 481 - 526*)
10. Financial Monitoring Q3 2023/24 (*Pages 527 - 534*)

11. Carbon Reduction Assessment of the SBCD Portfolio Report
(Pages 535 - 552)
12. Forward Work Programme 2022/23 (Pages 553 - 554)
13. Urgent Items
Any urgent items at the discretion of the Chairperson pursuant to Section 100BA(6)(b) of the Local Government Act 1972 (as amended).

K.Jones
Chief Executive

Civic Centre
Port Talbot

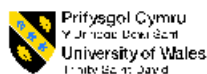
6 Febuary 2024

Committee Membership:

Chairperson:

Vice Councillor T.Bowen
Chairperson:

Councillors: B. Hall, J.Beynon, S.Yelland, G.Morgan,
R.Sparks, J.Curtice, V.Holland, C.Holley,
A.Dacey and M.Harvey



Swansea Bay City Region Joint Scrutiny Committee

(Multi-Location Meeting - Council Chamber, Port Talbot & Microsoft Teams)

Members Present:

24 October 2023

Chairperson: Councillor R.James

Vice Chairperson: Councillor T.Bowen

Councillors: S.Yelland, G.Morgan, V.Holland, C.Holley, A.Dacey and M.Harvey

Officers In Attendance J.Burnes, S.Aldred John, D.Oliver, S.Cutlan and T.Rees

1. **Chair's Announcements**

The Chair welcomed everyone to the meeting.

2. **Apologies**

Democratic Services confirmed that apologies had been received from from Cllr R.Sparkes, Cllr J.Curtice and Cllr J.Beynon.

3. **Declarations of Interest**

No declarations were received.

4. **Internal Audit Recommendations Report**

This item was not scrutinised.

5. **Skills & Talent Programme Update**

An overview of the Skills and Talent Programme ass included in the report was presented by the Skills and Talent Programme Manager Samantaha Cutlan.

Members requested an updated figure in relation to the aim of creating pathways to 3,000 apprenticeships. Officers stated the target is challenging but achievable, at present 100 apprentices have been recruited through the

construction phase of several City Deal projects. The reported figure is lower than the forecasted amount as apprenticeship sign-ups for this academic calendar are not yet included and a robust reporting mechanism is needed in order for accurate figures to be reported. A plan of action is required to improve engagement with other City Deal contracts to raise awareness of apprenticeships and their benefits. A formal tracking system is required to ensure there is no duplication in reporting.

Members asked is there a list of companies that supply or help to obtain funding. Officers confirmed there are a further six applications being processed through the approvals process in the coming weeks.

The Chair commented that many apprenticeships are based around private investment and questioned whether there was a place for apprenticeships within local authorities. Officers confirmed this would be appropriate if there is a link to any City Deal project especially within the construction phase. Further support is needed to recruit the right applicant to the right role.

The Chair commented that the City Deal was at the halfway point and asked what was the timescale in order to achieve the apprenticeship target? Officers confirmed that output of the Skills and Talent programme is 5 years after spend is completed and there is another 18 months – 2 years of spend. Other targets are on track and will be exceeded comfortably, but it was hoped that by 2025 the apprenticeships achieved would be closer to target. The Chair questioned whether achieving the apprenticeship target of 3,000 after the spend is completed was achievable? Officers confirmed, work with contractors was due to commence after Christmas which aims to increase the apprenticeships numbers in the shorter term. In the longer term, ongoing apprentice creation will be rolled out and the figures will increase.

The Director of the Swansea Bay City Deal commented that the pilots will create a pipeline of apprenticeships, many colleges, schools, and universities are engaging with industry through this process. There is demand for upskilling, this will progress through the pilot process and apprenticeships will be part of the process. It was noted that the Skills and Talent Programme is not yet halfway through the programme. The Regional and Skills Partnership was the vehicle of choice to implement the Skills and Talent Programme and will still exist after the programme has

completed, in this way there will continue to be engagement and monitoring.

The report was noted.

6. **Digital Infrastructure Update**

Dija Oliver, Project Manager for Swansea Bay City Deal Digital Infrastructure Programme provided members with a presentation on the Digital Infrastructure Programme as included in the report circulated.

Members thanked the officer for the presentation and commented that this was an important project being undertaken through the City Deal due to the number of residents with poor connectivity in some parts of the region. It was noted that good connectivity is vitally important for businesses and people working from home.

Members commented that some areas of the Gower constituency had no internet connection and there is concern that some residents will become digitally excluded. There needs to be good communication in the rural area to promote uptake. Officers confirmed a new team in Swansea is in place who are in the process of analysing data to understand how many properties in each ward are affected. The team will plan to meet with members to identify how the information can be communicated most effectively with constituents. Communication campaigns will be run in relation to some of the schemes. One scheme that supports people immediately is the Access Broadband Cymru Scheme where alternative technology can be used. Many Carmarthenshire residents are moving to Star Link but the cost is prohibitive and needs to be more competitive. It was noted that communication is important, as many people don't understand what is available and when it is coming, but expectations need to be set in relation to when fibre will be available.

The Chair commented that he was happy that the Virgin Media total was excluded from the figures as it wasn't fair. The Chair asked, apart from giving advice, what is physically being done to address the issues, as Superfast Cymru and Access Broadband Cymru are Welsh Government schemes and aren't City Deal solutions. The chair noted that public sector organisations should be looking to address issues through UK/Welsh solutions rather than private companies like Star link due to the controversy around Elon Musk's decision to turn off of the service in Ukraine and wanted to know what physical solutions is city deal bringing.

Officers confirmed that capital or revenue investment is being used to address issues, the Dark Fibre network to 33 strategic sites, initially in the Llanelli/Swansea/Neath area, will bring additional business grade fibre to those areas, this will also provide 'Backhaul' for mobile. The Public Sector Broadband Aggregation (PSBA) order will bring additional fibre to 401 premises. Officers advised that they are also looking at ensuring they aren't duplicating funding or prevent commercial rollout. Officers aren't able to do interventions where commercial plans exist but do have the data to understand where they can intervene. Officers also have the data where Welsh Government and UK Government plan to intervene but what will remain will likely be hard to reach premises.

These need to be identified and addressed, there is potential to spend City Deal Funding towards this and to move some funding allocation from Connected Places to go further. It was noted that there is a finite pool of people who can deliver the infrastructure and therefore analysing data is essential to inform Officers plans.

The members questioned if the plan was to improve fibre to cabinets so that providers can sell better services to customers? Officers advised that its fibre to the premises and that the fibre routes will pass through the key industrial zones in the dark fibre network which they could then connect them up as city deal has paid for that fibre spine through public sector assets and sites and then that commercial organisations can build out from that.

On the Dark Fibre network, it would be business grade but the Mobile Backhaul will support residents. The PSBA will benefit residents. City deal capital spend under rural is targeting what is known as 'white premises', premises that cannot get gigabit capable or less than 10MB. Primarily Officers are looking at people who can't get speeds up to 30MB.

The Chair questioned how much will have changed due to direct investment after the City Deal has ended. Officers confirmed that mobile connectivity was the responsibility of UK Government and mobile operators and noted it was difficult to quantify at this stage what changes would be in place at the completion of City Deal but the aim is to eradicate as many properties as possible with less than 30MB. The £12,000,000 Investment in masts is through Vodafone but the masts are shared infrastructure for other suppliers, this will reduce the number of masts in the countryside but increase the access to signal for everyone, especially in emergencies.

Officers believe that City Deal has influenced decisions because the resources that are in place supports infrastructure deployment.

The Director of the Swansea Bay City Deal commented that the structure created by Digital Infrastructure is exemplar. Much of the funding is private sector with a very small amount of City Deal funding leveraged already. This region is accelerating faster than other regions. The existing funding available in parallel with City Deal funding will be maximised across the region, considering any future funding opportunities as well. Engagement with Welsh & UK government is strong, and the relationship will continue to solidify. Officers noted that take up of services is important to maintain suppliers in the region.

The report was noted.

7. Swansea Bay City Deal Q4 2022/23 Financial Monitoring

The Chair advised that there have been two financial monitoring reports due to the gap between meetings and asked Officers to focus on the Item 8 report but reference Item 7 where appropriate.

The report was noted.

8. Swansea Bay City Deal Q1 2023/24 Financial Monitoring

Steven Aldred Jones – Regional Finance Manager provided an update on the Provisional Outturn position for Q1 2023/2024 as included in the report circulated.

Members asked for an explanation why the capital expenditure to date is so poor over the projection. The Director of the Swansea Bay City Deal commented that even though we are in year 7 in terms of actual delivery we are talking about the last 2-3 years. There were several factors outside of officers control, which combined have caused slippage including Covid, inflationary pressures, construction costs and rising energy prices.

Mitigations are in place and work is ongoing to ensure the scope of what was planned is still fitting with purposes.

Officers are going through change requests such as Pembroke Dock Marine with the opportunity for offshore wind, so officers changed the business case as they did with the Matrix project and with Neath Port Talbot around the Advanced Manufacturing Production Facility. This means they are making sure projects are still relevant, but changes take time for approval.

Officers advised that they are also seeking extra funding largely down to the new deliverers so going down the process of re-approving a budget can take a long time. Funding agreements is a control mechanism which take a lot longer as they are legal documents. Officers have also used value engineering on some projects.

It was noted that processing re-approvals is time intensive, but any slippage will not affect the deliverance of a project, only the time frame in which it will be delivered.

Members commented that the Homes as Power Station (HAP) project is reliant on house builders and questioned how the project was affected by the increase in mortgage rates and the slowdown of housebuilding in other parts of the UK. The Director of the Swansea Bay City Deal stated there were risks but the Registered Social Landlords (RSL's) remain committed and are building/refurbishing. There is local authority housing stock and private sector builders. The indications are that people are still delivering and using environmentally friendly fabrication that supports the notion and technology of Homes as Power Stations. There has been an analysis of the supply chain, and a staff member has been employed to support and develop the supply chain around innovation in the homes. Engagement is ongoing with Welsh and UK governments, RSL's and other providers. A funding call has recently closed, and several applications were received in the first round of funding so new and refurbished homes can be taking into account and captured.

Officers advised that there is a lot of parallel working going on with HAPs homes and these are being monitored and taken into account of as well. The house prices have gone up so officers believe that the private sector funding will be achieved, even if less homes are built it may balance out.

Members noted that investment over the coming years was a critical part of the City Deal. The Director of the Swansea Bay City Deal clarified that RSL's are classified as private sector in relation to private sector funding.

The report was noted.

9. **Swansea Bay City Deal Quarterly Monitoring Report**

The Director of the Swansea Bay City Deal provided an overview of the Quarterly monitoring report contained within the agenda pack.

Business engagement and communications – Officers advised that the annual report was approved and published, and officers were hoping to draw out of that case studies to make it more real and share benefits realised, so far and progress updates. Officers are also trying to get out into commercial business-related communities by taking a showcase event to each of the 4 boroughs. They have already done one in Pembrokeshire which was well attended. All 9 projects and programmes attend the showcases.

Yr Egin – Members were told that the 5 year anniversary event is on the 26th of October to celebrate the success of the project.

Pentre Awel – Officers advised that Zone 1 is moving forward. There are work packages that have gone on to ‘Sell to Wales’. The apprenticeships aren’t captured yet but they have had work experience placements and school interactions as well as construction spend monitoring. Pentre Awel have been successful with a Shared Prosperity Fund Grant, and they are refreshing the website and posting promotional videos online. They launched in May 2023 a skills and talent 21st Century skills project. Members were advised that Pentre Awel have planned activities, in Zone 1 it is focusing on Innovation and the business network working with North Wales at options for outdoor activities. They are also looking at the integrated regional care fund capital bid and looking at networking, engaging, and collaborating and securing additional funds.

Officers explained that for zone 3 Assisted living accommodation the RIBA stage2 design is complete and officers are scoping and modelling for zone 2, which is the Nursing home, residential rehabilitation and extra care facility which are progressing well.

Homes As Power Stations HAPS – Members were informed that the supply chain lead has been recruited and in post. Supply chain engagement has already happened, and they are looking at the supply and demand and reviewing it across the region. The incentive fund call had a deadline of the 21st of September with sift ongoing, that will be the allocation of City Deal funds in the first round. Officers advised that there had been a showcase event with Modular in September to show people what HAPS would look like. They also have the supply chain development fund and are allocating that in the coming weeks.

Yr Egin Phase 2- Officers explained that the University of Wales St David are pursuing a digital production facility; this will need to go through a change

request because it isn't in the original business plan as was approved before. Officers are waiting and supporting them in developing that.

Swansea City Digital Waterfront District- Members were informed that the hotel is still under negotiation to secure a developer. The Kingsway Construction is continuing as planned but has had a 2month delay although still on track. The topping out ceremony is next week so the outer form of the building is complete, and they are marketing the space and have heads of terms progressing with an anchor tenant and procurement for a building management company is underway.

Officers explained that the Innovation Matrix has a delivery confidence assessment of Amber/Green in the Gateway Review. From a tenancy perspective, officers said that they are doing brilliantly, with 75% of their occupancy at a stage of nearly signing heads of terms. Since this report officers said this is up to 90% interest now in heads of terms level. The innovation precinct lead by University of Wales Trinity Saint David are going through options with Swansea Council and are hoping to go through a change process in the coming months.

Pembroke Dock Marine - Hanger Annexes are complete, with Hanger 4 being handed over to the tenant and the other 3 hangers will be handed over to their tenants imminently. The slipway is now completed, and the Timber Pond infill has also been completed.

They are working with lots of collaborative bids with Ofgen strategic innovation fund looking at Wave and National Grid about grid connection points. Officers advised that with Floating Offshore Wind, they have shared the testing and demo study with Welsh Government and Crown Estate and are doing lots of collaborative and engagement work.

Officers advised that a new risk has been identified in Pembroke Dock Marine relating to the unsuccessful Contracts of Difference Auction, regarding Offshore Wind run by UK Government. This was the first test of the annual process, and it received no bids.

Pembroke Dock Marine

A lot of companies around the Swansea Bay City Region did not enter or withdrew from the Auction Round 5 before results were announced. Officers said that on reflection the state of the energy market meant significant price increases facing offshore wind to construct the wind turbines. This meant there is a lot of risks associated for developers and

supply chains. There are active discussions around re-forming the contract for difference process and another round is coming out on spring 2024 called Auction Round 6 and they are hoping to re-invigorate offshore wind growth in conjunction with UK Government. The Celtic sea projects are expected to developed through the Crown estate commercial scale leasing rounds and they will do lots of things around the pre seabed lease phase but that will take some time to undertake and the partner feedback is that floating offshore wind wasn't successful but it's not an indicator of future outcomes of flow particularly in the Celtic sea and the work plan is in place to deliver the Pembroke Dock outcomes as planned and the innovation structure will be there to serve whatever energy transitions there are for decades to come. Officers have mitigations from each of the partners available should members want to read them.

Campuses – Officers are waiting on the secondary funding agreement between Swansea University and Swansea Bay University Health Board to be signed off. They have at risk, completed RIBA stage 2. RIBA stage 3 for Sketty Lane is being progressed noting the increased cost. Ecology surveys for Morryston access route has been done. Officers advised that work is being done already for Phase 2 of campuses on Ashely Road such as the hockey stand and modular changing and 3D pitch facilities.

Supporting Innovation and Low Carbon Growth. – Bay Technology Centre has 5 tenants occupying 37% of the space, further potential tenants are being processed. Morgan Sindal have been appointed as the contractor of SWITCH which is the decarbonisation of steel lead by Swansea University. Four applications have been progressed for stage 2 of the property development fund and there are two on the reserve list that are also being looked at for funding. Officers confirmed that the Hydrogen stimulus project is going well and they are putting in a 100KW Hydrogen Electrolyser. Members were advised that there is an advanced manufacturing production facility as part of the business case and Joint Committee has approved the option for them to enhance that part of the business case and then secure the additional £5.3 million in funding to develop a skill centre for manufacturing production. Subject to a change request, this will need to be approved by Welsh and UK Government.

Members commented that of the total job target of 9686, 21% of investment has been spent and 5.6% of the target jobs created and questioned the amount of sustainable jobs that is hoped to be achieved with this investment. The Director confirmed that the actual job creation

figure is higher in reality, but this can't be reported at the current time as further evaluation is needed.

Officers used the example of Yr Egin who are undertaking an economic appraisal, and this will also look at the number of jobs created so those jobs can be added to the figures. Officers explained that each project of City deal will have an evaluation after it has been built and in operation which will give an indication on jobs, wider investment and economic impact. There is also an evaluation sub-group with all the project leads that will identify how what they will be evaluating. It was noted that the target date for the creation of jobs is 2033.

In relation to the University Project, members asked for confirmation that additional costs were being met by the university and asked if value engineering had been carried out? The Director confirmed that the university were meeting the additional costs and were in the process of undertaking value engineering. Members commented that construction costs are starting to decrease and asked what impact this will have on ongoing assessments over the next 6-12 months. The director confirmed that a construction cost impact assessment is carried out monthly, the current report is now outdated; costs have increased from £31 mil to £36 mil. It was noted that costs increase quicker than they come back down and although costs have stabilised, any cost decrease is not apparent yet in contracts awarded. The Director commented that previous months had been unstable, with most projects costing more than the original business cases and final costs cannot be identified until project design and build and contracts are awarded. The inflation being experienced is far beyond the standard inflation that was originally factored in when the business cases were written 2-3 years ago.

Members commented that it is halfway through the procurement process and asked if slippage is anticipated and if contractors want to delay things hoping costs will come back down. Officers advised that contractors are still bidding despite the inflated costs. The Director confirmed that delays and negotiations can cause slippage, but it is hoped that this won't affect the region attracting investors. No projects or programs have said they can't proceed and are either taking the hit of rising costs or renegotiating.

Members commented that the current price structure will remain for some time to come but will eventually stabilise but doubt it will ever come down again to the old levels. Officers agreed that prices don't fall as fast as they

increase, and it will potentially stabilise, but the volatility will still throw spanners in the works and will affect revenue. If City Deal ever got to a situation where they couldn't deliver what they thought, they could then they can go back to the Government and explain this but that isn't likely to happen as it stands.

Members requested site visits to Pembroke Dock Marine and other projects. It was suggested that Pembroke Dock Marine would be appropriate to visit as this site could have an influence on the whole of West Wales. Officers agreed that can support this.

The report was noted.

10. **Forward Work Programme 2022/23**

Members agreed to request site visits for Pembroke Dock and Homes as Power Stations as part of the forward work programme.

11. **Urgent Items**

There were none.

CHAIRPERSON

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Swansea Bay City Region Joint Scrutiny Committee

(Hybrid/ Council Chamber Port Talbot Civic Center/ Remotely via Teams)

Members Present:

4 July 2023

Chairperson: Councillor R.James

Vice Chairperson: Councillor T.Bowen

Councillors: S.Yelland, G.Morgan, C.Holley, A.Dacey and M.Harvey

Officers In Attendance C.Moore, Burnes, S.Brennan, P.Chivers, T.Rees, J.Stevens and L.Willis

1. **Chair's Announcements**

The Chair welcomed everyone to the meeting. Officers were asked to introduce themselves one by one to the meeting. The chair also confirmed the councillors in attendance.

2. **Declarations of Interest**

There were none.

3. **Minutes of the Previous Meeting**

Minutes of the meeting held on the 2nd May 2023 were approved as an accurate record of proceedings.

Members asked to confirm any apologies. The democratic services officer confirmed the list of apologies received. It was requested that for future meetings, apologies would be an item on the agenda.

4. **Swansea Bay City Deal Quarterly Portfolio Monitoring**

Jonathan Burns presented the report to inform the Committee of the Swansea Bay City Deal Quarterly Monitoring report for both the Swansea Bay City Deal Portfolio and its constituent programmes/projects.

Jonathan Burns also explained that the quarter 4 financial report is not present as it needs to go through program board and joint committee and considered for Joint Scrutiny Committee at a future date.

Members feel there are substantial risks on the RAG status as stated on page 2 of the report and wanted to know what the mitigations were.

Officers agreed that there are seven red risks and advised that the risk register has a mitigation in place for each risk. Some of the risks aren't controllable by the Swansea Bay City deal and a watching brief is kept on those.

Officers explained that for the ones under control of Swansea Bay City deal there are mitigations in place, at least for monitoring of the risks. There are also mitigations such as course corrective action in some cases.

Members were concerned about private sector funding contribution not being in line with business case projection and the slippage in delivery programme against key milestones.

Officers explained that at a portfolio level, private sector funding is a red risk as £600,000,000 of funding is private sector funding. This is why at a portfolio level it is at a red risk, however, no project within the portfolio is identified as a red risk.

Officers explained that in relation to the slippage, all infrastructure project's nationally have been affected by delays caused by issues such as contract negotiations taking longer and increased costs. A construction impact assessment is ongoing to try monitor and mitigate against rising construction costs and slippage which tend to coincide.

Members referred to the amount of value engineering, especially the waterfront refurbishment where it is refurbishment rather than re-build. Officers advised that a change management process would need to take place, this would mean change approval.

Members also asked about whether some projects would start suffering because of these cost increases.

Officers explained that they can only when things go out to tender do projects know if there is a problem. The construction impact assessment highlights a gap of £31,000,000 that needs to be plugged. Officers advised that the mitigations against that are value engineering and gaps are also plugged by the host authority. Officers advised that they are looking at what mitigations can help with contractors.

Members were informed that on each of the project statuses included in the report. Officers explained that there are 9 headline projects and programmes and within those are 35 projects. Of these 3 are complete and in operation, 17 are in delivery and build started. This equates to approximately £400,000,000 of investment. Officers also highlighted that 15 of the 35 are in pre-commencement activity.

Members asked about the homes for power stations and asked if the risk should go to amber from red as there is only one member of staff left to employ. Officers explained that it was just a lag due to the timing of the report and they are now fully staffed. The next report will be updated with a green for this measure.

Members asked for more clarity on the project status or Generalized Activity Normalization Time Table (GANT). Members sought clarity if it was the status of the business cases or the status of projects.

Officers clarified that it was the delivery of projects such as procurement activity, these could be pre-commencement stage, going into build.

Members pointed out an issue with the diagram on the report. Officers clarified that the diagram in the report was not complete, and they would course correct the report for the next meeting. Members requested clarity on the project status reports and indications of what the risk mitigations are so that the committee can appreciate the status of aspects of the City Deal better.

Members also asked for an update on the number of total jobs created as mentioned in the appendix. Officers said that they believe the number is currently 550, an increase on what the report states of 536. Officers advised that jobs need to have run for at least a year to

confirm they are longer lasting jobs before they can be included. The number of jobs created is much higher in all likelihood. Officers stated that only after an independent economic assessment on the impact on City Deal will they be able to ascertain the true impact on job creation.

Members were advised that the economic and job impact is yet to be scoped out until certain milestone evaluations have been done. This hasn't been instigated by Joint Committee yet. governance and process must be gone through first before this can be instigated.

Officers advised from an investment perspective they are up to 22% of the overall investment target which is £271,000,000 and the updated reports that will come through will hopefully progress that as they go through the year.

Members asked to clarify if this report was a snapshot in time and wondered whether the £31,000,000 figure was an arbitrary figure due to the number of estimates included. Officers confirmed this was a snapshot in time and said there were quite a few procurements not in a stage where they could estimate the gap.

Officers also stated that the figure is a minimum as the price of things will be unlikely return to a level of two or three years ago and it's difficult to ascertain how much things have gone up until procurement.

Members also wanted clarification on whether this included the materials as well as employment costs as well. Officers confirmed it included everything.

Members enquired how much was allocated to the builds alone, having commissioned quite a few companies to start the build process on several projects. Officers didn't have the figures to hand but can find that detail out.

Members asked how many tier 1 contractors are based in Wales (had a head office based in Wales). Officers were uncertain but didn't believe many would have a head office in Wales although they are based here during the builds and are talking about a longer-term presence in the area in the future. Officers said they can look at asking these tier 1 contractors about this.

Members said that one of the early Committee discussions was the hope that contractors would be grouped together so that they can burden the liability of the costs associated with the build and put in a tender that would be a viable to be a tier 1 contractor among 3 or 4 of them. Members advised that, that hasn't come through.

Members wanted to know if was down to the market in Wales or if that was a failure on the City Deal to ensure that the projects were packaged as a whole site tender rather than packages of tenders. Officers advised that they are a collection of tenders and gave the example of the waterfront in Swansea. These will be the hotel, Arena and Kingsway and the Matrix and Precinct, they are all separate packages within the same business case. Officers explained that these would be broken down into subprojects within a project or program but even with some of the projects they would go over the scale thresholds that some local suppliers would be able to tender for.

Members were concerned that for benefits realisation, especially for jobs that especially men in the construction sector are used to working away and stay somewhere during a week and go home at the weekend. The members expressed the concern that when that project is finished what are the jobs going to be locally.

Members stated that so far most of the spend and benefits has been around construction and if that is not benefitting Welsh companies and Welsh workers then it must be questioned what the benefit realisation is of the locals as part of this stage of this scheme.

Officers advised that there have been over 200 local supply chain contracts, this would be the tiers 2 and 3. These are all with local companies who will all contribute to City Deal and grow their own companies.

Members noted this but were concerned that the tier 1 contractors would take an element of profits and had there been more Welsh tier 1 contractors then potentially there would be more of the Welsh pound staying in Wales.

Officers explained that tier 1 and tier 2 contractors are reluctant to bid for contracts at the moment and there is a need to get subcontractors involved and growing them and making sure they are able to prosper going forward.

Officers also explained that even with the sub-contractors, their books are full and there is a lack of supply of manpower that is driving the lack of companies able to bid for contracts.

Members explained that the hope was that many companies would have popped up in response to this massive investment and/or for the bigger companies locally to grow. Members stated that the question is how do they grow to the size to take on the large projects?

Members said that it might be that a conversation is needed where it can be drilled down on the benefits realisation in constructions and a paper on subcontractors and Welsh Jobs etc.

Members explained that the problem with construction would always be there because construction moves around the country and therefore so do the workers. The long-term employment needs to be looked at because the short-term employment is an issue as there aren't any Welsh construction tier 1 businesses based here. The transient nature of construction means that the construction jobs will always only be short term.

Members also wanted to know about the value added on the wider benefits of the project and would be interested to read the report that officers stated would come later in the year.

Members also stated that the projects will have a shelf life longer than the period of the City Deal and those jobs should hopefully stay for many years to come, but currently most of the jobs are in construction and the idea is to try squeeze as many benefits as possible out of that element to ensure value for money.

Officers advised that one of the areas of skills and talent is the construction industry sector, particularly around innovative ways of construction. Officers explained that they will develop a highly qualified workforce because of the pilots and the apprenticeships and ideally those people will be kept here in the Welsh construction industry.

Members highlighted that the UK Government had provided more investment via skills through other pots created and wanted to know if the local authorities and the officers have had discussions to ensure that the skills programs are being married up in a way that avoids duplications.

Officers said that they believe that is happening via the regional learning skills partnership and with the partners around levelling up as well. Officers also advised that there are other opportunities for skills development there.

The report was noted.

5. **Provisional Allocation of £5.3m Swansea Bay City Deal Funds and Swansea Bay City Deal Supporting Innovation & Low Carbon Growth (SILCG) - Advanced Manufacturing Production Facility (AMPF) Project Amendment Summary.**

Officers provided an overview of the report as circulated, they explained that Neath Port Talbot were leading the proposal of the provisional allocation of £5,300,000 City deal funds and it is intended to go into supporting innovation and low carbon growth program to bolster and enhance the advanced manufacture production facility as part of it.

Members were advised that program board had endorsed this on the 18th of April 2023 and Joint Committee approved it on the 11th of May. Members were advised that the approval means that Neath Port Talbot can now update their business case to support innovation & low carbon growth to enhance the advanced production facility with the inclusion of a national NetZero Skills Centre of Excellence.

The national NetZero Skills Centre of Excellence is a physical build, housing a Centre for Excellence for Skills. Officers explained that this is a consequence of the removal of the Centre of Excellence and Next Generation Services, The Factories of the Future and Steel Science. All of which lead by NPT in 2019.

Officers explained that what came as a consequence of that, was the support and innovation low carbon growth program which was incorporated into the programme and approved by the Governments in March 2021.

Members were advised that this meant that the £5,300,000 of the City Deal funds remained unallocated to any project or programme and Neath Port Talbot requested to amend the low carbon business case with a PMO. Officers requested to Joint committee that they approve these unallocated funds go to Neath Port Talbot in principle, for the purposes outlined in the report.

Officers requested that Neath Port Talbot can formally proceed with the development of a business case to include the advanced manufacturing production facility project and go through a process which is included in appendix b. around the business case approval change process associated with that. The development of the business case is currently being processed.

Officers explained that in relation to target dates, there has been a lot of engagement with further and higher education, Industry Wales, NetZero Industry Wales and local industry through the Economic Development team. Officers are basing this on need and demand from the industry and as such, this is an industry lead facility and industry lead skills; Welsh Government are also very interested in it.

Officers advised that in relation to timeline that they are working through the economic and business cases at the moment and are hoping to have the first draft of the economic case by this week. They will then review the document with Jonathan Burns' team and other parties they have been engaging with.

Officers are going to the Low Carbon Growth Program Board of Governors on the 14th of September 2023 and then the City Deal program board on the 31st of October 2023 and then for decision at City Deal Joint Committee on the 16th of November 2023.

Officers advised that because this is a significant change, it will likely need to be approved by Government but officers are already in dialogue with Welsh Government in regards to this.

Members were happy to receive the timeline and welcomed the funding, they asked to clarify where the Port Talbot Waterfront Enterprise Zone falls.

Officers advised that it covers harbourside, Baglan energy park and Baglan industrial estate.

Members welcomed the numbers of jobs created in relation to this project and asked whether they were long term jobs.

Officers confirmed that they are long term jobs, some linked to construction but most from successful spin out companies and spin out from Swansea University and Trinity Saint David. Both are looking for premises for startup and this facility will provide shared equipment and industry led skills such as looking at future skills of flow, freeport,

Global Centre of Rail Excellence. The goal is to ensure that the communities of Swansea Bay City Region have the appropriate skills to access long term jobs for future generations.

Officers advised that this bridges the gap between industry and academia and helps significantly in helping companies developing their products. There has been work done on this in the last 12 months. Members were advised that there are 6 or 7 catapults in England, 2 in Scotland and none in Wales. Officers are talking to Welsh Government about having a catapult in Wales and how officers can use some of their systems to then link up and be a bit more ambitious. Officers advised that they see this as a fundamental project going forward not just in Neath Port Talbot but across the region and South Wales as a whole. Officers said this is slightly more ambitious than initially thought.

Members wanted to understand more about the breakdown of the demographic of the people these jobs would go to and who would benefit from the training.

Officers explained that it would be across the board, people already in employment, school leavers, young people, all the way through to upskilling existing members of the workforce. This also allows companies to develop products in the advanced manufacturing centre. Officers also highlighted then the skills element on the side. They believe this compliments perfectly.

Officers used the example of Coventry in the MTC (Manufacturing Technology Centre) where they were producing 200 - 300 high quality apprentices every year and that helps the local industries there develop. Officers said that that is an area that is critically short on skills development.

Members highlighted that due to the economy this is a period of transition with people moving into new areas of employment and asked whether this is an opportunity for people via Welsh Government training schemes, to re-skill and move into a different sector should they wish. Members asked officers if they people could do so. Officers said that is the case.

Members also highlighted the potential to retain high quality jobs in Port Talbot from the decarbonisation of the Steel Works, as people will be looking for re-deployment from the heavy side of the industry to renewable energy.

Members asked about the £5,300,000 allocation as stated in the report and asked Chris Moore to confirm that no money has been released as part of this yet.

Chris Moore advised that when City Deal was structured originally, the funding was allocated to NPT. Because NPT has realigned some of its schemes and had taken slightly different projects, that released this amount. It was felt, as per the joint agreement, that it was sensible and appropriate to allow NPT to come forward with an amended scheme first. Officers advised that they wouldn't release any of the funding until they had a substantive project in place and this is part of the £240,000,000 that was originally allocated and its gone back to NPT for first opportunity at using the funds.

The report was noted.

6. **Private Sector Investment / Contribution Report. (For Information)**

Members were provided with an update on the current situation with Swansea Bay City Deal portfolio private sector investment and contributions as included in the report circulated.

Members queried about the digital infrastructure numbers and in relation to the £14,600,000 investments from Virgin which makes up three quarters of the actuals to date in terms of private investment.

Members asked if that funding is work that would have happened anyway and for Pentre Awel's investment projections for this year, how can it be expected that £20,000,000 investment can come this year as that is a considerable amount of money.

Officers explained that it wouldn't be possible to answer the first question, but nobody expected that much investment to be accelerated as fast as it had been.

Officers felt that the model has benefitted the region. Officers explained that in comparison to other areas, they are doing well and have expanded and accelerated their digital infrastructure roll out. This is because they have organised regionally and having lines of engagement and employed staff in the local authorities supporting digital infrastructure.

The Virgin Media numbers of £7,000,000 of expenditure in the region was excluded by the City Deal Infrastructure team from the £14,500,000 as that was not a direct involvement with the City Deal infrastructure team or project so they excluded it from the assessment. The spend in the region was higher if you include that money, but for the reasons mentioned they could not include it. Members referred to the fact that almost half of the actuals and projected private investments are virgin media related and members are aware that Virgin were already aggressively investing in this area for market share. Members queried whether City Deal was underselling itself.

Officers advised they didn't think so when you look at the breakdown of the providers and localities and felt that City deal has been ahead of where they thought in terms of stimulating private sector market and done so to good effect. Officers advised it would get more difficult as the fully fibred areas dry up, however there will be an acceleration of 5g test beds and the IOT workstreams are fully on boarded.

Members were told that this is a better position than originally thought and is qualified in terms of claimable investment impacted from city deal and the digital infrastructure team.

Officers explained that the first tranche of funding for Pentre Awel is coming from private sector borrowing and they are going into the market to pull down some money for the core element of the site they are constructing at the moment. Officers advised that the funding of that will come from the occupiers that are going on to tenancy agreements within the Pentre Awel complex.

Members were informed that this first element may slip slightly because there is an intention to use the funding in the first place and there has been a slippage in the project, although the core element of the project is still on track for Autumn 2024. The hotel and nursing care will need to break even on their own in terms of funding as it develops.

The Chair clarified with officers if the £20,000,000 is going to be borrowed from an investment company or bank and then paid back via the tenancies. Officers confirmed that was the intention and are talking to potential investors. There are also some discussions with the UK Government relating to grants being frontloaded and some of our own so officers will rebalance that as and when appropriate during the project.

Members asked if this funding would be necessary in terms of the final investment figure if we were able to be in a position where we didn't need to borrow, would officers be confident that they would get the £110,000,000 private sector investment via the hotel and the rest of the scheme.

Officers advised that the key issue is getting the tenants in to occupy that space and how you would translate that income stream into a capital value. Now the funding is needed but there might be other ways of looking at the income streams. There are the various academic institutions coming in and the private sector and innovation elements of it and that is slowly picking up momentum.

Members asked about the campuses and Swansea Waterfront being red risks. Members asked if officers knew if in 2025 that there will be the start of the investment for the campuses, and will it be spread over a number of years? Members also wanted to know in relation to the hotel build and the rental income from the Kingsway.

Officers explained that the campuses have developed the least. Until the commencement date and the funding agreement is signed, they won't know how much it has slipped by until they can start building. Jonathan Burns advised that there is a plan and he has spoken to Richard Lancaster of Swansea University who is overseeing this and has seen the investment plan but they can't start this until they get the green light to start building.

Officers explained that a lot of the £15,000,000 of city deal funds is in phase one around Singleton and Morriston Hospitals and a lot of the private sector investment is around phase 2. They are in conversations with industry partners and officers are confident that once the green light comes and they start delivering then they will start to see it coming through.

Members were advised that the project lead of the hotel has provided an update to say that they are still in negotiations with private sector investors and multiple funding sources for the hotel. The ATG fitout of £1,000,000 is done but they are still negotiating with the hotel. An announcement is imminent, and they are having negotiations with hoteliers.

Members stated that there is a major issue with funding of the hotel.

Officers said that the industry still hasn't fully recovered, currently the value is at £19,000,000 and they don't know how much of it will be coming from private funding as they may not be willing to invest at that level.

Members said that there would always be a gap between there between a 3 and 4 star and the way that gap is made up and the funding arrangement for the initial build and then the lease afterwards would be done. Members were surprised that its not a red risk rather than amber for that reason.

Members also felt that the rental for the Kingsway should also be a red risk as well as they don't know if the Kingsway will ever get filled up with all the other building going on currently.

Officers advised that the marketing campaign for the Kingsway is due to happen shortly. Indications are the opposite, catalysing the need for more office space. The Kingsway office space is considered to be high quality, collaborative space that is highly sort after.

Trinity St David have indicated that they already have got 90% occupancy earmarked for tenants for the Innovation Matrix which is amazing as they only have the seal structure up currently.

Officers advised that it is only heads of terms at the moment, and nothing signed but having that indication of tenancy agreements underway or working towards that is fantastic. It may be stimulating new businesses or industry into the region, but all those tenants will be announced as soon as they can be.

Members advised they were surprised that Homes as Power Stations was marked as green in the report as there are zero actuals for the first four years and the report is projecting £1,400,000 for this year. Members said that approximately half of the projects they are looking at is £1,400,000 out of £375,000,000 which makes up 60% of all private sector investment and they are significantly behind in terms of delivering all the actuals of private sector investment.

Members said that in a weak economy with high interest rates, not knowing what the future holds and with the construction sector being in a difficult place right now, members feel it is ambitious to believe that £375,000,000 within 8 years when so far only £1,400,000 has been delivered in 7 years.

Officers advised that the £1,400,000 is actuals and that there is a lag in the reporting as they have to gather reports and then the project lead is in the process of gathering those together for this financial year.

Lisa Willis advised that Homes as Power Stations is linked to capital builds and linked to funds that haven't been launched yet. The projections for private sector leverage are towards the end of the program so the next 2-3 years and is on target.

There is a pipeline of developments through the local authorities, through the RSLs and the private sector. There is the supply chain mapping exercise that has been done and they are fully resourced now. They have already started the delivery of Homes as Power Stations programme. Even though business plans are approved, and they are confident that the private sector projections leverage will be as met. That has been re-profiled because there is a lag in terms of construction, but they are confident they will meet those figures.

Members wanted to clarify what gives officers the confidence that they will be able to meet these figures, given every build project has slipped and the costs for everyone has increased. With a weak economy and a fully booked construction industry, how will they have the capacity to deliver £375,000,000 in 8 years.

Officers explained that the Homes as Power stations isn't a standalone building programme and is linked into the developments already projected and the aim of the project is to encourage the developments to look at renewable technologies. The housing developments would already be happening, the Homes as Power stations are sharing those lessons learned.

Members advised that the projected plan for Swansea North house building between Penllergaer, Loughor, Gowerton and Gorseinon was around 1500 houses back in 2019, up to now only 150 have been built. Members advised that quite a few of the larger builders are having problems currently building the vast estates and its only smaller builders who aren't having problems who are managing to build the smaller estates.

Members believe that they need to be very cautious how the £375,000,000 is going to be spent. Members said that some successful retrofitting has happened in Clydach on Homes as Power Stations and maybe at some point in the future it may be worth

looking seriously at whether retrofitting houses as well as building new ones.

Officers clarified that Homes as Power Stations is looking at new builds and the retrofit market and can provide an update for members.

Members feel that it is a big undertaking to get all this done in such a short space of time and all the issues they mentioned before in relation to the timeframe and the current situation of the economy, cost price increases and the position of the construction industry. Members would welcome a report to provide assurances on the plans and to see how the retrofit process would work. Members also brought up that they may add site visits to the Forward Work Program.

Simon Brennan advised members that there is always an element of risk when you are relying on the private sector and all authorities are going through the LDP process currently and everyone has ambitious plans in terms of housing delivery whether they have to work with public sector partners, RSLs. Carmarthen and Swansea also having their own in-house housing as well.

Officers advised that it's about connecting with the private sector and encouraging them to deliver. Officers explained that it is also about working in partnership with colleagues in planning as well and creating the environment for volume housebuilders to want to be engaged in the Southwest Wales region.

Officers advised that the demand is there for houses due to the work happening on the freeport and the general economic growth in the area and its about being able to reach supply and encourage contractors in. Officers commented that hopefully if they can see the economic growth then these house builders will be encouraged to build here.

In relation to retrofit, officers advised that there isn't a lot of money available and its about proving concepts and then making sure there is a good pathway when other funding stream become available to encourage retrofit across the region.

Members suggested that we may need to lean on ourselves due to the way mortgage rates are increasing causing people issues in

getting a mortgage as well as retrofitting in the authorities housing stocks or working with partners.

The report was noted.

7. **Forward Work Programme 2022/23**

Members agreed to hold a Forward Work Planning meeting in September.

8. **Urgent Items**

There were none.

CHAIRPERSON

SWANSEA BAY CITY REGION JOINT SCRUTINY COMMITTEE

DATE 13th February 2024

Audit of Accounts Report (ISA260)	
RECOMMENDATIONS/KEY DECISIONS	
<p>The Auditor General is responsible for providing an opinion on whether the Statement of Accounts demonstrate a true and fair view of the position of the Swansea Bay City Deal Joint Committee as at 31st March 2023. The report summarises the findings from the undertaken audit. Joint Scrutiny to receive the report</p>	
REASONS	
1. Introduction	
<p>Carmarthenshire County Council as the Accountable Body is responsible for the financial stewardship of the Swansea Bay City Deal. This is the third year the Swansea Bay City Deal Joint Committee has had to compile a Statement of Accounts in line with the Accounts and Audit (Wales) Regulations 2014, as amended in 2018. The Statement of Accounts was audited by Audit Wales, with the audit letter including the audit opinion and findings presented in appendix A.</p>	
2. Audit of Accounts Report	
<p>The Auditor General is responsible for providing an opinion on whether the statements demonstrate a true and fair view of the position of the Swansea Bay City Deal Joint Committee as at 31st March 2023. The attached report summarises findings concluded from the audit undertaken.</p>	
Appendices:	
<p>A: Swansea Bay City Deal Audit of Accounts Report (ISA 260) B: Swansea Bay City Deal Audit of Accounts Report (ISA 260) Welsh Version</p>	
OFFICER CONTACT	
<p>Name: Chris Moore S151 Officer</p>	<p>Email: CMoore@carmarthenshire.gov.uk</p>

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Audit of Accounts Report – Swansea Bay City Deal Joint Committee

Audit year: 2022-23

Date issued: November 2023

Document reference: 3910A2023

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

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

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

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

Contents

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

Audit of Accounts Report

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Audit of Accounts Report

Introduction

- 1 We summarise the main findings from our audit of your 2022-23 accounts in this report.
- 2 We have already discussed these issues with the Section 151 Officer and his team.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £260,000 for this year's audit.
- 5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these, as follows:
 - Senior Staff Remuneration – £1,000
 - Related Party disclosures for officers and members – £1,000
- 6 The timetable for completion of the audited accounts is set out in **Exhibit 1**.

Exhibit 1: accounts timetable

Timetable	<ul style="list-style-type: none">• The deadline for completing your accounts was 31 July 2023.• We received the draft accounts on 27 July 2023.• Our deadline for completing the audit is 30 November 2023• We expect your audit report to be signed on 23 November 2023.
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- 7 We have now substantially completed this year's audit but at the time of drafting this report, the following work is outstanding:
 - our final review of the revised 2022-23 financial statements.
- 8 We will provide a verbal update on these outstanding items to the Committee at its meeting on 16 November 2023.
- 9 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

Proposed audit opinion

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

Significant issues arising from the audit

Uncorrected misstatements

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

Corrected misstatements

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

Other significant issues arising from the audit

- 15 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. There were no significant issues arising in these areas this year.

Appendix 1

Final letter of representation

[Audited body's letterhead]

Auditor General for Wales
Wales Audit Office
1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

16 November 2023

Representations regarding the 2022-23 financial statements

This letter is provided in connection with your audit of the financial statements of Swansea Bay City Deal Joint Committee for the year ended 31 March 2023 for the purpose of expressing an opinion on their truth and fairness and their proper preparation. We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom UK 2022-23; in particular the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

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

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

Financial statement representations

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

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

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

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

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

The financial statements are free of material misstatements, including omissions. There are no uncorrected misstatements in the financial statements.

Representations by those charged with governance

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Committee on 16 November 2023.

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

Signed by:

Section 151 Officer

Date:

Signed by:

Chair of the Committee

Date:

Appendix 2

Proposed audit report

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

Opinion on financial statements

I have audited the financial statements of Swansea Bay City Deal Joint Committee for the year ended 31 March 2023 under the Public Audit (Wales) Act 2004.

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

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

In my opinion the financial statements:

- give a true and fair view of the financial position of Swansea Bay City Deal Joint Committee as at 31 March 2023 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the Joint Committee in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Joint Committee's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual statement of accounts other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual statement of accounts. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

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

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

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

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on pages 18 and 19, the responsible financial officer is responsible for:

- the preparation of the statement of accounts which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error;
- assessing the Joint Committee's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by the Joint Committee will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

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

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

My procedures included the following:

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

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

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

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

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

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

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

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

Adrian Crompton
Auditor General for Wales
23 November 2023

1 Capital Quarter
Tyndall Street
Cardiff,
CF10 4BZ

Appendix 3

Summary of corrections made

During our audit, we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Exhibit 2: summary of corrections made

Value of correction	Nature of correction	Reason for correction
£12,746 (Increase to supplies and services expenditure in the CIES)	Comprehensive Income and Expenditure Statement (CIES) and Note 8 – External Audit Fees The audit fees for 2022-23 were amended to ensure that they agreed to the Audit Plan presented to the Joint Committee. This resulted in an increase of £12,746 to supplies and services expenditure in the CIES. Note 8 (External Audit Fees) was also amended to split the audit fee between Audit of Accounts work and Performance Audit work.	To correctly disclose the actual audit fees.
Various (No overall effect on the primary statements)	A number of minor amendments were made to the financial statements relating to either revisions to disclosures of information or narrative changes.	To ensure the accuracy of the financial statements.



Audit Wales

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

Adroddiad Archwilio Cyfrifon – Cyd- bwyllgor Bargaen Ddinesig Bae Abertawe

Blwyddyn archwilio: 2022-23

Dyddiad cyhoeddi: Tachwedd 2023

Cyfeirnod y ddogfen: 3910A2023

Paratowyd y ddogfen hon fel rhan o waith a gyflawnir yn unol â swyddogaethau statudol.

Mewn achos o dderbyn cais am wybodaeth y gall y ddogfen hon fod yn berthnasol iddo, tynnir sylw at y Cod Ymarfer a gyhoeddwyd o dan adran 45 o Ddeddf Rhyddid Gwybodaeth 2000. Mae'r cod adran 45 yn nodi'r arfer wrth ymdrin â cheisiadau a ddisgwylir gan awdurdodau cyhoeddus, gan gynnwys ymgynghori â thrydydd partiön perthnasol. O ran y ddogfen hon, mae Archwilydd Cyffredinol Cymru a Swyddfa Archwilio Cymru yn drydydd partiön perthnasol. Dylid anfon unrhyw ymholiadau ynghylch datgelu neu aildefnyddio'r ddogfen hon at Swyddfa Archwilio Cymru yn swyddog.gwybodaeth@archwilio.cymru.

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

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

Cynnwys

Rydym yn bwriadu cyhoeddi adroddiad archwilio anghymwys ar eich Cyfrifon. Mae rhai materion i'w trafod cyn eu cymeradwyo.

Adroddiad Archwilio Cyfrifon

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Adroddiad Archwilio Cyfrifon

Cyflwyniad

- 1 Rydym yn crynhoi'r prif ganfyddiadau o'n harchwiliad o'ch cyfrifon 2022-23 yn yr adroddiad hwn.
- 2 Rydym eisoes wedi trafod y materion hyn gyda'r Swyddog Adran 151 a'i dîm.
- 3 Ni all archwilwyr fyth roi sicrwydd llwyr bod cyfrifon wedi'u nodi'n gywir. Yn hytrach, rydym yn gweithio i lefel o 'faterolrwydd'. Disgwylir i'r lefel hon o fateroldeb geisio nodi a chywiro camddatganiadau a allai fel arall achosi i ddefnyddiwr o'r cyfrifon gael eu camarwain.
- 4 Rydym yn gosod y lefel hon ar £260,000 ar gyfer yr archwiliad eleni.
- 5 Mae rhai meysydd o'r cyfrifon a allai fod yn bwysicach i'r darlennydd ac rydym wedi gosod lefel fateroldeb is ar gyfer y rhain, fel a ganlyn:
 - Uwch Dâl Staff – £1,000
 - Datgeliadau'r Blaid Gysylltiedig ar gyfer swyddogion ac aelodau – £1,000
- 6 Mae'r amserlen ar gyfer cwblhau'r cyfrifon archwiliedig wedi'i nodi yn **Arddangosyn 1**.

Arddangosyn 1: amserlen cyfrifon

Amserlen	
	<ul style="list-style-type: none">• Y dyddiad cau ar gyfer cwblhau eich cyfrifon oedd 31 Gorffennaf 2023.• Cawsom y cyfrifon drafft ar 27 Gorffennaf 2023.• Ein dyddiad cau ar gyfer cwblhau'r archwiliad yw 30 Tachwedd 2023• Rydym yn disgwyl i'ch adroddiad archwilio gael ei lofnodi ar 23 Tachwedd 2023.

- 7 Rydym bellach wedi cwblhau'r archwiliad eleni'n sylweddol ond ar adeg drafftio'r adroddiad hwn, mae'r gwaith canlynol yn rhagorol:
 - ein hadolygiad terfynol o ddatganiadau ariannol diwygiedig 2022-23.
- 8 Byddwn yn darparu diweddariad llafar ar yr eitemau rhagorol hyn i'r Pwyllgor yn ei gyfarfod ar 16 Tachwedd 2023.
- 9 Yn ein barn broffesiynol, rydym wedi cydymffurfio â'r safonau moesegol sy'n berthnasol i'n gwaith; Aros yn annibynnol ar eich hunain; ac nid yw ein gwrthrychedd wedi cael ei gyfaddawdu mewn unrhyw ffordd. Nid oes unrhyw berthynas rhyngom ni a chi ein hunain y credwn a allai danseilio ein gwrthrychedd a'n hannibyniaeth.

Barn archwilio arfaethedig

- 10 Rydym yn bwriadu cyhoeddi barn archwilio ddiamod ar gyfrifon eleni unwaith y byddwch wedi rhoi Llythyr Cynrychiolaeth i ni yn seiliedig ar yr hyn a nodir yn **Atodiad 1**.
- 11 Rydym yn cyhoeddi barn archwilio 'gymwysedig' lle mae gennym bryderon materol am rai agweddau ar eich cyfrifon; Fel arall, rydyn ni'n cyhoeddi barn anghymhwys.
- 12 Mae'r Llythyr Cynrychiolaeth yn cynnwys rhai cadarnhadau y mae'n ofynnol i ni eu cael gennych chi o dan safonau archwilio ynghyd â chadarnhad o wybodaeth benodol arall rydych chi wedi'i rhoi i ni yn ystod ein harchwiliad.
- 13 Mae ein hadroddiad archwilio arfaethedig wedi'i nodi yn **Atodiad 2**.

Materion sylweddol yn codi o'r archwiliad

Camddatganiadau heb eu cywiro

- 14 Nid oes unrhyw gamddatganiadau wedi'u nodi yn y cyfrifon, sy'n parhau heb eu cywiro.

Camddatganiadau wedi'u cywiro

I ddechrau, roedd camddatganiadau yn y cyfrifon sydd bellach wedi'u cywiro gan reolwyr. Fodd bynnag, credwn y dylid tynnu eich sylw at y rhain ac fe'u nodir gydag esboniadau yn **Atodiad 3**.

Materion pwysig eraill sy'n codi o'r archwiliad

- 15 Yn ystod yr archwiliad, rydym yn ystyried nifer o faterion sy'n ymwneud â'r cyfrifon ac yn adrodd am unrhyw faterion arwyddocaol sy'n codi i chi. Doedd dim problemau sylweddol yn codi yn y meysydd hyn eleni.

Atodiad 1

Llythyr Sylwadau Terfynol

[Pennawd y corff archwiliedig]

Archwilydd Cyffredinol Cymru
Swyddfa Archwilio Cymru
1 Cwr y Ddinas
Stryd Tyndall
Caerdydd
CF10 4BZ

16 Tachwedd 2023

Sylwadau ar ddatganiadau ariannol 2022-23

Darperir y llythyr hwn mewn cysylltiad â'ch archwiliad o ddatganiadau ariannol Cyd-bwyllgor Bargen Ddinesig Bae Abertawe am y flwyddyn a ddaeth i ben ar 31 Mawrth 2023 er mwyn mynegi barn ar eu gwirionedd a'u tegwch a'u paratoi'n briodol.

Rydym yn cadarnhau, hyd eithaf ein gwybodaeth a'n cred, ar ôl gwneud ymholiadau fel y tybiwn yn ddigonol, y gallwn wneud y sylwadau canlynol i chi.

Sylwadau rheoli

Cyfrifoldebau

Rydym wedi cyflawni ein cyfrifoldebau ar gyfer:

- paratoi'r datganiadau ariannol yn unol â gofynion deddfwriaethol a Chod Ymarfer CIPFA ar Gyfrifeg Awdurdodau Lleol yn y Deyrnas Unedig 2022-23; yn benodol, mae'r datganiadau ariannol yn rhoi barn wir a theg yn unol â hynny; a
- dylunio, gweithredu, cynnal ac adolygu rheolaeth fewnol i atal a chanfod twyll a chamgymeriad.

Gwybodaeth a ddarperir

Rydym wedi rhoi i chi:

- Mynediad llawn i:
 - yr holl wybodaeth yr ydym yn ymwybodol ohoni sy'n berthnasol i baratoi'r datganiadau ariannol megis llyfrau cyfrifon a dogfennau ategol, cofnodion cyfarfodydd a materion eraill;

- gwybodaeth ychwanegol yr ydych wedi gofyn amdani gennym at ddibenion yr archwiliad; a
- mynediad anghyfyngedig i staff y gwnaethoch benderfynu arnynt ei bod yn angenrheidiol cael tystiolaeth archwilio.
- canlyniadau ein hasesiad o'r risg y gall y datganiadau ariannol gael eu cam-ddatgan yn sylweddol o ganlyniad i dwyll;
- Ein gwybodaeth am dwyll neu amheuaeth o dwyll yr ydym yn ymwybodol ohono ac sy'n effeithio ar Gyd-bwyllgor Bargen Ddinesig Bae Abertawe ac sy'n cynnwys:
 - rheolaeth;
 - gweithwyr sydd â rolau sylweddol mewn rheolaeth fewnol; neu
 - eraill lle gallai'r twyll gael effaith sylweddol ar y datganiadau ariannol.
- ein gwybodaeth am unrhyw honiadau o dwyll, neu amheuaeth o dwyll, sy'n effeithio ar y datganiadau ariannol a gyflewyd gan weithwyr, cyn-gyflogeion, rheoleiddwyr neu eraill;
- ein gwybodaeth am yr holl achosion hysbys o ddiffyg cydymffurfio neu amheuaeth o beidio â chydymffurfio â deddfau a rheoliadau y dylid ystyried eu heffeithiau wrth baratoi'r datganiadau ariannol; a
- hunaniaeth yr holl bartïon cysylltiedig a'r holl berthnasoedd a thrafodion parti cysylltiedig yr ydym yn ymwybodol ohonynt.

Sylwadau datganiad ariannol

Mae'r holl drafodion, asedau a rhwymedigaethau wedi'u cofnodi yn y cofnodion cyfrifeg ac yn cael eu hadlewyrchu yn y datganiadau ariannol.

Mae rhagdybiaethau sylweddol a ddefnyddir wrth wneud amcangyfrifon cyfrifyddu, gan gynnwys y rhai a fesurir ar werth teg, yn rhesymol.

Mae perthnasoedd a thrafodion parti cysylltiedig wedi'u cyfrif a'u datgelu'n briodol.

Mae'r holl ddigwyddiadau sy'n digwydd ar ôl y dyddiad adrodd y mae angen eu haddasu neu eu datgelu wedi'u haddasu neu eu datgelu.

Mae'r holl ymglyfreitha a hawliadau gwirioneddol neu bosibl y dylid ystyried eu heffeithiau wrth baratoi'r datganiadau ariannol wedi'u datgelu i'r archwilydd ac wedi cyfrif amdanynt a'u datgelu yn unol â'r fframwaith adrodd ariannol cymwys.

Mae'r datganiadau ariannol yn rhydd o gamddatganiadau perthnasol, gan gynnwys hepgoriadau. Nid oes unrhyw gamddatganiadau heb eu cywiro yn y datganiadau ariannol.

Sylwadau gan y rhai sy'n gyfrifol am lywodraethu

Rydym yn cydnabod bod y sylwadau a wnaed gan reolwyr, uchod, wedi cael eu trafod gyda ni.

Rydym yn cydnabod ein cyfrifoldeb dros baratoi datganiadau ariannol gwir a theg yn unol â'r fframwaith adrodd ariannol cymwys. Cymeradwywyd y datganiadau ariannol gan y Pwyllgor ar 16 Tachwedd 2023.

Rydym yn cadarnhau ein bod wedi cymryd yr holl gamau y dylem fod wedi'u cymryd er mwyn gwneud ein hunain yn ymwybodol o unrhyw wybodaeth archwilio berthnasol ac i gadarnhau ei bod wedi'i chyfleu i chi. Rydym yn cadarnhau, hyd y gwyddom, nad oes unrhyw wybodaeth archwilio berthnasol nad ydych yn ymwybodol ohoni.

Llofnodwyd gan:

Swyddog Adran 151

Dyddiad:

Llofnodwyd gan:

Cadeirydd y Pwyllgor

Dyddiad:

Atodiad 2

Adroddiad archwilio arfaethedig

Adroddiad yr archwilydd annibynnol o Archwilydd Cyffredinol Cymru i aelodau Cyd-bwyllgor Bargaen Ddinesig Bae Abertawe

Barn ar ddatganiadau ariannol

Rwyf wedi archwilio datganiadau ariannol Cyd-bwyllgor Bargaen Ddinesig Bae Abertawe am y flwyddyn a ddaeth i ben ar 31 Mawrth 2023 o dan Ddeddf Archwilio Cyhoeddus (Cymru) 2004.

Mae datganiadau ariannol Cyd-bwyllgor Bargaen Ddinesig Bae Abertawe yn cynnwys Datganiad Symud mewn Cronfeydd Wrth Gefn, y Datganiad Incwm a Gwariant Cynhwysfawr, y Fantolen, y Datganiad Llif Arian, a'r nodiadau cysylltiedig, gan gynnwys crynodeb o bolisiau cyfrifo sylweddol.

Mae'r fframwaith adrodd ariannol sydd wedi'i gymhwyso wrth baratoi yn gyfraith berthnasol a safonau cyfrifyddu rhyngwladol fel y'u dehonglir a'u haddasu gan y Cod Ymarfer ar Gyfrifeg Awdurdodau Lleol yn y Deyrnas Unedig 2022-23.

Yn fy marn i, mae'r datganiadau ariannol:

- rhoi darlun cywir a theg o sefyllfa ariannol Cyd-bwyllgor Bargaen Ddinesig Bae Abertawe ar 31 Mawrth 2023 ac o'i incwm a'i wariant ar gyfer y flwyddyn a ddaeth i ben bryd hynny; ac
- wedi eu paratoi'n briodol yn unol â gofynion deddfwriaethol a safonau cyfrifyddu rhyngwladol fel y'u dehonglir a'u haddasu gan y Cod Ymarfer ar Gyfrifeg Awdurdodau Lleol yn y Deyrnas Unedig 2022-23.

Sail barn

Cynhaliiais fy archwiliad yn unol â'r gyfraith berthnasol a'r Safonau Rhyngwladol ar Archwilio yn y DU (ISAs (DU)) a Nodyn Ymarfer 10 'Archwilio Datganiadau Ariannol Endidau Sector Cyhoeddus yn y Deyrnas Unedig'. Disgrifir fy nghyfrifoldebau o dan y safonau hynny ymhellach yng nghyfrifoldebau'r archwilydd dros archwilio adran datganiadau ariannol fy adroddiad.

Mae fy staff a minnau'n annibynnol ar y Cydbwyllgor yn unol â'r gofynion moesegol sy'n berthnasol i'm harchwiliad o'r datganiadau ariannol yn y DU gan gynnwys Safon Foesegol y Cyngor Adrodd Ariannol, ac rwyf wedi cyflawni fy nghyfrifoldebau moesegol eraill yn unol â'r gofynion hyn. Credaf fod y dystiolaeth archwilio a gefais yn ddigonol ac yn briodol i roi sail i'm barn.

Casgliadau'n ymwneud â busnes gweithredol

Wrth archwilio'r datganiadau ariannol, rwyf wedi dod i'r casgliad bod y defnydd o'r sail gyfredol o gyfrifo wrth baratoi'r datganiadau ariannol yn briodol.

Yn seiliedig ar y gwaith rwyf wedi'i gyflawni, nid wyf wedi nodi unrhyw ansicrwydd materol sy'n ymwneud â digwyddiadau neu amodau a allai, yn unigol neu gyda'i gilydd, fwrw amheuaeth sylweddol ar allu'r Cyd-bwyllgor i barhau i fabwysiadu sail cyfrifyddu busnes gweithredol am gyfnod o 12 mis o leiaf o'r adeg y mae'r datganiadau ariannol wedi'u hawdurdodi i'w cyhoeddi.

Disgrifir fy nghyfrifoldebau a chyfrifoldebau'r swyddog ariannol cyfrifol mewn perthynas â busnes gweithredol yn yr adrannau perthnasol o'r adroddiad hwn.

Gwybodaeth arall

Mae'r wybodaeth arall yn cynnwys y wybodaeth a gynhwysir yn y datganiad cyfrifon blynyddol ac eithrio'r datganiadau ariannol ac adroddiad fy archwilydd ar hynny. Mae'r Swyddog Ariannol Cyfrifol yn gyfrifol am yr wybodaeth arall sydd yn y datganiad cyfrifon blynyddol. Nid yw fy marn ar y datganiadau ariannol yn cwmpasu'r wybodaeth arall ac, ac eithrio i'r graddau a nodir fel arall yn benodol yn fy adroddiad, nid wyf yn mynegi unrhyw fath o gasgliad sicrwydd ar hynny.

Fy nghyfrifoldeb i yw darllen y wybodaeth arall ac, wrth wneud hynny, ystyried a yw'r wybodaeth arall yn sylweddol anghyson â'r datganiadau ariannol neu'r wybodaeth a gafwyd yn ystod yr archwiliad, neu fel arall mae'n ymddangos ei bod wedi'i chamddatgan yn sylweddol. Os byddaf yn nodi anghysondebau materol o'r fath neu gamddatganiadau materol ymddangosiadol, mae'n ofynnol i mi benderfynu a yw hyn yn arwain at gamddatganiad perthnasol yn y datganiadau ariannol eu hunain. Os byddaf i, yn seiliedig ar y gwaith rwyf wedi'i gyflawni, yn dod i'r casgliad bod camddatganiad materol o'r wybodaeth arall hon, mae'n ofynnol i mi adrodd am y ffaith honno.

Nid oes gennyf unrhyw beth i'w adrodd yn hyn o beth.

Barn ar faterion eraill

Yn fy marn i, yn seiliedig ar y gwaith a wnaed yn ystod fy archwiliad:

- mae'r wybodaeth a gynhwysir yn yr Adroddiad Naratif ar gyfer y flwyddyn ariannol y mae'r datganiadau ariannol yn cael eu paratoi ar ei chyfer yn gyson â'r datganiadau ariannol ac mae'r Adroddiad Naratif wedi'i baratoi yn unol â'r Cod Ymarfer ar Gyfrifeg Awdurdodau Lleol yn y Deyrnas Unedig 2022-23; ac
- mae'r wybodaeth a roddir yn y Datganiad Llywodraethu Blynyddol ar gyfer y flwyddyn ariannol y mae'r datganiadau ariannol yn cael eu paratoi ar ei chyfer yn gyson â'r datganiadau ariannol ac mae'r Datganiad Llywodraethu Blynyddol wedi'i baratoi yn unol â'r canllawiau.

Materion yr wyf yn adrodd amdanynt drwy eithriad

Yng ngoleuni gwybodaeth a dealltwriaeth y Cyd-bwyllgor a'i amgylchedd a gafwyd yn ystod yr archwiliad, nid wyf wedi nodi camddatganiadau perthnasol yn yr Adroddiad Naratif na'r Datganiad Llywodraethu Blyneddol.

Nid oes gennyf unrhyw beth i'w adrodd mewn perthynas â'r materion canlynol, yr wyf yn eu hadrodd i chi, os, yn fy marn i:

- Nid wyf wedi derbyn yr holl wybodaeth ac esboniadau sydd eu hangen arnaf ar gyfer fy archwiliad;
- Nid yw cofnodion cyfrifeg digonol wedi'u cadw, neu ni dderbyniwyd ffurflenni sy'n ddigonol ar gyfer fy archwiliad gan ganghennau nad ymwelwyd â hwy gan fy nhîm; neu
- Nid yw'r datganiadau ariannol yn cytuno â'r cofnodion a'r ffurflenni cyfrifyddu.

Cyfrifoldebau'r swyddog ariannol cyfrifol am y datganiadau ariannol

Fel yr esboniwyd yn llawnach yn y Datganiad Cyfrifoldebau ar gyfer y Datganiad Cyfrifon a nodir ar dudalennau 18 a 19, mae'r swyddog ariannol cyfrifol yn gyfrifol am:

- paratoi'r datganiad cyfrifon sy'n rhoi barn wir a theg ac yn cydymffurfio ag arferion priodol;
- cadw cofnodion cyfrifyddu priodol;
- Mae rheolaethau mewnol fel y mae'r swyddog ariannol cyfrifol yn penderfynu arnynt yn angenrheidiol er mwyn galluogi paratoi datganiadau cyfrifon sy'n rhydd o gamddatganiadau perthnasol, boed hynny oherwydd twyll neu gamgymeriad; ac
- asesu gallu'r Cyd-bwyllgor i barhau fel busnes gweithredol, datgelu fel y bo'n berthnasol, materion sy'n ymwneud â busnes gweithredol a defnyddio sail barhaus cyfrifyddu oni bai bod y swyddog ariannol cyfrifol yn rhagweld na fydd y gwasanaethau a ddarperir gan y Cyd-bwyllgor yn parhau i gael eu darparu yn y dyfodol.

Cyfrifoldebau'r Archwilydd dros archwilio'r datganiadau ariannol

Fy nghyfrifoldeb i yw archwilio'r datganiadau ariannol yn unol â Deddf Archwilio Cyhoeddus (Cymru) 2004.

Fy amcanion yw cael sicrwydd rhesymol ynghylch a yw'r datganiadau ariannol yn eu cyfanrwydd yn rhydd o gamddatganiadau perthnasol, boed hynny oherwydd twyll neu gamgymeriad, a chyhoeddi adroddiad archwilydd sy'n cynnwys fy marn i. Mae sicrwydd rhesymol yn lefel uchel o sicrwydd ond nid yw'n warant y bydd archwiliad a gynhelir yn unol ag ISAs (DU) bob amser yn canfod camddatganiad perthnasol pan fydd yn bodoli. Gall camddatganiadau godi o dwyll neu gamgymeriad ac fe'u hystyrir yn ddeunydd os gellid disgwyl yn rhesymol iddynt ddylanwadu ar benderfyniadau economaidd defnyddwyr a wneir ar sail y datganiadau ariannol hyn.

Mae afreoleidd-dra, gan gynnwys twyll, yn achosion o ddiffyg cydymffurfio â deddfau a rheoliadau. Rwy'n dylunio gweithdrefnau yn unol â'm cyfrifoldebau, a amlinellir uchod, i

ganfod camddatganiadau perthnasol mewn perthynas ag afreoleidd-dra, gan gynnwys twyll.

Roedd fy ngweithdrefnau yn cynnwys y canlynol:

- Ymchwilio i'r rheolwyr, pennaeth archwilio mewnol y Cyd-bwyllgor a'r rhai sy'n gyfrifol am lywodraethu, gan gynnwys cael ac adolygu dogfennau ategol sy'n ymwneud â pholisïau a gweithdrefnau'r Cyd-bwyllgor sy'n ymwneud â:
 - nodi, gwerthuso a chydymffurfio â deddfau a rheoliadau ac a oeddent yn ymwybodol o unrhyw achosion o ddiffyg cydymffurfio;
 - canfod ac ymateb i risgiau twyll ac a oes ganddynt wybodaeth am unrhyw dwyll gwirioneddol, amheuaeth neu honedig; ac
 - y rheolaethau mewnol a sefydlwyd i liniaru risgiau sy'n gysylltiedig â thwyll neu ddiffyg cydymffurfio â deddfau a rheoliadau.
- ystyried fel tîm archwilio sut a ble y gallai twyll ddigwydd yn y datganiadau ariannol ac unrhyw ddangosyddion posibl o dwyll. Fel rhan o'r drafodaeth hon, nodais botensial ar gyfer twyll wrth bostio cyfnodolion anarferol.
- cael dealltwriaeth o fframwaith awdurdod y Cyd-bwyllgor yn ogystal â fframweithiau cyfreithiol a rheoleiddiol eraill y mae Cyd-bwyllgor Bargaen Ddinesig Bae Abertawe yn gweithredu ynddynt, gan ganolbwyntio ar y cyfreithiau a'r rheoliadau hynny a gafodd effaith uniongyrchol ar y datganiadau ariannol neu a gafodd effaith sylfaenol ar weithrediadau'r Cyd-bwyllgor.
- Cael dealltwriaeth o berthnasoedd parti cysylltiedig.

Yn ogystal â'r uchod, roedd fy ngweithdrefnau i ymateb i risgiau a nodwyd yn cynnwys y canlynol:

- adolygu'r datganiadau ariannol a phroffion i ddogfennau ategol i asesu cydymffurfiaeth â deddfau a rheoliadau perthnasol a drafodwyd uchod;
- holi rheolwyr, y Cyd-bwyllgor a chynghorwyr cyfreithiol ynghylch ymglyfreitha a hawliadau gwirioneddol a posibl;
- darllen cofnodion cyfarfodydd y rhai sy'n gyfrifol am lywodraethu a'r Cyd-bwyllgor; ac
- wrth fynd i'r afael â'r risg o dwyll trwy wrthdroi rheolaeth rheolaethau, profi priodoldeb cofnodion cyfnodolion ac addasiadau eraill; asesu a yw'r dyfarniadau a wnaed wrth wneud amcangyfrifon cyfrifyddu yn arwydd o ragfarn bosibl; a gwerthuso rhesymeg busnes unrhyw drafodion sylweddol sy'n anarferol neu y tu allan i gwrs busnes arferol.

Fe wnes i hefyd gyfleu deddfau a rheoliadau a nodwyd yn berthnasol a risgiau posibl i dwyll i'r holl dîm archwilio a pharhau i fod yn effro i unrhyw arwyddion o dwyll neu ddiffyg cydymffurfio â chyfreithiau a rheoliadau drwy gydol yr archwiliad.

Mae'r graddau y mae fy ngweithdrefnau'n gallu canfod afreoleidd-dra, gan gynnwys twyll, yn cael ei effeithio gan yr anhawster cynhenid wrth ganfod afreoleidd-dra, effeithiolrwydd rheolaethau'r Cyd-bwyllgor, a natur, amseriad a maint y gweithdrefnau archwilio a gyflawnir.

Ceir disgrifiad pellach o gyfrifoldebau'r archwilydd dros archwilio'r datganiadau ariannol ar wefan y Cyngor Adrodd Ariannol www.frc.org.uk/auditorsresponsibilities. Mae'r disgrifiad hwn yn rhan o adroddiad fy archwilydd.

Cyfrifoldebau archwilydd eraill

Rwy'n cyfathrebu â'r rhai sy'n gyfrifol am lywodraethu ynghylch cwmpas ac amseriad arfaethedig yr archwiliad a chanfyddiadau archwilio sylweddol ymhlith materion eraill, gan gynnwys unrhyw ddiffygion sylweddol mewn rheolaeth fewnol a nodaf yn ystod fy archwiliad.

Tystysgrif cwblhau archwiliad

Rwy'n ardystio fy mod wedi cwblhau'r archwiliad o gyfrifon Cyd-bwyllgor Bargen Ddinesig Bae Abertawe yn unol â gofynion Deddf Archwilio Cyhoeddus (Cymru) 2004 a Chod Ymarfer Archwilio Archwilydd Cyffredinol Cymru.

Adrian Crompton
Archwilydd Cyffredinol Cymru
23 Tachwedd 2023

1 Cwr y Ddinas
Stryd Tyndall
Caerdydd
CF10 4BZ

Atodiad 3

Crynodeb o'r cywiriadau a wnaed

Yn ystod ein harchwiliad, gwnaethom nodi'r camddatganiadau canlynol sydd wedi'u cywiro gan reolwyr, ond yr ydym yn ystyried y dylid eu tynnu at eich sylw oherwydd eu perthnasedd i'ch cyfrifoldebau dros y broses adrodd ariannol.

Arddangosyn 2: crynodeb o'r cywiriadau a wnaed

Gwerth cywiro	Natur cywiro	Rheswm dros gywiro
£12,746 (Cynnydd i wariant ar gyflenwadau a gwasanaethau yn y CIES)	Datganiad Incwm a Gwariant Cynhwysfawr (CIES) a Nodyn 8 – Ffioedd Archwilio Allanol Diwygiwyd y ffioedd archwilio ar gyfer 2022-23 i sicrhau eu bod yn cytuno i'r Cynllun Archwilio a gyflwynwyd i'r Cychbwyllgor. Arweiniodd hyn at gynnydd o £12,746 i wariant ar gyflenwadau a gwasanaethau yn y CIES. Diwygiwyd Nodyn 8 (Ffioedd Archwilio Allanol) hefyd i rannu'r ffi archwilio rhwng gwaith Archwilio Cyfrifon a gwaith Archwilio Perfformiad.	I ddatgelu'r ffioedd archwilio gwirioneddol yn gywir.
Amryw (Dim effaith gyffredinol ar y datganiadau sylfaenol)	Gwnaed nifer o fân ddiwygiadau i'r datganiadau ariannol yn ymwneud naill ai â diwygiadau i ddatgelu gwybodaeth neu newidiadau naratif.	Sicrhau cywirdeb y datganiadau ariannol.



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

SWANSEA BAY CITY REGION JOINT SCRUTINY COMMITTEE

DATE 13th February 2024

Joint Committee Statement of Accounts 2022/23

RECOMMENDATIONS/KEY DECISIONS

To receive the SBCD Programme's Annual Statement of Accounts for the 2022/2023 financial year.

REASONS

1. Introduction

Carmarthenshire County Council as the Accountable Body is responsible for the financial stewardship of the Swansea Bay City Deal. This is the third year the Swansea Bay City Deal Joint Committee has had to compile a Statement of Accounts in line with the Accounts and Audit (Wales) Regulations 2014, as amended in 2018. The Statement of Accounts has been reviewed by Audit Wales and the amendments noted in the Audit of Accounts Report (ISA 260) have been included. Audit Wales has issued an unqualified audit opinion on these Accounts, which has been included within the Statement of Accounts. The Statement of Accounts 2022/23 is attached at Appendix A.

2. Statement of Accounts

The Statement of Accounts present full financial statements for the financial year 2022/23, as required by legislation. To the period which ended on 31st March 2023, the Joint Committee and Portfolio Management Office expenditure incurred totalled £1,603k, income through partner contributions, top slice and interest earned totalling £1,524k. This resulted in a deficit of £80k with the balance being transferred to the City Deal reserve, which now demonstrates £140.8k in total.

Further income received by the Joint Committee included the sixth instalment of Welsh and UK Government City Deal Grant totalling £23.1m. Grant of £24.4m was dispersed to projects during the year. Accrued interest is dispersed to projects on an annual basis apportioned on the basis of the City Deal grant award. This was approved at Joint Committee on July 10, 2020. Debtor and creditor amounts represent contributions outstanding from partners and funders, and the amount owing to Carmarthenshire County Council as the Accountable Body.

Appendices:

A: Swansea Bay City Deal Joint Committee - Statement of Accounts 2022/23

OFFICER CONTACT

Name:
Chris Moore S151 Officer

Email:
CMoore@carmarthenshire.gov.uk

Joint Committee Statement of Accounts 2022/23



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Swansea Bay City Deal

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

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

Over the next 10 years, the City Deal will boost the regional economy by £1.8 billion and generate over 9,000 new, high-quality jobs.

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

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

Chair's Statement

"It is my pleasure to introduce the Swansea Bay City Deal financial statement for 2022/2023. This year has seen further significant progress throughout the delivery of the portfolio, ongoing growth and investment across our region, continued economic recovery and the achievement of further key milestones.

We have continued to build success through our collaborative working, with the four local authorities, two health boards and two universities, and regional businesses supporting each other for our economy to grow, and we have seen further transformation across South-West Wales with many projects excelling in delivery.

Over the last 12 months the City Deal has also proven to be a catalyst for further investment by placing our region on the map, demonstrating that we are delivering our ambitions and seeing aligned and complementary initiatives coming to fruition. These include several Levelling Up Funding bids, the successful Celtic Freeport bid, securing commitment from Skyline, the Blue Eden project and the Global Centre of Rail Excellence in Wales.

I look forward to another exciting 12 months for the SBCD and feel privileged to be part of the fantastic journey that is shaping our region for the better."



Councillor Rob Stewart

Chair of Swansea Bay City Region Deal Joint Committee

Leader of City and County of Swansea Council

Narrative Report

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

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

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

The City Deal is expected to boost the region estimating;

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

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

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

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

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

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

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

OUR VISION

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

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

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

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

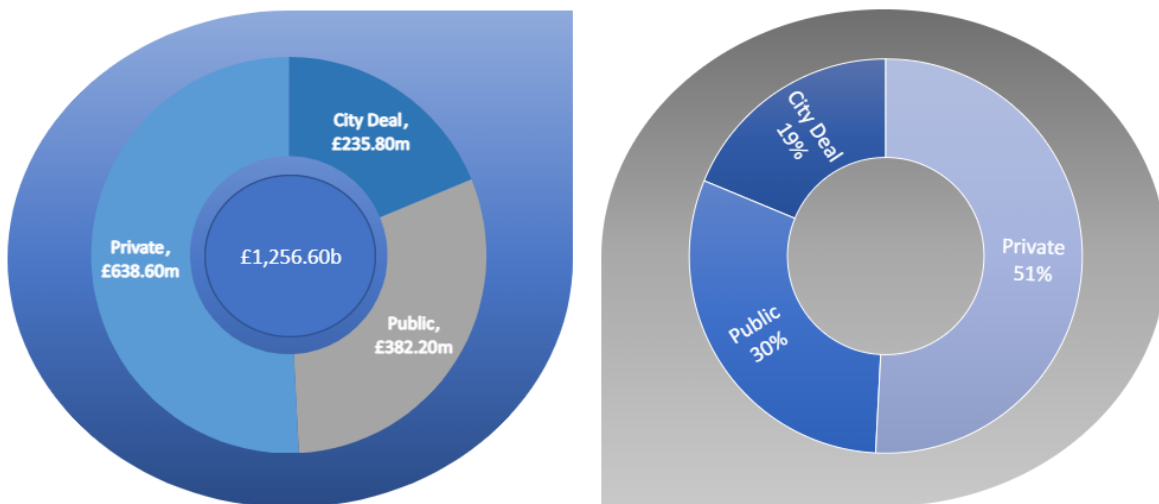
Swansea Bay City Region Deal Investment

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

The total investment package is made up of £235.80 million (19%) UK and Welsh Government funding, £382.2 million (30%) other public sector investment, and £638.6 million (51%) from the private sector. This totalling £1,256.6 billion.

The Heads of Terms set out the commitment by both Welsh and Central Government to support the City Deal with an investment totalling £236 million. The balance of this investment in being considered by the Joint Committee.

Funding Apportionment



Swansea Bay City Region Deal Grant Funding Profile

It is the aim of the Swansea Bay City Region Deal that all projects will be delivered by 2028/29 in order to maximise the full benefits realisation of the operational schemes during the lifetime of City Deal funding, which is to be released in the form of a capital grant to the Region from both the UK and the Welsh Governments over a 15-year period. On 2nd March 2021 the UK Government announced that it would be cutting its grant payment profile term from fifteen to ten years, front loading its financial commitment to 2027/28.

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

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

Swansea Bay City Region Deal Investment Breakdown

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

The overall estimated investment position is demonstrated at £1.256.4 billion over the fifteen-year life of the portfolio. The revised budget comprised of a total investment of £1.245.6 billion. Currently the City Deal is presenting overinvestment against the revised budget of £10.8m. Details of significant variances are outlined below:

Swansea Arena is currently demonstrating an underinvestment of £4 million against budget due to the reappropriation of costs across the whole Copr Bay site. Work on final costs is being undertaken and will be reported on in Quarter4 in line with the amended programme being agreed with the contractor.

The Innovation matrix is currently demonstrating an over investment of £2m, which will be reviewed during quarter 4. A business case revision is currently being undertaken with a review of financials included.

Pentre Awel has commenced construction and is demonstrating £6m over investment against budget. Work is estimated to be completed during August 2024.

Portfolio Investment Breakdown

Prior Quarter Portfolio Forcasted Total (£m)	Investment Component	Revised Budget (Quarter 1) Total (£m)	Quarter 4 Portfolio Forcasted Total (£m)	Variance (£m)	Variance
235.70	City Deal	235.70	235.75	0.05	0.02%
382.83	Public	380.37	382.00	1.63	0.43%
629.16	Private	629.55	638.66	9.11	1.45%
1,247.69	Grand Total	1,245.62	1,256.41	10.79	0.87%

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

Organisational Overview and External Environment

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

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

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

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

Joint Committee

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

Portfolio Investment Fund

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

The Joint Committee distributes Government grants on a programme/project basis to Project Lead Authorities. An annual grant award is receipted from Welsh Government on behalf of both Governments and then distributed on actual expenditure in arrears ensuring clear financial governance is pursued. The total investment package is an anticipated £1.2 billion, with grant totalling £236m relating to the Portfolio Investment Fund (UK and Welsh Governments). Any portfolio cash balances are invested to ensure effective optimisation of resources until approval is confirmed to initiate the release of funds from the Portfolio. Joint Committee have formally agreed it will afford Lead Authorities to borrow from any such balances that reside in the portfolio, this is done at a set rate on a 12-month term, as cashflow determines.

Government Grant 'Top Slice'

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

Retention of National Non-Domestic Rates

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

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

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

The Joint Committee formally agreed (JC-10th February 2022) the distribution basis of the allocated retention. Officers are working with Welsh Government to establish a robust process for the drawdown of the retention of rates.

Gateway Reviews

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

As part of the assurance arrangements for the SBCD Portfolio, an independent Gateway 0 Review was undertaken in July 2021.

The Review was undertaken by an independent, external team in accordance with the Welsh Government Integrated Assurance Hub Guidelines. Seventeen 'conversations' were held with stakeholders between 19th -21st July together with a workshop session with the four local authority Leaders.

The SBCD Portfolio received an Amber-Green Delivery Confidence Assessment (DCA) rating.

The next Review is due in July 2023.

Current Economic Climate

Partners and Governments are fully committed to the City Deal recognising it as an important driver in the economic recovery of the region and country. Despite the unprecedented national and global challenges, the City Deal's continued progress should reassure regional businesses and residents that partners remain focused on delivering the City Deal as soon as possible. The remaining programme/project business cases were approved during the year, with the portfolio now in full delivery.

The Joint Committee has conducted an assessment of the risks and issues affecting the delivery of the portfolio and will address and manage the matters identified that could significantly impact the delivery or scope of the Swansea Bay City Deal Portfolio. The Joint Committee will continue to monitor these impacts, risks, and issues.

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

The City Deal's financial standing has been maintained at a prudent level, with internal audit presenting an assurance rating of 'Substantial' (Green Rating) once again. There continue to be no or few weaknesses in the adequacy and/or effectiveness of the governance, internal control, risk management and financial management arrangements, and they would either be unlikely to occur or their impact is not likely to affect the achievement of the SBCD objectives.

There are unprecedented significant inflationary and construction cost increases that are impacting the projects. During the year an assessment of increasing construction costs and mitigating actions that are being taken to address them was presented to the Joint Committee. A construction impact assessment summary report is also presented at each Committee meeting.

The impact of interest rate increases during the year has had a positive effect on the finances of the City Deal. Cash balances have been high so substantial additional interest has been redistributed to the projects.

Operational Model

Business Case Model

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

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

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

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

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

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

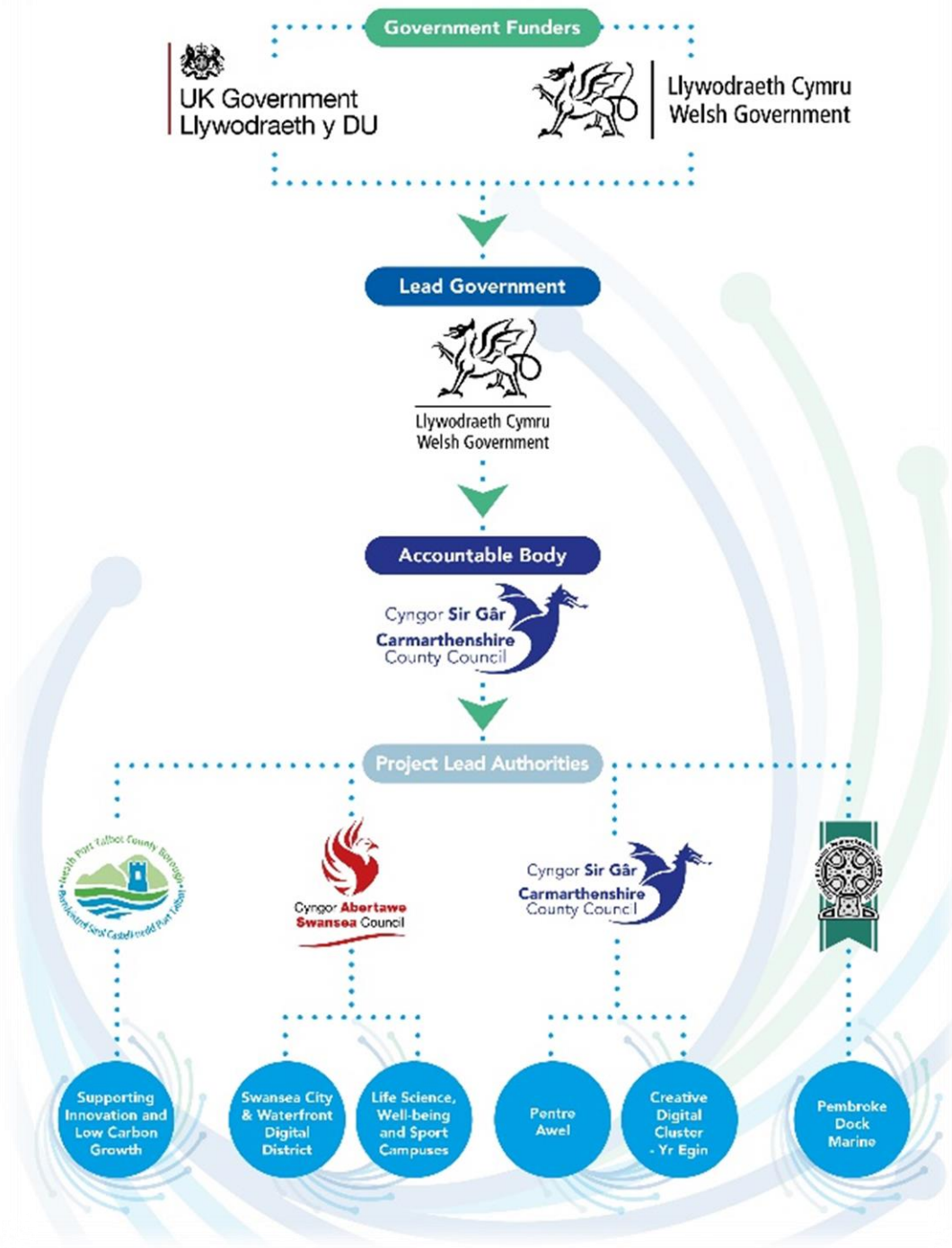
To assist a speedier assessment process, the UK Government and Welsh Government have agreed an informal iterative review process for assessing draft versions of business cases in order to assist Project Leads in the production of complete full business cases which are appropriate for 5 case formal review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

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

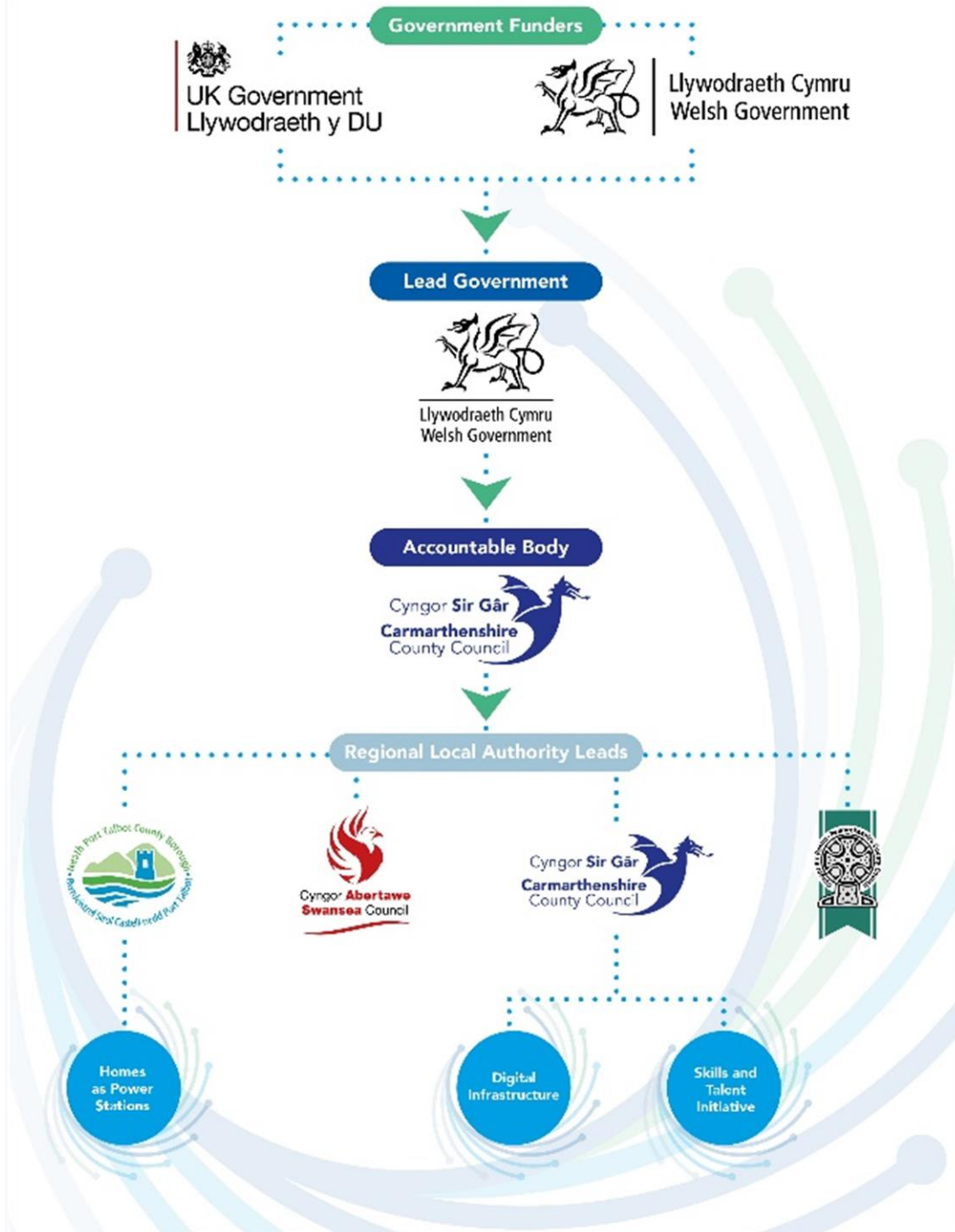
City Deal Flow of Finances

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

Local Delivery Funding Flow



Regional Delivery Funding Flow



Summary of Financial Performance

Joint Committee Annual Year-End Outturn Position 2022/23

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

Joint Committee Budget and Out-Turn Position 2022/23

<u>Actual 2021/22</u> <u>(£)</u>	<u>Description</u>	<u>Budget 2022/23</u> <u>(£)</u>	<u>Actual 2022/23</u> <u>(£)</u>	<u>Variance 2022/23</u> <u>(£)</u>
	<u>Gross Expenditure</u>			
82,067	Joint Committee	114,766	84,360	30,406
88,045	Accountable Body	81,435	951,145	(869,710)
21,332	Joint Scrutiny Committee	29,487	21,115	8,372
556,705	Portfolio Management Office	806,557	546,550	260,007
-	City Deal Assurance Grant	-	-	-
748,149	Total Expenditure	1,032,245	1,603,170	(570,925)
	<u>Income</u>			
(400,000)	Partner Contributions	(400,000)	(400,000)	-
(314,119)	Top Slice' of Government Grants	(723,000)	(252,978)	(470,022)
(39,575)	Investment Income	-	(870,633)	870,633
-	WG Government Revenue Grants	-	-	-
(753,694)	Total Income	(1,123,000)	(1,523,611)	400,611
(5,545)	Net Annual Total - (Surplus)/Deficit	(90,755)	79,559	(170,314)
* (£170,314) is the difference between the Budget and Actuals and is not an additional surplus				

Portfolio Investment Fund Out-Turn Position 2022/23

<u>Actual 2021/22</u>		<u>Budget 2022/23</u>	<u>Actual 2022/23</u>	<u>Variance 2022/23</u>
(£)	Description	(£)	(£)	(£)
	<u>Gross Expenditure</u>			
13,538,281	Project Lead Authorities	23,086,000	24,406,436	1,320,436
13,538,281	Total Expenditure	23,086,000	24,406,436	
	<u>Income</u>			
(23,086,000)	Government Grant Income	(23,086,000)	(23,086,000)	-
(23,086,000)	Total Income	(23,086,000)	(23,086,000)	-
(9,547,719)	Net Annual Total - (Surplus)/Deficit	-	1,320,436	1,320,436

Summary of Reserves (Extract from Balance Sheet) 2022/23

<u>31st March 2022</u>	<u>Description</u>	<u>31st March 2023</u>
(£)		(£)
220,361	Usable Reserves - Revenue	140,802
52,344,399	Capital Grants Unapplied	51,023,963
	- Unusable Reserves	-
52,564,760	Total Reserves	51,164,765

Supporting Information

Operational Summary

The operation costs demonstrate a deficit of £80k which will be funded from the ring-fenced reserve.

Salary and Pension Liabilities

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

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

Investment Activities

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

On the 11th June 2020, the Joint Committee approved the distribution of income generated from investments back to programmed/projects based on an allocation outlined within the original SBCD Heads of Terms. The £871k interest earned on balances during 2022/23 has been distributed to the 4 Authorities.

General Reserves

Usable Reserves

A General Fund Usable Reserve has been established due to income through partner contributions, interest on investments and 'Top slice of Government Grants' exceeding actual spend to date. The reserve currently resides at £140.8k and will support operations in future years.

Capital Grants Unapplied Reserve

The Capital Grants Unapplied Reserve comprises of portfolio balances created through the receipt of City Deal Government grant exceeding funding released to Project Authority Leads. Funding is only released to Project Authority Leads based on spend in arrears and upon approval of business cases and engagement in funding agreements. Payments and commitments to projects with a total of £24m were transacted during the year.

The SBCD received the grant award offer letter for financial year 2022/23 totalling £23.09 million on the 30th March 2023, with subsequent acceptance and grant receipt during April 2023.

Annual Review

“The dedicated and hard work of our Swansea Bay City Region partners is starting to pay off. 2022-23 has been highly successful as we continue to strive forward to create jobs, realise aspirations and transform our region into the perfect place to work and live. We have seen a series of planning applications awarded, commencement of groundworks on key sites across the region, tenders being developed, and contractors appointed to flagship initiatives, contracts being awarded to the local supply chain, and partnering between industry and training providers to offer opportunities for young people gain valuable skills that equip them to become our future workforce.

Swansea Arena has been open for a full year, welcoming over 240,000 visitors and the Bay Technology Centre has also welcomed its first tenants. We have witnessed the ground breaking of Pentre Awel, The Innovation Matrix and elements at Pembroke Dock Marine project, as well as significant construction on the Kingsway in Swansea. The three regional projects are also progressing well and all of which are starting to have an impact on our region through Digital Infrastructure, Skills development and Homes as Power Stations.

We will continue to improve and push to realise our regional ambitions. Attracting further contractors for the design and build of infrastructure, partner with operators to manage the facilities, develop partnership and collaborations for R&D, innovation and skills development initiatives, work with businesses, tenants and partners to ensure we meet their immediate and growth needs and most importantly tell you all about the amazing opportunities we have to offer both within region and with broader investors and collaborators.

The SBCD Portfolio Office will continue to offer a professional service that supports regional partners and both Governments to deliver key benefits that make a real difference to people and businesses. In doing so, we will continue to follow robust governance and our monitoring and reporting ensure that everyone is kept up to date with the latest developments.

The Portfolio assurance process was undertaken in July 2022 and received a third consecutive Green/Amber status with the recent completion of all key recommendations. The 2022 Regional Audit also reflected positively on the governance and reporting arrangements of the SBCD with all recommendations also being successfully completed.

We are working hard to build on the success of the last 12 months and move forward with our commitment to improve the South West Wales economy, creating a prosperous future for generations to come.”



Dr Jonathan Burnes

Portfolio Director

Swansea Bay City Deal

Statement of Responsibilities

for the Statement of Accounts

The Joint Committee Responsibilities

The Joint Committee is required:

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

Joint Committee Approval

Approval of Statement of Accounts post audit.

Signed:

Dated:

Councillor Rob Stewart

Chair of Swansea Bay City Region Deal Joint Committee

Leader of City and County of Swansea Council



Certificate of the Chief Finance Officer

The Director of Corporate Services Responsibilities

The Portfolio Section 151 Officer (Director of Corporate Services) is responsible for the preparation of the Joint Committee's Statement of Accounts, in accordance with proper accounting practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code) 2022/23.

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

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

Certification of Accounts

I certify that the Statement of Accounts on pages 26 to 41 demonstrates a true and fair view of the financial position of Swansea Bay City Region Deal at 31st March 2023 and its income and expenditure for the year ended 31st March 2023.

Signed:

Dated:

Chris Moore *FCCA*

Director of Corporate Services

Swansea Bay City Region Deal Section 151 Officer

Carmarthenshire County Council



Audit Report

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

Opinion on financial statements

I have audited the financial statements of Swansea Bay City Deal Joint Committee for the year ended 31 March 2023 under the Public Audit (Wales) Act 2004.

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

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

In my opinion the financial statements:

give a true and fair view of the financial position of Swansea Bay City Deal Joint Committee as at 31 March 2023 and of its income and expenditure for the year then ended; and

have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the Joint Committee in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Joint Committee's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual statement of accounts other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual statement of accounts. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

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

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

I have not received all the information and explanations I require for my audit;

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

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on pages 18 and 19, the responsible financial officer is responsible for:

- the preparation of the statement of accounts which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error;
- assessing the Joint Committee's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by the Joint Committee will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

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

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

My procedures included the following:

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

- obtaining an understanding of the Joint Committee’s framework of authority as well as other legal and regulatory frameworks that Swansea Bay City Deal Joint Committee operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Joint Committee.
- Obtaining an understanding of related party relationships.

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

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

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

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

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

Other auditor’s responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

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

Adrian Crompton
Auditor General for Wales
23 November 2023

1 Capital Quarter
Tyndall Street
Cardiff,
CF10 4B

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ccounting Policies

The Statement of Accounts summarises the transactions of the Swansea Bay City Region Deal for the 2022/23 financial year and its position at the year ended 31 March 2023.

Carmarthenshire County Council as the Accountable Body is required to prepare annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and the Service Reporting Code of Practice 2022/23, supported by International Financial Reporting Standards (IFRS).

Property, Plant and Equipment

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

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

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

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

Related Party Disclosures

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

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

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

Disclosure:

For the financial year 2022/23 all related party transactions are identified under the Notes to the Accounts, schedule 7: Related Party Disclosures.

Accruals Basis (Concept)

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

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

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

Revenue Income

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

Cash and Cash Equivalents

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

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

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

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

Government Grants

The Government grant was awarded to fund expenditure incurred and future spend in the delivery of the approved projects within the portfolio. The terms and conditions of the grant award were not accepted by 31st March 2023, and as such, transactions in respect of the grant award have been included based on the below judgments and methodology in line with **The Code of Practice on Local Authority Accounting in the UK, Section C: Government and Non-Government Grants**.

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

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

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

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

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

Funding Agreements demonstrating the legal framework between the Accountable Body and Lead Authorities embedding the terms and conditions, obligations and target outputs attached to the funding, were approved by the Joint Committee.

Events After the Reporting Period

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

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

Reserves

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

Usable Reserves

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

Capital Grants Unapplied Reserve

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

Financial Instruments

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

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

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

Going Concern

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

Value Added Tax

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

Provisions, Contingent Assets and Liabilities

Provisions

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

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

Contingent liabilities

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

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

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

Contingent assets

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

Judgements and Key Assumptions

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

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

F inancial Statements

Comprehensive Income and Expenditure Statement (CIES)

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

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Joint Committee, analysed into usable reserves. The Provision of Services line shows a deficit of £1,399,995 with operational expenditure of £1,603,170 being the true economic cost of providing the Joint Committee's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

The Balance Sheet

This shows the assets and liabilities of the Joint Committee as at 31 March 2023.

The Cash Flow Statement

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

Notes to the Financial Statements

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

Comprehensive Income and Expenditure Statement

The below statement demonstrates all income and expenditure, received and incurred by the Joint Committee throughout the financial year. The statement represents the accounting cost of service provision during the financial year 2022/23, aligned with United Kingdom Generally Accepted Accounting Practices.

<u>Actuals 2021/22</u> (£)	<u>Description</u>	<u>Actuals 2022/23</u> (£)	<u>Notes</u>
	<u>Cost of Service</u>		
463,060	Employee Expenditure	486,398	1
21,577	Premises Related Expenditure	21,577	2
76	Transport Related Expenditure	769	3
183,416	Supplies & Services	1,014,174	4
80,020	Support Services	80,252	5
748,149	Total Operating Expenditure	1,603,170	
	<u>Income</u>		
(400,000)	Partner Contributions	(400,000)	6
(314,119)	Top Slice' of Government Grants	(252,978)	6
0	Other: Government Grant	-	6
(714,119)	Total Operating Income	(652,978)	
34,030	Net Cost of Service - (Surplus) / Deficit	950,192	
	<u>Financing and Investment Activities</u>		
(39,575)	Investment Interest Income	(870,633)	14
(39,575)	Net Financing and Investment Activities	(870,633)	
	<u>Taxation and Non-Specific Grant Income and Expenditure</u>		
(23,086,000)	Capital Grants and Contributions Received	(23,086,000)	15
13,538,281	Capital Grants and Contributions Applied	24,406,436	15
(9,547,719)	Net Taxation and Non-Specific Grant Income	1,320,436	
(9,553,264)	Total (Surplus) / Deficit on Service Provision	1,399,995	
	<u>Other Comprehensive Income and Expenditure</u>		
-	Other Income and Expenditure	-	
-	Net Other Comprehensive Income and Expenditure	-	
(9,553,264)	Total (Surplus)/Defecit on Comprehensive Income and Expenditure	1,399,995	

Movement in Reserves Statement

The statement below demonstrates the Swansea Bay City Deal reserve position as at 31st March 2023.

Description	General Fund Balance (£)	General Fund Earmarked Reserves (£)	Capital Grants Unapplied (£)	Total Usable Reserves (£)	Unusable Reserves (£)	Total Reserves (£)
Balance Brought Forward (as at 1st April 2021)	214,816	-	42,796,680	43,011,496	-	43,011,496
Movements in Reserve during Financial year 2021/22;						
Provision of Services - Surplus / (Deficit)	9,553,264	-	-	9,553,264	-	9,553,264
Adjustments Between Accounting Basis and Funding Basis Under Regulations - Surplus / (Deficit)	(9,547,719)	-	9,547,719	-	-	-
Total In-Year Reserve Movement	5,545	-	9,547,719	9,553,264	-	9,553,264
Balance Carried Forward (as at 31st March 2022)	220,361	-	52,344,399	52,564,760	-	52,564,760
Movements in Reserve during Financial year 2022/23;						
Provision of Services - Surplus / (Deficit)	(1,399,995)	-	-	(1,399,995)	-	(1,399,995)
Adjustments Between Accounting Basis and Funding Basis Under Regulations - Surplus / (Deficit)	1,320,436	-	(1,320,436)	-	-	-
Total In-Year Reserve Movement	(79,559)	-	(1,320,436)	(1,399,995)	-	(1,399,995)
Balance Carried Forward (as at 31st March 2023)	140,802	-	51,023,963	51,164,765	-	51,164,765

Balance Sheet

The below statement demonstrates the assets held and the committed obligations and liabilities of the Joint Committee, together with its current reserve balance, as at the 31st March 2023.

<u>31st March 2022</u> (£)	<u>Description</u>	<u>31st March 2023</u> (£)	<u>Notes</u>
<u>Non-Current Assets</u>			
	- Long Term Debtors Capital	-	
	- Total Long Term Assets	-	
<u>Current Assets</u>			
23,157,874	Short Term Debtors	23,685,872	9
34,862,577	Cash and Cash Equivalents	33,448,200	10
58,020,451	Total Current Assets	57,134,072	
<u>Current Liabilities</u>			
(5,455,691)	Short Term Creditors	(5,969,307)	12
(5,455,691)	Total Current Liabilities	(5,969,307)	
<u>Long Term Liabilities</u>			
	- Long Term Creditor	-	
	- Total Long Term Liabilities	-	
52,564,760	Total Net Assets	51,164,765	
<u>Total Reserves</u>			
220,361	Usable Reserves - Revenue	140,802	13
52,344,399	Capital Grants Unapplied	51,023,963	15
	- Unusable Reserves	-	
52,564,760	Total Reserves	51,164,765	

Cashflow Statement

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

<u>Actuals 2021/22</u> <u>(£)</u>	<u>Description</u>	<u>Actuals 2022/23</u> <u>(£)</u>	<u>Notes</u>
(9,553,264)	Net (surplus)/Deficit on the provision of services	1,399,995	
27,369,771	Adjust net surplus or deficit on the provision of services for non-cash movements	(435,421)	17
17,816,507	Net Cashflows from operating activities	964,574	
(9,587,294)	Investing Activities	449,803	17
	- Financing Activities	-	17
8,229,213	(Net increase) / Decrease in cash and cash equivalents	1,414,377	
(43,091,790)	Cash and cash equivalents at the beginning of the reporting period	(34,862,577)	
(34,862,577)	Cash and cash equivalents at the end of the reporting period	(33,448,200)	

Notes to the Accounts

1. Employee and Related Expenditure

<u>Actuals 2021/22</u> <u>(£)</u>	<u>Description</u>	<u>Actuals 2022/23</u> <u>(£)</u>
461,840	Employee and Related Expenditure	486,398
1,220	Training Of Staff	-
463,060	Total Employee and Related Expenditure	486,398

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

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

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

Employee Voluntary Remuneration Disclosures

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

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

Number of Senior Employees (Exceeding £60,000)

Remuneration Bandings	Number of Employees	
	2021/22	2022/23
£60,000 to £64,999	-	2
£95,000 to £99,999	1	-
£100,000 to £104,999	-	1

Senior Officer Disclosures

Total Remuneration 2021/22 (£)	Senior Employee Position Title	Salary, Fees & Allowances (£)	Employers Pension Contribution (£)	Total Remuneration 2022/23 (£)
114,323	Programme Director	100,348	18,063	118,411
58,398	PMO Manager	52,539	9,457	61,996
58,534	Project Development Manager	52,539	9,457	61,996
231,255		205,426	36,977	242,403

2. Premises Related Expenditure

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

Actuals 2021/22 (£)	Description	Actuals 2022/23 (£)
14,889	Rents & Room Hire	14,889
-	Premises Maintenance	-
6,688	National Non Domestic Rates	6,688
21,577	Total Premises Related Expenditure	21,577

3. Transport Related Expenditure

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

<u>Actuals 2021/22</u> (£)	<u>Description</u>	<u>Actuals 2022/23</u> (£)
-	Public Transport - Staff	-
76	Staff Travelling Expenses	769
76	Total Transport Related Expenditure	769

4. Supplies and Services

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

<u>Actuals 2021/22</u> (£)	<u>Description</u>	<u>Actuals 2022/23</u> (£)
123,320	Professional Fees	113,786
43	Admin, Office & Operational Consumables	10,511
-	Computer software	415
3,317	Translation/Interpret Services	7,048
10	Subsistence & Meetings Expenses	68
17,151	Promotions, Marketing & Advertising	11,713
39,575	Projects & Activities Expenditure*	870,633
183,416	Total Supplies and Services	1,014,174
<i>* Relates to interest earned on cash balances, paid out to projects</i>		

5. Support Services

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

<u>Actuals 2021/22</u> (£)	<u>Description</u>	<u>Actuals 2022/23</u> (£)
55,329	Recharges - Employee costs (in-direct)	56,435
24,607	Central Recharges	23,712
84	Photocopying Recharge	105
80,020	Total Support Services	80,252

6. Income

The total received income during the year is demonstrated below:

<u>Actuals 2021/22</u> (£)	<u>Description</u>	<u>Actuals 2022/23</u> (£)
(400,000)	Income - Partnership Contributions	(400,000)
(314,119)	Top Slice' of Government Grants	(252,978)
	0 Government Revenue Grants - WAG	0
(714,119)	Total Income	(652,978)

Partnership Income

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

'Top Slice of Government Grants'

The income in respect of the 'Top slice' has been drawn down against grant paid and committed throughout the year. The top slice is agreed at 1.5% of the grant value as outlined within the Joint Committee Agreement.

7. Related Party Disclosures

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

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

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

Related Party Transactions

Actuals 2022/23							
Related Party	Revenue	Revenue	Total Revenue (£)	Capital	Capital	Total Capital (£)	Total (£)
	Income (£)	Expenditure (£)		Receipts (£)	Expenditure (£)		
PEMBROKESHIRE COUNTY COUNCIL	(50,000)	10,217,888	10,167,888	-	307,636	307,636	10,475,523
HYWEL DDA UNIVERSITY HEALTH BOARD	(50,000)	-	(50,000)	-	-	-	(50,000)
SWANSEA UNIVERSITY	(50,000)	-	(50,000)	-	-	-	(50,000)
CITY & COUNTY OF SWANSEA	(50,000)	1,462	(48,538)	-	2,150	2,150	(46,388)
SWANSEA UNIVERSITY HEALTHBOARD	(50,000)	-	(50,000)	-	-	-	(50,000)
NEATH PORT TALBOT CBC	(50,000)	3,123,414	3,073,414	-	(168,645)	(168,645)	2,904,769
UNIVERSITY OF WALES TRINITY SAINT DAVID	(50,000)	-	(50,000)	-	-	-	(50,000)
CARMARTHENSHIRE COUNTY COUNCIL	(1,523,611)	1,603,170	79,559	(23,086,000)	24,406,436	1,320,436	1,399,995

Actuals 2021/22							
Related Party	Revenue	Revenue	Total Revenue (£)	Capital	Capital	Total Capital (£)	Total (£)
	Income (£)	Expenditure (£)		Receipts (£)	Expenditure (£)		
PEMBROKESHIRE COUNTY COUNCIL	(50,000)	51,119	1,119	-	1,790,181	1,790,181	1,791,300
HYWEL DDA UNIVERSITY HEALTH BOARD	(50,000)	-	(50,000)	-	-	-	(50,000)
SWANSEA UNIVERSITY	(50,000)	-	(50,000)	-	-	-	(50,000)
CITY & COUNTY OF SWANSEA	(50,000)	84,718	34,718	-	4,789,627	4,789,627	4,824,345
SWANSEA UNIVERSITY HEALTHBOARD	(50,000)	-	(50,000)	-	-	-	(50,000)
NEATH PORT TALBOT CBC	(50,000)	69,973	19,973	-	1,947	1,947	21,920
UNIVERSITY OF WALES TRINITY SAINT DAVID	(50,000)	-	(50,000)	-	-	-	(50,000)
CARMARTHENSHIRE COUNTY COUNCIL	(753,694)	748,149	(5,545)	(23,086,000)	13,538,281	(9,547,719)	(9,553,264)

Balance Sheet Disclosures

Actuals 2021/22			Description	Actuals 2022/23		
Debtors (£)	Creditors (£)	Balance (£)		Debtors (£)	Creditors (£)	Balance (£)
71,874	(5,428,911)	(5,357,037)	Partner Local Authorities	599,872	(5,935,003)	(5,335,131)
23,086,000	(4,950)	23,081,050	Central Government Bodies	23,086,000	(4,950)	23,081,050
23,157,874	(5,433,861)	17,724,013	Total	23,685,872	(5,939,953)	17,745,919

Carmarthenshire County Council (as the Accountable Body) Disclosures

Actuals 2021/22 (£)	Description	Actuals 2022/23 (£)
748,149	Expenditure	1,603,170
(753,694)	Income	(1,523,611)
(5,545)	Net Cost of Service - (Surplus) / Deficit	79,559
58,020,451	Assets	57,134,072
(5,444,786)	Liabilities	(5,969,307)
52,575,665	Total Net Assets	51,164,765
52,575,665	Total Reserves	51,164,765

8. External Audit Fees

The following charge is the cost payable to Audit Wales for external audit services provided to the Swansea Bay City Region Deal:

<u>Actuals 2021/22</u> (£)	<u>Description</u>	<u>Actuals 2022/23</u> (£)
11,330	Audit Fees - Audit of Accounts	11,330
10,500	Audit Fees - Performance Audit	12,746
21,830	Total External Audit Fees	24,076

9. Debtors

The total outstanding debtor balances as at 31st March 2023 are demonstrated below:

<u>31st March 2022</u> (£)	<u>Description</u>	<u>31st March 2023</u> (£)
71,874	Income - other Authorities & Bodies	599,872
23,086,000	Government Grant Income	23,086,000
23,157,874	Total Debtor Balance	23,685,872

10. Cash and Cash Equivalents

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

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

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

<u>31st March 2022</u> (£)	<u>Description</u>	<u>31st March 2023</u> (£)
43,091,790	Balance B/F	34,862,577
(8,229,213)	Cash and Cash Equivalents In Year Movements	(1,414,377)
34,862,577	Total Cash and Cash Equivalents	33,448,200

11. Financial Instruments

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

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

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

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

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

<u>31st March 2022</u>	<u>Description</u>	<u>31st March 2023</u>
(£)		(£)
Fair Value		Fair Value
43,091,790	Balance B/F	34,862,577
(8,229,213)	Cash and Cash Equivalents In Year Movements	(1,414,377)
34,862,577	Total Financial Instruments	33,448,200

12. Creditors

The total outstanding creditor balances as at 31st March 2023 are demonstrated below:

<u>31st March 2022</u>	<u>Description</u>	<u>31st March 2023</u>
(£)		(£)
(4,950)	Central Government Bodies	(4,950)
(5,428,911)	Local Authorities	(5,935,003)
(21,830)	Other: Short Term Creditors	(29,354)
(5,455,691)	Total Creditors Balance	(5,969,307)

13. Usable Reserves

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

<u>31st March 2022</u> (£)	<u>Description</u>	<u>31st March 2023</u> (£)
214,816	Balance B/F	220,361
5,545	Usable Reserves In Year Movements	(79,559)
220,361	Total Usable Reserves	140,802

14. Interest

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

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

<u>31st March 2022</u> (£)	<u>Description</u>	<u>31st March 2023</u> (£)
(39,575)	Interest Income	(870,633)
(39,575)	Total Interest Income Balance	(870,633)

15. Capital Grants Unapplied Reserve

This reserve is in sole respect of the capital grant received by the portfolio from the Welsh and UK Governments.

<u>31st March 2022</u> (£)	<u>Description</u>	<u>31st March 2023</u> (£)
42,796,680	Balance B/F	52,344,399
23,086,000	Capital Grants Unapplied	23,086,000
(13,538,281)	Capital Grants Applied	(24,406,436)
52,344,399	Total Capital Grants Unapplied	51,023,963

16. Grant Income – Capital

Capital grant income received is demonstrated below:

<u>31st March 2022</u> (£)	<u>Description</u>	<u>31st March 2023</u> (£)
(54,000,000)	Balance B/F	(77,086,000)
(23,086,000)	Government Grant Income	(23,086,000)
(77,086,000)	Total Government Grant Income	(100,172,000)

17. Notes in Respect of the Cashflow Statement

Operating Activities

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

<u>Actuals 2021/22</u> (£)	<u>Description</u>	<u>Actuals 2022/23</u> (£)
(5,325,397)	Creditors - (Increase) / Decrease	(513,616)
23,107,874	Debtors - Increase / (Decrease)	527,998
23,086,000	Capital grants and contributions recognised in CIES	23,086,000
(13,538,281)	Capital Grants and Contributions Applied in CEIS	(24,406,436)
39,575	Interest Received	870,633
27,369,771	Net Cashflow from Operating Activities	(435,421)

Investing Activities

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

<u>Actuals 2021/22</u> (£)	<u>Description</u>	<u>Actuals 2022/23</u> (£)
(9,547,719)	Short-Term Investments	1,320,436
(39,575)	Interest Received	(870,633)
(9,587,294)	Net Cashflow from Investing Activities	449,803

Financing Activities

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

<u>Actuals 2021/22</u> <u>(£)</u>	<u>Description</u>	<u>Actuals 2022/23</u> <u>(£)</u>
0	Government Grants Received - Revenue	0
0	Government Grants Received - Capital	0
0	Net Cashflow from Financing Activities	0

18. Expenditure and Funding Analysis

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

19. Contingent Liabilities

During the financial year 2020/21 it was agreed to extend the budget for the Portfolio Management Office to five operational years to 2024/25. Within the budget there was a provision for redundancy in respect of the eight posts employed by Carmarthenshire directly attributable to the City Deal.

All employees are permanently contracted to Carmarthenshire County Council and at present the probability of redundancy preceding the budgeted operational term is considered remote due to the delay in the commencement of programmes / projects. An estimated redundancy valuation has been used within the management accounts to support the management of reserves. Due to the subjectivity of redundancy calculations, this figure cannot be accurately defined.

Annual Governance Statement

Scope of Responsibility

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

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

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

The Governance Framework

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

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

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

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

The Governance Environment

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

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

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

Integrity and Values

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

Openness and Engagement

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

Making a difference

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

Making sure we achieve what we set out to

do

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

Valuing our people; engaging, leading and supporting

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

Managing risks, performance and finance

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

Good Transparency and Accountability

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

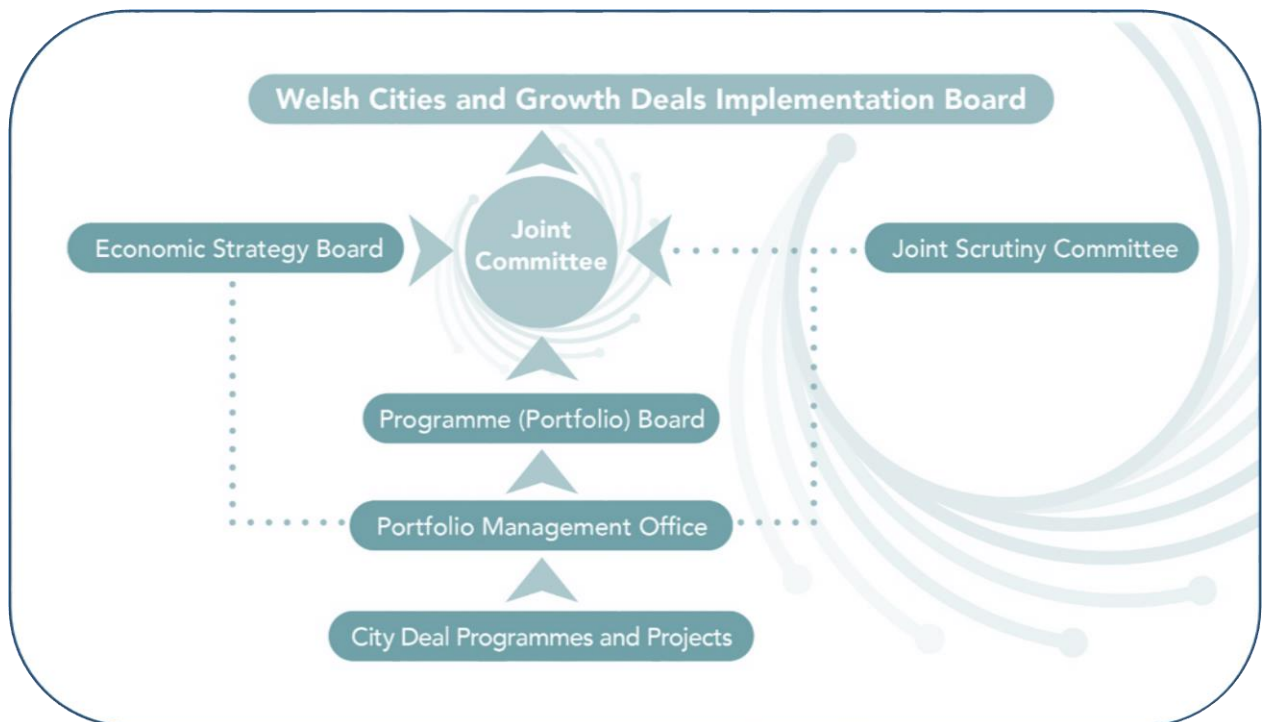
Embracing good governance in the Public Sector



Governance Structure

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

Swansea Bay City Deal Governance Structure



Swansea Bay City Deal Accountable Officers

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

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

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

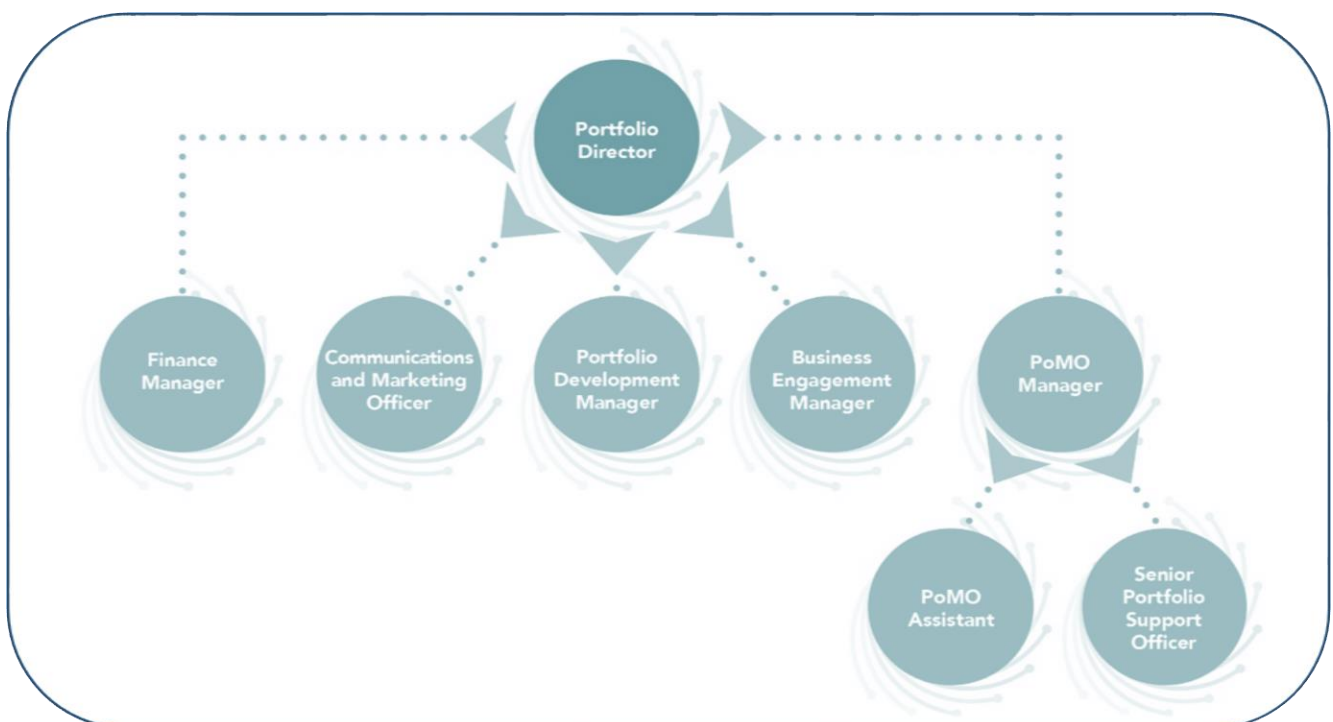
Monitoring Officer – Tracey Meredith, Chief Legal Officer and Monitoring Officer, City and County of Swansea Council

Portfolio Management Office – Dr Jonathan Burnes, Portfolio Director

Portfolio Management Office

The PoMO is tasked with the responsibility for the day-to-day management of matters relating to the Swansea Bay City Deal. One post is vacant as at year end (PoMO Assistant). The PoMO staffing structure is outlined below:

Portfolio Management Office Staffing Structure*



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

Internal Sources of Assurance

Governance Structure

Joint Committee

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

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

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

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

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

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

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

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

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

COVID-19 Impact

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

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

Economic Strategy Board

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

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

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

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

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

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

Portfolio Board

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

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

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

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

The Portfolio Board has four distinct roles:

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

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

Portfolio Management Office

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

Key activities of the Portfolio Management Office include:

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

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

Accountable Body

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

The role of the Accountable Body is to:

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

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

Monitoring Officer

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

The Councils have agreed that the Monitoring Officer function and occupation with responsibility for discharging the Councils' Obligations in relation to the Swansea Bay City Deal in accordance with the Joint Committee Agreement, will be supported by the City and County of Swansea.

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

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

Financial Services (Section 151 Officer)

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

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

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

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

Internal Audit

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

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

Internal Audit Report – Swansea Bay City Deal

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

Audit Scope

Area	Description
Governance:	<ul style="list-style-type: none">• Follow Up of Previous Recommendations• Joint Committee Agreement, Governance Boards & Decision Making• Assurance, Monitoring and Evaluation Arrangements
Risk Management:	<ul style="list-style-type: none">• Risk Management Arrangements
Internal Control	<ul style="list-style-type: none">• Project Management, Process and Monitoring• Impact of Inflation and Construction Price Rises• Project Outcomes and Benefit Realisation
Financial Management:	<ul style="list-style-type: none">• Budgetary Control• Grant Funding

The internal audit report, agreed by Joint Committee on 27th July 2023, has determined an audit assurance rating of 'Substantial'; There are none or few weaknesses in the adequacy and/or effectiveness of the governance, internal control, risk management and financial management arrangements, and they would either be unlikely to occur, or their impact is not likely to affect the achievement of the SBCD objectives.

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

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

Committees

Joint Scrutiny Committee

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

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

The purpose of the Joint Scrutiny Committee shall be:

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

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

External Sources of Assurance

External Audit

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

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

The agreed Annual Audit plan 2023 outlined the proposed audit plan and scope of the external audit to be undertaken by Audit Wales of the Swansea Bay City Deal Joint Committees Statement of Accounts. This plan was prepared and agreed by the Joint Committee and represents the third year of external audit work.

Gateway Reviews

Office of Government Commerce (OGC) Gateway Reviews will be appropriately carried out at both a City Deal Portfolio (Gate 0) and project level (Project Assessment Reviews (PARS) or Gates 1-5) to examine specific points in their lifecycles. This will assure successful progression and overall delivery, while supporting the Senior Responsible Owner (SRO) in the successful discharge of their duties.

These reviews are among a suite of assurance activities the City Deal’s Portfolio Management Office will organise, with the best course of action determined by the maturity of the portfolio or the stage of a constituent project’s development or delivery.

To support this process the Portfolio SRO and Joint Committee will ensure the delivery of an Integrated Assurance and Approval Plan (IAAP), a Monitoring and Evaluation Plan and a Portfolio plan. The Regional Portfolio Management Office will provide visibility to the SRO and Joint Committee of the collaborative work undertaken with Welsh Assurance Hub to develop these assurances and monitoring plans over the coming months. A portfolio level IAAP has been developed and implemented together with individual IAAPs for each of the constituent projects. A Joint SBCD / WG / UKG Assurance Panel has been established and a Portfolio Assurance Framework developed to inform and guide assurance activity across the Portfolio.

Government Review (5 case business model)

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

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

Each business case in support of SBCD project must evidence:

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

- o Strategic Case - the intervention is supported by a compelling case for change that provides a holistic fit with other parts of the organisation and public sector

- Economic Case - the intervention represents best public value (to the UK as a whole)
- Commercial Case - the proposed project is attractive to the marketplace, can be procured and is commercially viable
- Financial Case - the proposed spend is affordable
- Management Case - what is required from all parties is deliverable

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

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

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

On completion of the final draft business case and following approval from the respective Regional/Project Authority Lead(s), business cases for each of the City Deal projects will undergo assessment by the Portfolio Management Office before being considered by the respective City Deal governance structures. After approval by the Joint Committee the project business case will be forwarded to the UK Government and Welsh Government for approval to release City Deal Government project funding to the Accountable Body. Following outline business case approval there is an expectation that all the SBCD project and programme business cases are developed as they progress into Full Business Case stage and reported through the SBCD Governance arrangements. A Business Case Update process has been developed and approved to facilitate this process.

Well-being of Future Generations Act (Wales) 2015

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

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

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

OGC Gateway™ Review 0: Strategic assessment

A Gateway 0 Strategic Assessment Review on the SBCD Portfolio was undertaken in July 2022. The Review awarded an Amber/Green Delivery Confidence Assessment rating with the following summary findings:

1. Swansea Bay City Deal Portfolio has made significant progress in the past 12 months.
2. The establishment of a professional, well-resourced Portfolio Management Office has been key to the progress, as has the dedication and commitment of the SRO in evolving the governance arrangements.
3. It is also evident that the leadership of the individual programmes and projects has been key to successful delivery in these regards.
4. There is strong stakeholder support and optimism across all sectors and a commitment from the Joint Committee to spending wisely now that the funding has come on stream from UKG/WG.

The Amber / Green DCA rating states that Successful delivery appears probable. However, continual attention will be needed to ensure risks do not materialise into major issues that could threaten successful delivery of the Portfolio. It should be noted that the Delivery Confidence Assessment does not imply that all programmes and

projects within the portfolio discretely carry the same rating: they are subject to their own, more detailed Assurance via individual Gateway Reviews.

The Review Team makes a small number of recommendations in the areas of:

1. Business case development
2. Monitoring of costs and benefits across the portfolio
3. Increase access to PoMO intelligence for programmes and projects
4. Use of plain language and executive summaries in reporting

All of the recommendations of the Review team have been actioned as shown below.

Ref. No.	Recommendation	Urgency (C/E/R)	Target date for completion	Complete
1.	Ensure that individual Business Cases are maintained as live governance tools to keep pace with changing dynamics of the operating environment.	R - Recommended	End of December 2022	✓
2.	Embed active monitoring of costs across the Portfolio and map against the benefits profiles, to inform any downstream prioritisation or re-phasing options.	R - Recommended	End of December 2022	✓
3.	Increase access to PoMO intelligence and data for individual Projects, to facilitate proactive analysis and options planning, thus tightening the governance links and improving speed and quality of decision making.	R - Recommended	End of September 2022	✓
4.	Enhance the clarity of reports and communications through increased use of plain, clear language and executive summaries.	R - Recommended	End of September 2022	✓

Internal review

Project approval process and flow of funds

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

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

Governance Assessment Process

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

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

These include, but are not limited to:

- Implementation plan
 - Risk and issue management
 - Monitoring and evaluation
 - Benefits realisation
 - Community Benefits
 - Change control
- Dependencies and interdependencies
 - Escalation and reporting structures
 - Integrated Assurance and Approval Plan
 - Construction Impact Assessment
 - Procurement Pipeline Activity
 - Financial control and contingency management

Integrated Assurance and Approval Plan

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

Risk Management Arrangements

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

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

Following Portfolio Board review, the portfolio red risks and portfolio red issues, are considered by Joint Committee on a quarterly basis. These documents are also considered by Joint Scrutiny Committee at each of its meetings, which take place once every two months.

Organisational risks are captured in project specific risk registers.

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

Risk	Review Update/Control Actions
Slippage in delivery of programmes / projects against key milestones	Reprofiling exercise will follow 2022/23 in year slippage to determine accurate spend profiles and completion milestones. Project Leads have undertaken a refresher Change Management process training session with the PoMO. Project Leads to complete outstanding change notifications/requests asap.
Private sector funding contribution/s not realised in line with business case projections	Private Sector contribution report submitted to SBCD Governance Boards in April/May 2023. Private Sector contribution submissions now form part of quarterly monitoring as of July 2023 (Q1 2023/24). PoMO to produce an annual Private Sector Investment Status Report using Q4 monitoring in June 2024.
Increase in cost of construction	No change in forecast cost increases since Q3 2022/23 with a funding gap of £31m. Finance Manager to review inflationary impacts of forthcoming procurements.
WG 2021 update of Technical Advice Note (TAN) 15 development risk of flooding, coastal erosion and associated flood planning maps	Analysis of the consultation responses is now underway and there is a substantial amount of detailed work to be undertaken in analysing the responses. Given the size and complexity of the task in analysing the responses and making further changes to the TAN it is unlikely that the new version of the TAN will come into force before the end of this year.
Prog/Proj delivering all outputs and outcomes within the business case	Portfolio benefits profiles have been agreed with all programmes/projects. Other major programme/project benefits are being forecasted and will be reported via SBCD governance. Joint scrutiny Committee and partner Local Authority scrutiny committees are requesting more visibility on Benefits Realisation reporting.
Pressure on construction industry to meet demand of City Deal and other public sector procurements	Construction & Community Benefits Subgroup formed. Construction Impact Assessment and Funding Gap paper has been combined, which provides clearer oversight of increased costs once procurement activity completed.

Benefits Realisation Arrangements

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

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

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

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

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

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

Post Implementation and Evaluation Arrangements

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

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

Action Plan of Portfolio Governance Issues July 2023

Governance Issues	Action	Target for Completion
<p>Monthly and quarterly monitoring reports are prepared and presented to the Joint Committee and the Programme (Portfolio) Board, providing a narrative update of Programme/Project Progress. The Progress/Reporting Dashboard provides Members with a high level summary of the progress of Programmes/Projects, and whether they are on track, along with key data such as the Portfolio Delivery Timeline, Risk Management, and Benefits Realisation data amongst other items. The Total Annual Investment is also submitted to Members. This process is supplemented by Highlight Reports, allowing members a summary update between quarterly reporting periods. It was noted that there is no direct connection between the financial status of Programmes/Projects and the overall status of Programmes/Projects. Whilst a RAG rating of the financial status is included at a summary level the detail provided relates to overall budgets rather than whether actual spend is in line with budgets, or whether grant drawn-down is in line with the forecasted funding profile. The detailing of parameters would also allow Members to understand the boundaries within each RAG rating is applied. Enhanced financial reporting would allow a greater correlation between activities and finances for each of the Headline Programmes/Projects. Testing identified that there is currently slippage in time recorded against the delivery date for nine Programmes/Projects. Whilst this is currently highlighted in terms of RAG rating, reporting could be enhanced by providing a narrative indication within the Quarterly Monitoring report as to the level of slippage when compared to the original planned timescale. This would provide Members with a greater insight into the progress of projects, and enable greater scrutiny on projects which are significantly behind target.</p>	<p>As each of the Programmes/Projects move into full delivery, quarterly monitoring reports presented to the Joint Committee and Programme (Portfolio) Board should be developed to incorporate enhanced financial monitoring, including whether expenditure is in line with forecasts and whether grant drawn-down is in line with the agreed funding profile. Reporting would also benefit from enhanced data regarding delivery timescales. This would provide correlation and synergy between project progress and financial reporting.</p>	<p>Q1 2023/24</p>
<p>A defined Change Control Procedure is in place, and has been approved by the Joint Committee. During 2022-23, the PoMO received three change notifications. Internal Audit were advised that a formal Programme/Project change request is also anticipated to be received.</p> <p>The Change Control Procedure states that “change control reporting will take place for all Swansea Bay City Deal Portfolio change and include full summarisation for significant change and notification only of minor change”. Determination of ‘significant’ changes to Programmes/Projects has not been made within the Procedure, with the Portfolio Manager advising this would relate to an instance where any of the Portfolio benefits were impacted, or a substantial change in the required funding (for example 10%).</p>	<p>The change notification process (including potential baseline thresholds) should be clearly defined, to provide clarity to Programmes/Projects as to when they need to comply with the change notification process, and bring consistency across the Portfolio</p>	<p>Q2 2023/24</p>

<p>Change notifications are managed at Programme/Project level, with a requirement for the PoMO to be notified for reporting purposes. Thresholds for changes to cost/time/quality have not been formally defined, which could result in ambiguity within Programmes/Projects as to whether a change notification is required to be submitted to the PoMO. The introduction of baseline thresholds would enable a consistency in approach across all Programmes/Projects and support the PoMO in gathering the necessary Programme/Project intelligence data.</p>		
<p>The PoMO are monitoring the impact of the current financial climate on the Portfolio. Increase in Cost of Construction is recorded as a red risk on the Portfolio Risk Register, as is 'Pressure on Construction Industry to meet demand'. Five projects also detail construction risks within the latest Highlight Report.</p> <p>To ensure the Joint Committee remain apprised of the situation, the PoMO have introduced a Construction Impact Assessment Summary Report into the Quarterly Report which is submitted to Governance Boards. Joint Committee were advised in the November 2022 update that the PoMO had undertaken an assessment of the potential funding gap for the portfolio, following a request from the Programme (Portfolio) Board, and had identified a forecast funding gap of £31m as a result of inflation and increased construction costs. A detailed Construction Impact Assessment was also included as an appendix to the updated Business Case that was submitted to Joint Committee in April 2023.</p> <p>A detailed update to Programme (Portfolio) Board took place in November 2022. Review of the paper presented identified that potential mitigating actions have been documented, and a qualitative assessment undertaken against these. However, there was no detail recorded of the quantitative impact of the mitigations. Given the volatility on the market, and the impact this could have on the Portfolio, regular detailed updates should be provided. Additionally, further detail regarding the funding gap, and potential mitigations, should be provided to Joint Committee, to allow Members to be fully apprised of the mitigating actions being taken by the PoMO, Programmes and Projects.</p>	<p>Regular updates on the impact of the current financial climate should be tabled as standing agenda items for the Programme (Portfolio) Board to enable regular monitoring on the impact of the current climate on the Portfolio. This should include periodic updates to the financial assessment, and regular review of the mitigating actions developed to ensure they are deliverable, and achieving the intended benefit. Periodic updates on the forecast pressure and mitigating actions should also be provided to the Joint Committee, to keep them fully apprised of the matter.</p>	<p>Q1 2023/24</p>
<p>There has been a staffing change within the financial management arrangements for Swansea Bay City Deal during 2022-23, with the departure of the Finance Manager in November 2022. Following an unsuccessful recruitment exercise to replace the Finance Manager, temporary arrangements have been developed, with an Interim Officer appointed, who is supported by members of Carmarthenshire County Council's Finance team.</p> <p>The Joint Committee approved the five-year budget (2020-21 to 2024-25) for the administration and support functions of the Swansea Bay City Deal on 09 July 2020. Annual budgets are also presented to Joint Committee for approval. The 2022-23 budget was presented to the Programme (Portfolio) Board on 29 March 2022, and approved by the Joint Committee on 23 June 2022. At the time of the Internal Audit review a draft budget for the 2023-24 financial year had not been prepared. The 2023-24 draft budget is due to be presented to the Programme (Portfolio) Board on 16 May 2023. The 2022-23 financial year was the final year in which contributions were</p>	<p>The development of the Swansea Bay City Region budget for 2023-24 should be concluded at the earliest opportunity (recognising that a five-year budget has previously been approved by the Joint Committee). Moving forward, arrangements should be made to ensure that draft budgets are presented for approval prior to the start of the upcoming financial year.</p>	<p>July 2023</p>

<p>received from partner organisations to support the PoMO budget; with future years' budget to be funded via the top slice of grant funding.</p> <p>Budget monitoring reports are submitted to the relevant Governance Boards on a quarterly basis to inform members of the current financial position. At the time of the audit review, it was predicted that the overall position for the PoMO and Accountable Body budget had slipped into an in-year deficit of c.£80k, due to a slip in funding to projects, which in turn reduces the amount that can be drawn down from the top slice. The Joint Committee were reassured that this position would resolve itself in future years as funding to projects accelerates.</p>		
<p>Funding agreements stipulate that grant claims should be submitted by lead bodies on a quarterly basis, to allow funding to be distributed to programmes/ projects.</p> <p>Testing identified that only a small number of grant claim forms had been received during 2022-23; four in respect of Pembroke Dock Marine (one relating to Q4 2021-22 and three relating to Q1-Q3 2022-23) and one in respect of Supporting Innovation and Low Carbon Growth (SILCG).</p> <p>Testing also identified that the grant claim forms are not always used consistently, when grant funding is transferred to Carmarthenshire County Council, with it identified that a grant claim form was used for one project, with a journal prepared and utilised for another. Assurance was provided, however, that the process details that both grant claim forms and journals are utilised.</p> <p>Review of the grant claim forms for Pembroke Dock Marine and SILCG identified that the incorrect amount of grant funding was paid to Pembrokeshire County Council (for Pembroke Dock Marine), for the quarter three grant claim form, due to the incorrect figure being used for the 'gross grant eligible for release' when compared to the revised payment profile. This resulted in an over payment to Pembrokeshire County Council of £318.5k when compared to the payment profile for 2022-23.</p> <p>The budget for PoMO and Accountable Body is supported by top slice funding of grant paid within each financial year; if insufficient grant funding is paid to Programmes/Projects within a financial year, there is a risk that sufficient top slice funding will not be generated to support the annual Portfolio Management Office budget. Whilst this risk will be alleviated in future years, as spending accelerates, it could place the in-year budgets in a precarious position through the usage of reserves to cover the short-term.</p>	<p>Grant claim forms should be used by all Programmes/Projects when requesting funding from Swansea Bay City Deal. Programmes/Projects in delivery should be advised that quarterly grant claims should be submitted, to allow funding to be distributed to lead bodies in a timely manner. Additionally, verification of the grant claim forms should be undertaken prior to payment being made, to ensure the total value of grant paid does not exceed the balances included within the payment profile.</p>	<p>Immediate</p>

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

Certificate of Approval

Chair of Joint Committee Approval:

Signed:

Date:

Councillor Rob Stewart

Chair of Swansea Bay City Region Deal Joint Committee

Leader of City and County of Swansea Council



Senior Responsible Owner Approval:

Signed:

Date:

Wendy Walters

Chair of Swansea Bay City Deal Portfolio Board

Chief Executive, Carmarthenshire County Council



Glossary of Terms

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

General Terms

Accrual

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

Audit

An audit is an independent examination of our activities.

Audit Wales

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

Balance

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

Balance Sheet

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

Budget

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

Capital Expenditure

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

Capital Receipt

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

Creditor

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

Current Assets

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

Current Liabilities

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

Debtor

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

Depreciation

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

Employer Contributions

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

Financial Year

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

Gross Expenditure

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

IFRS*

International Financial Reporting Standard.

IFRIC*

International Financial Reporting Interpretations Committee.

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

Liability

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

National Non-Domestic Rates (NNDR)

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

Net Realisable Value

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

Operating Leases

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

Pension Fund

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

Property, Plant and Equipment

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

Provision

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

Prudential Code

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

Public Works Loan Board (PWLB)

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

Reserve

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

Revenue Account

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

Securities

These are investments such as stocks, shares and bonds.

Inventories

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

Subjective Analysis

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

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

Variance

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



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Enterprise Park

Llanelli

Carmarthenshire

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✉ Citydeal@Carmarthenshire.gov.uk

☎ 01267 242362

Accountable Body

County Hall

Castle Hill

Carmarthen

Carmarthenshire

SA31 1JP

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

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SWANSEA BAY CITY REGION JOINT SCRUTINY COMMITTEE

DATE 13th February 2024

Update on GVA for Portfolio Monitoring & Evaluation
<p>RECOMMENDATIONS/KEY DECISIONS</p> <p>To inform Joint Scrutiny Committee of the receipt of confirmation from Governments that the SBCD portfolio is not required to directly track and associate Gross Value Added (GVA) as part of its regular monitoring and reporting.</p>
<p>REASONS</p> <p>1. Introduction</p> <p>This report provides confirmation from the UK Government and Welsh Government that there is no requirement for the SBCD Portfolio to directly track and associate Gross Value Added (GVA) as part of its regular monitoring and reporting.</p> <p>2. Background</p> <p>2.1. In May 2022, SBCD Programme (Portfolio) Board approved a paper, prepared by PoMO, which identified the impediments to the measurement and attribution of GVA at a programme and project level. The paper contained recommendations to remove GVA as a monitoring measure of the portfolio and to utilise alternative SMART economic metrics.</p> <p>2.2. A letter of confirmation (Appendix A) has now been received from both Governments confirming the following:</p> <ol style="list-style-type: none"> 1. The impediments to using GVA measurement for quarterly and annual monitoring are acknowledged and there is no Government requirement to directly track and associate GVA with the SBCD portfolio. 2. The use of alternative and appropriate SMART, economic metrics are advised. 3. The PoMO are advised to track regional GVA through published ONS data. 4. The calculation of GVA contribution remains valid within the economic appraisal at business case level to demonstrate the rationale for intervention and the estimated impact on programmes and projects <p>3. SBCD Update</p> <p>3.1. The PoMO is currently working with programme and project leads through the Monitoring and Evaluation Task and Finish Group to enhance the benefits reporting and realisation across the portfolio and to develop an Evaluation</p>

Framework to measure the outcomes and impacts of the interventions.

3.2. The selection and definition of appropriate SMART economic metrics will be a key output of the Group.

3.3. The Evaluation Framework will also emphasise the requirement to measure the economic impact of the portfolio using appropriate data and methodologies.

3.4. In addition to this the PoMO will track regional GVA using the published ONS data as advised by Governments.

3.5. The SBCD Monitoring & Evaluation (M&E) plan and Portfolio Business Case will be also be updated accordingly.

Appendices:

A: Letter from UK Government and Welsh Government, 3rd October 2023

OFFICER CONTACT

Name:
Ian Williams

Email:
ICWilliams@carmarthenshire.gov.uk



Llywodraeth Cymru
Welsh Government



UK Government
Llywodraeth y DU

3rd October 2023

Dear Jon,

Further to recent conversations please accept this letter as confirmation that there is no Government requirement (UKG or WG) to directly track and associate GVA with the growth deal portfolio. We acknowledge the impediments for using GVA measurement for quarterly and annual monitoring and the use of alternative, and SMART, economic metrics are advised.

GVA is a macroeconomic measure, and whilst an estimation of GVA contribution can be made at a micro (programme and project) level, through the application of accepted economic appraisal methodology, it is not possible to fully determine GVA impact at portfolio level. It is therefore recommended that PMOs track GVA using ONS data (without the need to derive their own estimates).

The calculation of GVA contribution does however remain valid within the economic appraisal at business case level to demonstrate the rationale for intervention and the estimated impact on programmes and projects.

The Mid Wales Growth Deal Strategic Portfolio Business Case was subject to an Accounting Officer Review, supported by a report issued to the Welsh Government's Permanent Secretary as Principal Accounting Officer. The report contained several high level recommendations, one of which was applicable to all Deals across Wales and related to the use of GVA as a measure. The recommendation encourages PoMOs to consider adding new metrics (*GVA per job or GVA per hour*) to measure GVA uplift as part of their performance measurement frameworks to reflect targeted productivity improvements. The review recommended that adding new GVA metrics would be an improved means of assessing productivity and support a consistent set of measures across the 4 City & Growth Deals.

Sioned Evans
Director Economy Business and
Regions
Welsh Government

Geth Williams
Deputy Director
Union and Regional Growth
UK Government

Llywodraeth Cymru | Welsh Government
Parc Cathays | Cathays Park
Caerdydd | Cardiff
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SWANSEA BAY CITY REGION JOINT SCRUTINY COMMITTEE

DATE 13th February 2024

Supporting Innovation & Low Carbon Growth Programme – Change request to incorporate the National Net Zero Skills Centre of Excellence

RECOMMENDATIONS/KEY DECISIONS

To inform Joint Scrutiny Committee of a change request to the Supporting Innovation and Low Carbon Growth (SILCG) Programme to incorporate the National Net Zero Skills Centre of Excellence (NNZSCoE) into the approved Advance Manufacturing Production Facility (AMPF) project.

REASONS

1. Purpose

- 1.1 The purpose of this report is to present a Change Request to Joint Committee for approval of the inclusion of the National Net Zero Skills Centre of Excellence into the Supporting Innovation and Low Carbon Growth programme.
- 1.2 The Change Request is attached at Appendix A and was developed in accordance with the SBCD Change Control process. The request involves the utilisation of the unallocated £5.3m City Deal funding to incorporate the NNZSCoE into the approved Advanced Manufacturing Production Facility project. The change resolution and its impact are detailed on the attached Change Request.
- 1.3 The Change Request is supported by the submission of an Outline Business Base (OBC) for the project proposal which has been developed in accordance with Government's Better Business Case 5 Case Model and provides detail on the Strategic, Economic, Commercial, Financial and Management dimensions of the project. The OBC is attached at Appendix B.

2. Programme Overview

- 2.1 The Supporting Innovation & Low Carbon Growth (SILCG) programme is made up of seven interlinked projects:
 - **Bay Technology Centre** – developed in response to well-evidenced demand for high quality, flexible business premises. A hybrid building providing a range of high quality, flexible, speculative office and laboratory space to support start-up businesses and indigenous business growth. The design of the building has

established it as Wales' first commercial 'building as a power station' (energy positive) with a link to the Hydrogen Centre providing a proof of concept to use renewables to create hydrogen and fuel vehicles demonstrating the potential to decarbonise vehicle refuelling.

- **SWITCH (South Wales industrial Transition from Carbon Hub) Harbourside** – SWITCH will provide a specialist facility on Harbourside, Port Talbot to carry out research to support the steels and metals industry and supply chain to improve competitiveness by increasing product capability and reduce carbon emissions to meet legislative requirements. This will be achieved by strengthening collaboration between industry and academia and increasing the level of applied research to accelerate the adoption of improved products and processes. The City Deal funding will be used to construct a purpose built facility and purchase specialist equipment.
- **Advanced Manufacturing Production facility (AMPF)** – This project has been developed in response to the well evidenced need for business sites and premises, including industrial premises. The project is to develop a hybrid building providing a range of production units incorporating a pilot line with office space to support start-up companies and indigenous business growth in the innovation and manufacturing sectors.
- **Hydrogen stimulus programme** - This project has been developed to demonstrate the viability and commercial opportunities to the creation of hydrogen from renewable sources. The project will establish an electrical link between the Swansea Bay Technology Centre and the Hydrogen Centre on Baglan Energy Park, including necessary upgrades to the equipment including electrolyser to create smart energy systems and to use excess electricity to convert to hydrogen to fuel vehicles for council use which will also be purchased with City Deal funding. There is potential to replicate this activity on a commercial scale which will be explored during the delivery of this initial project.
- **Air quality monitoring programme** – this project has been developed in response to air quality issues and the need to understand levels of pollution to make informed decisions on mitigation and intervention measures. The project will incorporate a monitoring and analysis system to provide verified sources of air quality data. The data analytics generated by the project will help to identify correlation with factors such as pollution sources, both internal and external to the area. The funding will be used to purchase air quality monitors and the data analytics side of the project. There is potential to replicate this activity across the region, Wales, the UK and worldwide.
- **Electric vehicle charging infrastructure route map project** – this project has been developed in response to the need to decarbonise transport, and address the new challenges posed by the increasing number of electric vehicles. The project consists of three phases:
 - Phase 1 – to consult with leading academics, industry partners and the public sector to produce an effective, impactful and future-proof electric vehicle charging strategy.
 - Phase 2 - will focus on the physical implementation of smart charging stations and the grid infrastructure required to support modern charging technologies.
 - Phase 3 – To use information gathered from the implemented smart charging stations to build a detailed dataset of electric vehicle charging behaviours within the area. This will be used to fuel research into topics including vehicle-to-grid transfer for flexible energy systems, virtual power plants, and future economic/business models for electric vehicle charging stations.

- **Property Development Fund** - this project has been developed to support the viability of private sector schemes to develop bespoke and speculative buildings in the Port Talbot Waterfront Enterprise Zone. The fund will be administered by Neath Port Talbot CBC as a £10m fund (£5m gap funding non-repayable finance / £5m Private Sector investment). The PDF will target 3 schemes of 2,000 m² each

3. Background to Unallocated £5.3M and development of the NNZSCoE OBC

- 3.1 SBCD Programme Board and Joint Committee agreed for Neath Port Talbot Council to develop an OBC for approval by Programme and Joint Committee to secure the unallocated funding


4.0 Need / demand

- 4.1 There is a lack of skills provision in SW Wales to meet future needs of Industry and support activities around SBCD portfolio:

- e.g. **FLOW** 7,407FTE/GW 4.5GW available = 33,331 jobs - pessimistic calcs (+10K)[BVG Associates]
- Celtic Freeport** – 16,000 new green jobs (possibly includes some figures above) with £5.5bn of investment forecast
- Tata £1.2bn Electric arc furnace investment and possible knock on consequences
- Lanzatech £500m sustainable aviation fuels site in Port Talbot

- 4.2 **RLSP Skills survey from 2022** created the **skills barometer** highlighted significant gaps for various sectors around skills provision regionally as shown in the graphics below. The list on the right indicates existing Job roles with no training provision within the region:


Manufacturing

Next 5-10 Years Skill Requirements	Skills Survey 2022
<ul style="list-style-type: none"> • Specialist Engineering • Smart Manufacturing • Renewables • Digital coding / web 	

Construction

Next 5-10 Years Skill Requirements	Skills Survey 2022
<ul style="list-style-type: none"> • Renewables • Retrofit • Specialist Engineering 	

Energy

Next 5-10 Years Skill requirements	Skills Survey 2022
<ul style="list-style-type: none"> • Renewables • Specialist / Smart Engineering • Digital, Coding Web • Construction 	
36% of surveyed employers have apprentices	
42% experience barriers to training	
<ul style="list-style-type: none"> • No Framework for Net Zero • No capacity to train • Recruiting difficulty 	

HAPS/Construction

- ASBESTOS ANALYST & SUPERVISOR
- Building Service engineering technologies
- BUILDING CONTROL SURVEYOR (integrated degree)
- CHARTERED TOWN PLANNER
- Junior Energy Manager
- Interior systems installer
- Quality and Governance
- Structural Steelwork fabricator
- Construction Design and Build Technician
- Construction Site Engineering Technician

Low Carbon

- Chartered surveyor
- Building services engineering ductwork installer
- Construction Assembly and installation operative
- Building control surveyor (integrated degree)
- Commercial thermal insulation operative
- Biochemistry

4.3 October '23 Skills and Talent project have concluded a comprehensive piece of work mapping the skills needs and jobs created within each city deal project.

4.4 Skills & Talent project to establish 3 Centres of Excellence in SBCD region

4.5 There is also a need for an **industry led skills facility** to add value / enhance existing FE and HE provision – unique in Wales

- 4.6 Industry Wales indicates that Wales lags behind England by some way in its level 3+ provision around manufacturing related skills – needs to be addressed
- 4.7 Key point is around **avoiding duplication** NNZSCoE is about ‘plugging the gaps’ and bringing industry and skills providers together for more joined up approach and being complementary to existing activity.
- 4.8 In support of this initiative we have undertaken a process to identify similar facilities across the UK and has included:

Title	Location	Launched	Size (m2)	Cost
Manufacturing Technology Centre (MTC)	Coventry	2011 (100 staff now 740)	12,000	£40M
- Lloyds Bank Advanced Manufacturing Training Centre (AMTC)	Ansty Business Park, Coventry	2015		£15M sponsored to 2030
The Hive	Ebbw Vale	Build start 09/23	1.96 acre site	£9M
AMRC Cymru	Broughton, Flintshire	2019	2,000	£20M
National Manufacturing Institute Scotland (NMIS)	Strathclyde, Glasgow	2020	3.5 ha/1.5 football pitches	£42M
- Manufacturing Skills Academy	As above	2023		
CATCH	Humber	2017	Multiple buildings on site	
- Catch National Net Zero Training Centre	As Above	Announced Oct 23		£60M
Advanced Manufacturing Training Centre of Excellence (AMTCE)	Dundalk, Ireland	2020	5,100	Euros 5.4m (£4.66m) 9/22 Euros 8M 11/22 Euros 11M

4.9 It is important to note that in Wales there is currently only the AMRC Cymru (run by Sheffield University) which is a pure research centre, and the recently announced ‘The

'Hive' in Ebbw Vales part of Coleg Gwent. There is no combined manufacturing and skills centre located within Wales.

4.10 Also to note from the table above is the level of investment secured which in the majority of cases is an order of magnitude greater than the £5.3M under discussion. Therefore, we view this as a Phase 1 activity of a much larger activity to be undertaken over the next 3 years.

4.11 Letters of Support as shown in Appendix 2 of the OBC include Net Zero Industry Wales, South Wales Industrial Cluster, Local FE and HE institutions, Regional Learning and Skills Partnership, Celtic FREEPORT, GCRE, etc.

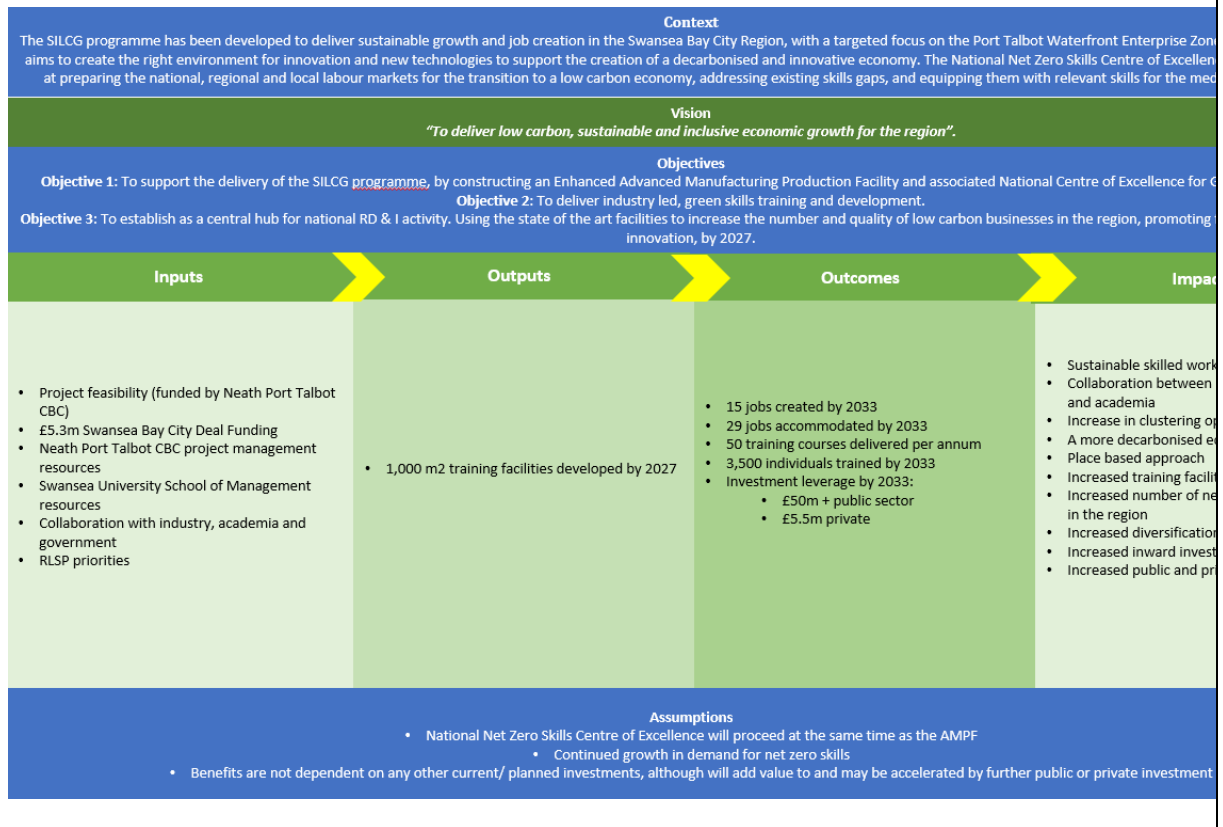
4.12 NPT have also consulted with Industry Wales and Welsh Government in interactions with similar facilities AMRC Cymru and NMIS (national Manufacturing Institute Scotland) with the assistance of Professor Keith Ridgeway Chair of Industry Wales and involved in the setting up of AMRC Cymru and NMIS.

5. Programme Outcomes

5.1 The NNZSCoE will deliver significant beneficial outcomes.

5.2 The combined effect of the AMPF and the NNZSCoE will improve the offer for innovative, manufacturing businesses and create an environment where these businesses can thrive and support staff with upskilling and/or reskilling.

5.3 The logic table below shows the inputs, outputs, outcomes and impacts expected from the NNZSCoE activity.



6. Project Investment Objectives

6.1 The table below shows the NNZSCoE three investment objectives

6.2 Measures for the NNZSCoE are shown in column 2 with combined measures of the AMPF + NNZSCoE creating the Enhanced Advanced Manufacturing Facility shown in the final column

	Investment Objective	Measures NNZSCoE	Total Measures EAMPF
1	To support the delivery of the SILCG programme, by constructing an Enhanced Advanced Manufacturing Production Facility incorporating the National Net Zero Skills Centre of Excellence by 2027.	<ul style="list-style-type: none"> 1,000 sqm training facilities developed by 2027. 15 Jobs Created by 2033. 29 Jobs accommodated by 2033. 	<ul style="list-style-type: none"> 5,000 sqm production training developed 113 Jobs by 2033. 140 Jobs accommodated by 2033.
2	To deliver industry led, green skills training and development. Upskilling the local/regional/national labour markets with appropriate green skills to enable transition to a net zero economy, whilst supporting the development of local and regional low carbon projects by 2027.	<ul style="list-style-type: none"> 50 Training courses per annum delivered by 2033. 3,500 individuals trained by 2033. 	<ul style="list-style-type: none"> 50 training courses per annum delivered 3,500 individuals trained by 2033.
3	To establish as a central hub for national RD & I activity. Using the state of the art facilities to increase the number and quality of low carbon businesses in the region, promoting further investment and innovation, by 2027.	<ul style="list-style-type: none"> Investment attracted £50m + public / £5.5m Private by 2033. 	<ul style="list-style-type: none"> Investment attracted £50m + public / £9m Private by 2033. 15 SMEs accommodated by 2033.

7. Outline Business Case (OBC) Development

7.1 The original Outline Business Case (OBC) for the National Net Zero Skills Centre of Excellence is before SBCD PB today in relation to the unallocated £5.3M of City deal funding assigned to NPT.

7.2 The OBC has been prepared using the agreed standards and format for business cases, as set out in the Green Book Supplementary Guidance 5 Case Model and Better Business Case guidance.

7.3 The OBC has been undertaken in discussion and consultation with the SBCD PoMO and in accordance with the approved SBCD guidance for business case development.

7.4 The SILCG Programme Board have approved the OBC

7.5 The SBCD Programme (Portfolio) Board have approved the OBC on 31st October 2023.

7.6 The SBCD ESB have undertaken a 'test and challenge' activity on the OBC which took place on Friday 13th October 2023

7.7 The updated business case is attached for information with the executive summary indicating key elements around the 5 business case sections.

- The **strategic case** section. This sets out the case for change, together with the supporting investment objectives for the CoE. The SILCG programme has been developed to deliver sustainable growth and job creation in the Swansea Bay City Region, with a targeted focus on the Port Talbot Waterfront Enterprise Zone area. The programme aims to create the right environment for innovation and new technologies to support the creation of a decarbonised and innovative economy.
- The **economic case** section. The Economic Case section provides an updated perspective for the EAMPF project incorporating scope for the associated NNZS. (I.e. from AMPF in PBC to EAMPF). It is set in the context of the Supporting Innovation and Low Carbon Growth PBC, and in response to the Case for Change and broader Strategic Case. The ambitions to deliver against the SILCG programme have been built into the overarching PBC and project-level SOC, appraising (including revisiting) options against the Investment Objectives (developed as SMART in section 1.3.1). The Economic Case considers the EAMPF in its entirety, rather than appraising the NNZS as a stand-alone operation. The rationale for combining this assessment is that the AMPF and the NNZS are intrinsically linked, both in terms of activity and their co-location, and thus the combined EAMPF project will generate economic output 'more than the sum of its individual parts'. In other words, the two activities (AMPF and NNZS) will complement each other, leading to increase the economic impact of both activities by the fact they are working together/co-located. This demonstrates that the organisation has selected the most economically advantageous offer, which best meets the existing and future needs of the service and optimises value for money (VFM) demonstrating the VFM for the chosen option and confirming the updated costs, benefits and risks, demonstrating that the option offering best public value has been chosen.
- The **commercial case** section. The Commercial Case sets out the proposed procurement arrangements for delivery of the preferred option, including:
 - The proposed procurement strategy and route
 - The proposed service requirements and required outputs

- The proposed approach to risk allocation
 - The proposed charging mechanisms
 - The proposed key contractual arrangements
- The **financial case** section, The Financial Case sets out the funding requirements for the preferred option and demonstrates overall project affordability.
 - The **management case** section The purpose of the Management Case is to put in place the arrangements for the successful delivery of the project. It provides evidence that the capability and capacity is in place to govern and deliver the project, and arrangements are in place to manage project risks.

7.8 The key milestones for the delivery of the NNZSCoE programme are shown below:

Activity	Calendar Year
Enhanced Advanced Manufacturing Production Facility building stakeholder workshops / Design Brief	Q1 2024
Operator Procurement	Q2 2024
2 stage Design & Build Procurement	Q1 2024
Design Phase	Q3 2024 – Q3 2025
Construction Phase	Q3 2025 – Q4 2026
Facility Opens	Q4 2026

Appendices:

Appendix A Change Request – National Net Zero Skills Centre of Excellence

Appendix B SBCD SILCG NNZSCofE OBC DRAFT For circulation v1.1

Appendix 1 - Stakeholder Engagement Activities undertaken in respect of AMPF & NNZSCoE

Appendix 2 - Letters of Support

Appendix 3 EAMPF Benefits Register

Appendix 4 EAMPF Risk Register

Appendix 5 - SBCD SILCG PBC MASTER May 2021 v 4

Appendix 6 EAMPF design and build Gantt chart

Appendix 7 Integrated Assurance and Approval Plan SILCG

OFFICER CONTACT

Name:
Dr Brett Suddell

Email:
b.suddell@npt.gov.uk

Appendix A Change Request Notification

Project/Programme Manager: Brett Suddell

Project/Programme title: Supporting Innovation and Low Carbon Growth programme

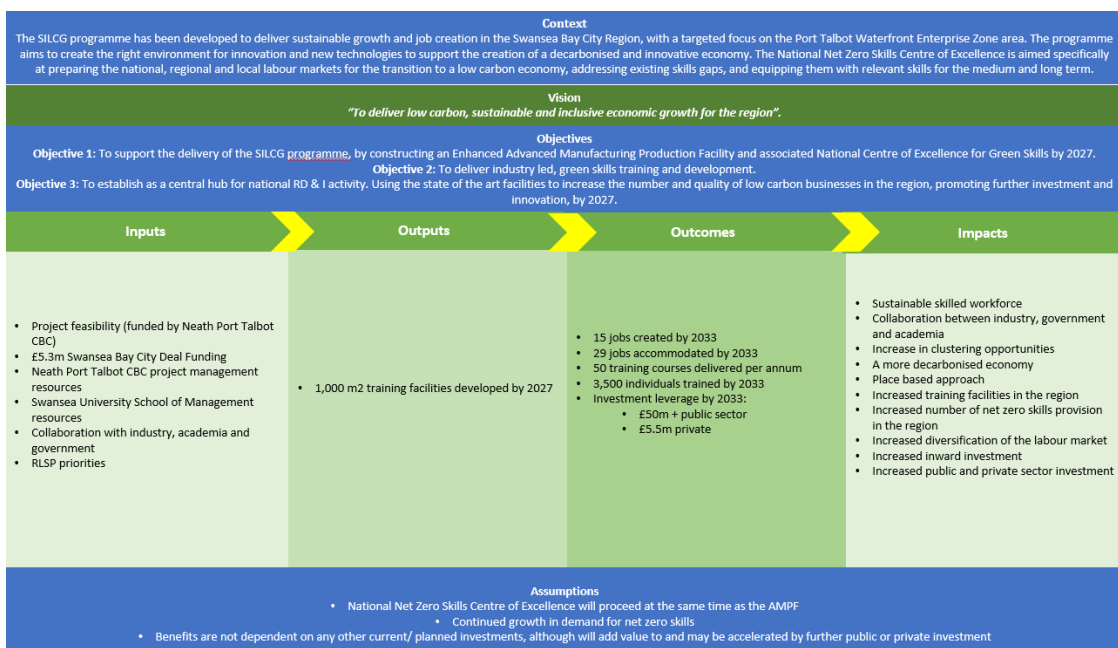
Change Request Reference: SILCG001

Details of the change request should include:

- Impact the total cost;
- Impact the completion of delivery of output(s)/ key milestones;
- Impact the quality outlined within the business case for the specified Project/Programme
- Impact the benefits outlined within the business case for the specified Project/Programme;
- Impact the GVA, jobs created or inward investment.

Change resolution and description of the impact:

- This change request will positively impact on the SILCG Programme and SBCD Portfolio.
- NPT Council obtained approval from SBCD JC to develop an enhanced business case for the SILCG AMPF projects. The NNZSCoE business case is attached detailing the Green Book 5 Case structure (strategic, economic, commercial, financial and management cases).
- This change request will need to be approved by SBCD JC and the UKG and WG.
- The cost of the change to the existing business case is £5.3m, which is within the Portfolio investment budget.
- The timescales of the AMPF are not negatively affected by the inclusion of the NNZSCoE.
- The quality of AMPF operations is enhanced due to the co-location of skills training with manufacturing facility.
- GVA is estimated to increase by £4bn, direct jobs created by 15 (29 accommodated) and inward investment circa £55m (public and private).
- The logic table below summarises the rationale, inputs, outputs, outcomes and impact which all positively contribute towards the SILCG investment objectives and the SBCD Portfolio in terms of infrastructure, economic impact, jobs created, training, and investment leveraged.



Appendices

Appendix B: SBCD SILCG NNZSCofE OBC DRAFT For circulation v1.1

Appendix 1: Stakeholder Engagement Activities undertaken for AMPF & NNZSCoE

Appendix 2: Letters of Support

Appendix 3: EAMPF Benefits Register

Appendix 4: EAMPF Risk Register

Appendix 5: SBCD SILCG PBC MASTER May 2021 v 4

Appendix 6: EAMPF design and build Gantt chart

Appendix 7: Integrated Assurance and Approval Plan SILCG

Was this change submitted to a change advisory board?

No. It was developed by NPT Council and PoMO colleagues and will be shared with SBCD PB, JC and Governments. ESB tested and challenged the draft business case with positive feedback for the change request to proceed for approval.

What were the recommendations of the board?

N/A – PoMO endorse the change request.

Distribution

All of the following stakeholders/boards will receive this change request as part of the approval process:

SRO	✓	PoMO	✓	Portfolio Board	✓	Joint Committee	✓	WG/UKG	✓
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Supporting Innovation & Low Carbon Growth Programme

National Net Zero Skills Centre Of Excellence Outline Business Case

October 2023



Document Control
Note: this document may not be valid anymore. Please check for the latest approved version of the document
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Owner: Nicola Pearce (SRO)

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Programme Manager:	Dr Brett C Suddell
Organisation:	Neath Port Talbot County Borough Council

Revision History

Version	Modified by	Changes made / review history	Date
1.0	Lisa Willis David Birch Brett Suddell Julia Lewis	Creation of Outline business case	Sept 2023
1.1	David Birch Brett Suddell	Minor additions and changes to logic model	October 2023

Outline Business Case sign off

Version	Signed off by	Comments	Date
1.0	Nicola Pearce	To submit to SILCG Programme Board for approval	October 2023
	Nicola Pearce	To submit to PMO	October 2023
	ESB	To submit comments to SBCD PB	October 2023
1.1	PMO	To submit to SBCD PB	October 2023
	SBCD PB	To submit to SBCD JC	October 2023

LIST OF ACRONYMS

Acronyms	Description
AMPF	Advanced Manufacturing Production Facility
NNZS	National Net Zero Skills Centre of Excellence
EAMPF	Enhanced Advanced Manufacturing Production Facility (<i>AMPF incorporating the NNZS</i>).
SBCD	Swansea Bay City Deal
SILCG	Supporting Innovation and Low Carbon Growth Programme
BEP	Baglan Energy Park
PTWEZ	Port Talbot Waterfront Enterprise Zone
SBCR	Swansea Bay City Region
SBCD	Swansea Bay City Deal
NPTCBC	Neath & Port Talbot County Borough Council
OBC	Outline Business Case
PBC	Programme Business Case
RLSP	Regional Learning & Skill Partnership
NPTCBC	Neath Port Talbot County Borough Council
RD&I	Research, Development & Innovation

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Appendix	Subsection	Title
1		Stakeholder Engagement Activities
2		Letters of Support
	1	RLSP – Jane Lewis
	2	SWIC/Industry Wales – Dr Chris Williams
	3	Swansea University – Prof. Dave Worsley OBE
	4	Swansea University – David Warren
	5	Celtic Freeport – David Gwynne
	6	Net Zero Industry Wales – Ben Burggraaf
	7	SILCG Programme Board Chair – Nicola Pearce
	8	GCRE – Simon Jones
	9	Cardiff University – Hywel Thomas
	10	University of South Wales – Jon Maddy
	11	Neath Port Talbot College – Kelly Fountain Vice Principal
	12	NPTCBC - Education Department
13	UWTSD – Richard Morgan	
3		Benefits Register
4		Risk Register
5		PBC (May 2021)
6		EAMPF Procurement and Design & Build Gantt
7		SILCG IAAP

EXECUTIVE SUMMARY

As part of the development of the Supporting Innovation and Low Carbon Growth ('SILCG') programme, a SILCG Programme Business Case ('PBC') was submitted and approved by UK Government on 20th August 2021. Within this approval was the outline plan for an Advanced Manufacturing Production Facility ('AMPF') as one of seven SILCG programme projects. Over a period of time and a result of further engagement with industry, academia and other stakeholders it was decided to develop the AMPF project further, and that the working title for this project would be the Enhanced Advanced Manufacturing Production Facility ('EAMPF').

The AMPF is one of the seven interlinked projects of the SILCG programme and aims to develop an industry led hybrid building providing a range of production units with open access shared specialist equipment, supporting start-up companies and indigenous business growth in the innovation and manufacturing sectors, linked to energy and renewables. It is a collaborative development between government, industry and academia based on the 'proving factories' concept (late TRL level to MRL level).

Through continued consultation it was identified that the EAMPF should not only continue to deliver the original AMPF project (*with no changes from the original project as described and approved in the SILCG PBC*) but that it should be 'enhanced' by including a 1,000 sqm **National Net Zero Skills Centre of Excellence** ('NNZS') to the project – aimed specifically at preparing the national, regional and local labour markets for the transition to a low carbon economy, addressing existing skills gaps, and equipping them with relevant skills for the medium and long term.

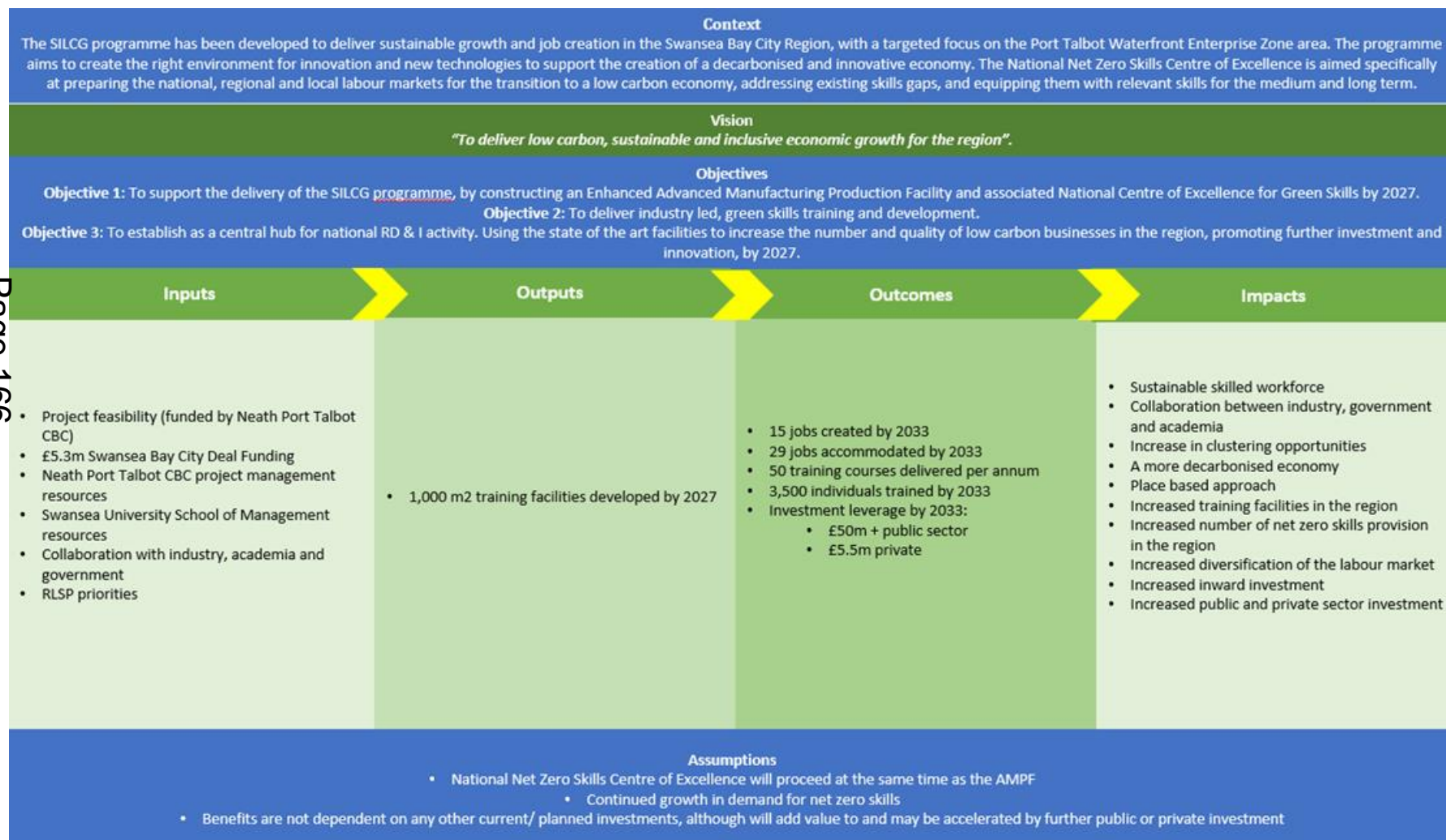
This OBC seeks approval of the addition of the National Net Zero Skills Centre of Excellence to the original Advanced Manufacturing Production Facility project. (*Forming the Enhanced Advanced Manufacturing Facility or EAMPF*).

As mentioned above the original AMPF project is unchanged from the initial SILCG PBC. **Whilst this OBC sets out the business case for the NNZS, it also describes the EAMPF project in its entirety (both AMPF and NNZS combined) as they are intrinsically linked, will be co-located, and are both set within the same economic, social and technological context.**

The logic model shown on the following page sets out the objectives, inputs, outputs, outcomes and impacts for the NNZS.

National Net Zero Skills Centre of Excellence logic model

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STRATEGIC CASE

The SILCG programme has been developed to deliver sustainable growth and job creation in the Swansea Bay City Region, with a targeted focus on the Port Talbot Waterfront Enterprise Zone area. The programme aims to create the right environment for innovation and new technologies to support the creation of a decarbonised and innovative economy.

The programme's **vision** is: ***to deliver low carbon, sustainable and inclusive economic growth for the region.***

The SILCG programme has evolved since the original 2017 Swansea Bay City Deal, and has been developed in response to a number of key drivers: the two reviews of the Swansea Bay City Deal in 2019, Welsh Government climate change emergency, the macro economic situation, and current local, regional and national strategies.

The SILCG programme is a place-based approach, focused on the Port Talbot Waterfront Enterprise Zone ('PTWEZ') area of Port Talbot (this includes Harbourside, Baglan Energy Park and Baglan Industrial Estate) but will have a regional, national and UK wide impact. The programme is based on both need and opportunity - building on the region's skilled workforce, excellent transport links, a growing RD&I, energy and advanced materials knowledge and expertise base and is within the South Wales Industrial Cluster (SWIC)¹.

The SILCG projects are aligned to supporting the green industrial revolution and have been developed and will be delivered in partnership with government, industry and academia. The SILCG programme will promote low carbon, sustainable and inclusive growth for the region through a number of interlinked projects developed in partnership between Neath Port Talbot CBC, Swansea University and University of South Wales. The programme provides a range of specialist facilities to support collaboration and commercialisation of RD&I activities from scaling up to late TRL levels, SME development, and inward investment – supporting knowledge retention in the region. The programme will be a catalyst for further public and private investment, including supporting a transition to a green/low carbon economy.

¹ <https://www.swic.cymru/>

Key Strategic Policy Alignment

UK STRATEGY	WALES STRATEGY	REGIONAL & LOCAL STRATEGY
UK Net Zero Strategy: Build Back Greener 2021	Net Zero Wales 2021	South West Wales Economic Delivery Plan
UK Clean Growth Strategy	Net Zero Skills Action Plan	NPTCBC Decarbonisation & Renewable Energy Strategy.
Green Industrial Revolution	Wales Innovation Strategy	RLSP Employment & Skills Plan
Build Back Better: Our Plan for Growth	Well Being of Future Generations Act 2015	CJC Corporate Plan

Strategic Drivers Summary

The strategic drivers at UK, national, regional and local levels outlined in the business case are clearly aligned and support the development of proposals focused on low carbon economic growth. In particular:

- **UK and Welsh Governments recognise the importance of decarbonisation to ensure economic growth is sustainable;**
- **There is a clear need to move towards renewable energy sources to increase efficiency and reduce costs, and for the public sector to exemplify this;**
- **Strategic imperatives to foster innovation and entrepreneurialism in high-value RD&I-based opportunities;**
- **The creation of high-quality jobs is a clear link through all policy levels, as is a desire to provide training and development solutions to upskill existing workers in preparation for the transition to a low carbon economy.**

- The overall cohesion of strategic drivers supports the rationale of developing the EAMPF/NNZS project. Moreover, the catalysing effect of this project is anticipated to deliver significant benefits, developing a base of expertise in a critical field that brings together research and industrial applications with the physical infrastructure that will generate inward investment and start-ups, support the sustainability of indigenous businesses, and create a supporting network of training and job opportunities in a talent pipeline.
- The vision is that the EAMPF (AMPF and NNZS) along with the other SILCG projects, will establish Neath Port Talbot and the region as an ecosystem delivering a diversified and sustainable cluster for innovative low carbon growth.

Case for Change

The Investment Objectives for the NNZS are outlined below and support the delivery of the over-arching SILCG programme, align to UK, national and regional priorities, and describe what we wish to achieve in terms of targeted outcomes.

Stakeholder workshops were held between August 2020 and September 2023 to discuss and agree the Investment Objectives and long-list to short-list options for the investment. (See Appendix 1).

The following Investment Objectives were agreed with corresponding baseline suggested measures:

	Investment Objective	Measures	
		NNZS	Total Measures EAMPF
1	To support the delivery of the SILCG programme, by constructing an Enhanced Advanced Manufacturing Production Facility and associated National Net Zero Skills Centre of Excellence by 2027.	<ul style="list-style-type: none"> • 1,000 sqm training facilities developed by 2027. • 15 Jobs Created by 2033. • 29 Jobs accommodated by 2033. 	<ul style="list-style-type: none"> • 5,000 sqm of hybrid production & training facility developed by 2027. • 113 Jobs created by 2033. • 140 Jobs accommodated by 2033.

2.	<p>To deliver industry led, net zero skills training and development.</p> <p>Upskilling the local/regional/national labour markets with appropriate skills to enable transition to a net zero economy, whilst supporting the development local and regional low carbon projects by 2033.</p>	<ul style="list-style-type: none"> • 50 Training courses per annum delivered by 2033. • 3,500 individuals trained by 2033. 	<ul style="list-style-type: none"> • 50 training courses per annum delivered by 2033 • 3,500 individuals trained by 2033.
3	<p>To establish as a central hub for national RD & I activity. Using the state of the art facilities to increase the number and quality of low carbon businesses in the region, promoting further investment and innovation, by 2033.</p>	<ul style="list-style-type: none"> • Investment attracted £50m + public /£5.5m Private by 2033. 	<ul style="list-style-type: none"> • Investment attracted £50m + public /£9m Private by 2033. • 15 SMEs accommodated

The potential impact of the NNZS to address the strategic policy drivers and deliver the outcomes articulated by the Investment Objectives is wide ranging.

The case for change seeks to establish a robust case for change with a clear understanding of:

- *What we are seeking to achieve – the **Investment Objectives**;*
- *What is currently happening – the **Existing Arrangements***
- *What is required to close the gap between what is happening now (Existing Arrangements) and what we are seeking to achieve (Investment Objectives) the **Business Needs**.*

*In this way the case for change is established on the basis of **need**, rather than simply a contention that a project is a 'good thing to do'.*

The Existing Arrangements and Business Needs were considered in the context of the EAMPF and five keys areas were determined;

- **Regional Productivity**
- **Manufacturing**
- **Academia & Research, Development & Innovation**
- **Sector Clustering**
- **Green Skills**

Regional Productivity Summary

Existing Arrangements	Business Needs
Regional GVA per employee below UK average	Diversify the economy (industrial and manufacturing base), increase productivity and stimulate recovery by supporting the steel and metals industry and the decarbonisation of industry, alongside encouraging existing innovation clusters to further develop.
Economically active below UK average	Support the supply chain associated with the industrial and manufacturing base.
Skills levels poor in comparison to other regions of Wales and UK.	Develop skills in the region to support existing and developing industry.
Reliance upon foundational industries	Targeted investment required to arrest decline in regional economic performance.

Manufacturing Summary

Existing Arrangements	Business Needs
Concentration of Manufacturing in South West Wales in the Steel and Metal sector.	Maintain and improve the competitiveness of the SBCR steel and metals industry.
TATA a significant employer (c.4,000 employees) likely to be affected by technological change.	Support industry, academia and government collaboration through applied research.
NPT has a large manufacturing and engineering base with 18% of total employees employed in the sectors.	Improving skills of workforce in AME sector. Reducing existing skills gaps.
26% of advanced manufacturing and engineering establishments ('AME') in Wales reported existing skills gaps.	Preparing regional and local labour for the skills required for the manufacturing sector as the economy/sector transitions to low carbon.

Academia, Research, Development & Innovation Summary

Existing Arrangements	Business Needs
Strong academic presence regionally has led to hubs for innovation and skills development.	Support maintenance and growth of market share in the steel and metals industry by ensuring the UK and SBCR remain leaders in steel innovation, advancing RD&I and decarbonisation.

Research and development activities in NPT play a key role in creating conditions for business growth, and ensuring long term resilience.	Encourage public / private sector investment in appropriate facilities.
Key research facilities such as GCRE, TWI, and SWITCH.	Address the practical needs of RD&I that support commercialisation through spinouts, high growth start-ups and indigenous business growth – providing appropriate infrastructure and collaborative space for industry and academia, including flexible office/laboratory, industrial premises, and classroom facilities for learning/training.
Wales lags behind UK in terms of RD & I funding leveraged.	There is a need to facilitate the spin out and product development (from universities) which will be supported by increasing the stock of a range of modern commercial/industrial premises, and in relation to this proposal, the development of the EAMPF.

Sector Clustering Summary

Existing Arrangements	Business Needs
Strong RD & I clusters around BEP, Swansea University, University TSD, include SPECIFIC, ESR, and CSER.	There is a need to develop clean growth ‘mini clusters’ and net zero industry clusters. The South Wales Industrial Cluster (SWIC) has recently been awarded funding from UKRI to develop a net zero industrial cluster in South Wales, which includes Port Talbot ² . The SILCG programme will support the delivery with its interlinked programme of projects, and in particular the EAMPF which will be a central pillar of this support.
Key emerging cluster development opportunity – Floating Offshore Wind.	Build on strong existing innovation clusters fostering further collaboration between government, industry and academia.
Freeport Status in Port Talbot.	Support maintenance and growth of market share in the steel and metals industry by ensuring the UK and SBCR remain leaders in steel innovation, advancing RD&I and decarbonisation

² <https://www.ukri.org/news/ukri-announces-winners-of-industrial-cluster-competition/>

Net Zero Skills Summary

Existing Arrangements	Business Needs
Net Zero Skills action Plan sets out Welsh Government strategy for development.	Ensure industry has a clear path and understanding of their support network, promoting availability of upskill and reskill pathways.
Current provision is sporadic and patchy, focussed mainly on 'traditional' sustainability skills.	Additional funding for specialism and skills developments – particularly in relation to decarbonisation, which needs to be addressed in collaboration with the Skills and Talent Project within the SBCD portfolio.
Little coordination of industry led skills training and absence of flexibility in delivery method.	Develop skills for current and future regional employer's requirements, engaging learners with industry and showcasing the exciting opportunities.
Limited skills directed at local development programmes – Freeports / FLOW.	Sector perception improvement.
SBCD Skills barometer has identified current skills provision across SW Wales.	A central hub delivering industry led green skills development.
Significant skill gaps across the AME sector as well as low carbon / green industries.	A flexible green skills delivery strategy, that enables skills pathways to be designed to consider new and emerging methods and technologies as they become apparent.

Potential Scope

This section of the Strategic Case starts the process of considering the potential scope of the project based on the changes required to satisfy the identified business needs and deliver the Investment Objectives (outcomes).

Scoping activities will continue throughout the development phase of the project to inform the business case, and a related needs analysis for the advanced manufacturing industry in the region with the focus being inclusive of:

- **New Technologies** – Differentiating between the educational offer available and working well, the educational offer available which needs improvement and finally the educational offer which is yet to be developed all based around employer need.
- **Stakeholder Perception** -The way forward and how they can be involved.
- **Staged implementation strategy** – Trying to meet the overall need of employers.
- **Legacy** – How will the strategic plan include funding not just for capital investment but for day-to-day activity in management of such an innovation centre.
- **Knowledge Flows** – Availability of Existing Local Provision, Progression, Levels, Skills Transfer, Qualifications, Outcomes and Curriculum content.
- **Talent and Skills Development** – Demographic Challenges and if companies have responded to the challenges with relevant recovery actions already, discussing the implications of such actions.

The proposal is the development of an industry led, hybrid facility offering specialist facilities to commercialise RD&I (proving factory concept) supported by industry led skills provision to complement FE/HE provision in the region.

There are a number of similar hybrid production/training facilities located around the UK. In section 1.5 the similarities between the EAMPF proposal outlined in this OBC, the CATCH facility in Humberside and the National Manufacturing Institute Scotland ('NMIS') in Glasgow are examined in greater detail.

Both facilities have proven successful since their inception and the parallels between their operation and the model brought forward by the EAMPF are striking.

The EAMPF will create a hybrid, industry led production and training centre supporting the diversification of the regional economy, creating value added jobs and a working environment where manufacturing and innovative businesses can flourish and where products can be commercialised, thus increasing the GVA of the region. **The NNZS will be recognised as a national centre for the delivery of the key 'green skills' required to equip the labour market in Wales for transition to a low carbon economy.**

The concept of co-locating the advanced manufacturing facility and the National Centre of Excellence for Green Skills has been developed from discussions and consultation with industry and academia, and learned lessons from similar facilities around the UK. The benefits of cross-working, sharing knowledge and expertise, and allowing both industry and academia to support and develop each other in a specialist and purpose built facility will have long term benefits for the region.

Key Benefits, Risks, Dependencies, Constraints

<p>Benefits</p> <ul style="list-style-type: none"> • A healthier, greener and more diverse economy through more productive, efficient and profitable companies. • Improvements to health and social well-being. • Improved and more resilient supply chains. • Reduce existing skills gaps in key economic sectors. • Prepare labour market across Wales with skills for transition to low carbon economy. • Increased potential to attract inward investment to the region. • Productivity gains including from commercialisation of R&D, using uplift in salaries of additional jobs to UK. • Commercialisation of new and improved products. • Safeguard and create employment opportunities. • Purpose built facilities to support existing and new economic clusters. • Providing skills and training led by industry. • Value of research, based on funding attracted from public funding sources • Increase academia and industry collaboration and innovation. • Clustering impact. • Establish the region as a leader in green skills development. 	<p>Risks</p> <ul style="list-style-type: none"> • Private sector funding contribution/s not realised in line with business case projections. • Slippage in delivery of programmes / projects against key milestones. • Project delivering all outputs and outcomes within the business case. • Increase in cost of construction. • Planning delays. • Land reparation. • Technological advances – difficulty in providing cutting edge facilities. • Failure to secure operator/tenants.
<p>Constraints</p> <ul style="list-style-type: none"> • Total funding package: Project budget based on the fixed funding agreement between NPTCBC and SBCD. • Capital Funding: Project budget being largely capital investment. 	<p>Dependencies</p> <ul style="list-style-type: none"> • Private Sector Engagement: The project cannot be successfully delivered without the engagement of and collaboration with the private sector and academia. • Ensuring added value with FE/HE skills courses.

<ul style="list-style-type: none"> • Term of the City Deal: The timeframe for the delivery of the project cannot exceed the term of the City Deal programme. • Resources: Resources available to establish and implement the project. • Need to find an appropriate operator. • Planning and development parameters. 	<ul style="list-style-type: none"> • Ensuring alignment to industry led skills requirements. • Ensuring alignment to opportunities and threats as they arise. • Requirement for operator to generate revenues in order to fund ongoing operations/courses.
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ECONOMIC CASE

The Economic Case section provides an updated perspective for the EAMPF project incorporating scope for the associated NNZS. (I.e. from AMPF in PBC to EAMPF). It is set in the context of the Supporting Innovation and Low Carbon Growth PBC, and in response to the Case for Change and broader Strategic Case. The ambitions to deliver against the SILCG programme have been built into the overarching PBC and project-level SOC, appraising (including revisiting) options against the Investment Objectives (developed as SMART in section 1.3.1).

The Economic Case considers the EAMPF in its entirety, rather than appraising the NNZS as a stand- alone operation. The rationale for combining this assessment is that the AMPF and the NNZS are intrinsically linked, both in terms of activity and their co-location, and thus the combined EAMPF project will generate economic output ‘more than the sum of its individual parts’. In other words, the two activities (AMPF and NNZS) will complement each other, leading to increased the economic impact of both activities by the fact they are working together/co-located.

Long List options

Long-list options were developed initially in October 2020 (SOC) and subject to comprehensive review within the PBC development in May 2021. Potential for alignment with the wider programme to maximise value for money, including risk management was a core part of this exercise.

Short List Options

Short-list Options were developed through a series of engagements with key stakeholders of Local Government, Industry (through Industry Wales, Net Zero Industry Wales and local industry), RLSP and academia (FE/HE) through to June 2023. This identified a Preferred Option along with Alternatives, appraised as summarised below, baselined against both Do Minimum and the earlier form AMPF (prior to SILCG programme) presented in the PBC.

Do Minimum: Reconfiguration of existing facilities and provider activities for alignment with EAMPF objectives.

Preferred Approach: Creation of Integrated Advanced Manufacturing Centre (i.e. AMPF + Skills Centre) co-locating Practice and Skills development.

Alternative (1): Development of single site with investment fund for distributed skills and practice activity (potentially managed through NPT/SBCR/partners).

Alternative (2): Distributed development through investment fund for practice and skills development (potentially managed through NPT/SBCR/partners).

Short List/Preferred Option Appraisal table

The table below sets out the economic output for (option 1) the EAMPF and also (option2) the PBC Benchmark, which captures the AMPF output only. This shows the economic additionality brought forward by the National Net Zero Skills Centre of Excellence. (Difference between option 1 and option2).

Options Summary	Do Minimum	Option 1 (Preferred) (EAMPF)	Option 2 (Alternate)	PBC Benchmark (AMPF)
NPSV	£0.56m	£32.5m	£29.3m	£29.6m
Public Sector Cost	£2m	£22m		£17m
BCR	1.3	2.54	2.2	2.2
Significant non-monetisable benefits	-	Widening access for careers in NZ sectors, ~3,500 individuals + PBC	-	Improved built environment
Significant unquantifiable benefits	-	Wider uplift of built environment Economy diversification (resilience)	Wider uplift of built environment Economy diversification (resilience)	Specific activities and products/services ³
Risk costs by type and residual OB	Delivery Risk £179k 20% OB	Delivery Risk £2.02m 20% OB	Delivery Risk £1.35m 20% OB	Delivery Risk £1.1m 20% OB
Switching values		23% reduction in benefits. (Delay/costs affect similarly)		

³ As noted in PBC Appraisal

The summary of the Preferred Option refers to the following implementation;

Scope	In line with demand projections, create an additional 1,000 sq.m centre for skills development, along with the already proposed ~4,000sq.m. facility for advanced manufacturing practice (Total integrated facility of 5,000sq.m). Innovation scope across targeted TRLs and skills from foundation to HE, with focus on applied.
Service Solution	Mixed Capital Build and Procured Operator with delivery partners
Service Delivery	Procured Operator – bringing relevant practice and skills development capabilities
Implementation	(see SOC Appraisal)
Funding	5, 7-year project (10yr benefits horizon)

Economic Appraisal

The following table presents a summary of the short-listed Options appraised against the Business as Usual baseline, and applying the parameters presented in later sections of this document. The PBC AMPF values have also been included to provide a level of comparison with the original projected performance for that activity.

UK

Option	10 Year BCR	10 Year NPSV
Do Minimum	1.3	£557k
Preferred Option	2.54	£32.5m
Alternative Option (1)	1.58	£8.2m
Alternative Approach (2)	2.2	£29.3m
PBC Benchmark⁴	2.2	£29.6m

Regional

Option	10 Year BCR	10 Year NPSV
Do Minimum	1.81	£1.27m
Preferred Option	3.1	£44.2m
Alternative Option (1)	1.92	£12.95m
Alternative Option (2)	2.2	£29.3m

As shown in the above summary it, can be seen that EAMPF option provides best option for Skills ambitions and also enhances the existing AMPF case with a stronger BCR of 2.54 and increased NSPV

⁴ Noting separate analysis in PBC (Annex) – with broadly consistent parameters, although that was undertaken over a longer time horizon and excluded OB which would have given a higher value in comparison.

with marginal increase in risk cost. As such, it demonstrates enhancement of the original (PBC) preferred option for AMPF while also leveraging that investment for delivery of the SILCG ambitions.

COMMERCIAL CASE

The Commercial Case sets out the proposed procurement arrangements for delivery of the preferred option, including:

- The proposed procurement strategy and route
- The proposed service requirements and required outputs
- The proposed approach to risk allocation
- The proposed charging mechanisms
- The proposed key contractual arrangements

As lead local authority for the programme, Neath Port Talbot CBC will lead each of these procurements. Neath Port Talbot CBC will therefore be responsible for ensuring compliance with public procurement rules and regulations.

As a public sector organisation Neath Port Talbot CBC has a duty to operate in an open, fair, and transparent way, allowing the market freedom of opportunity to trade with it. Its procedures for procurement are known as 'Contract Procedure Rules'. These are important as they help to:

- Give a legal and auditable framework to its procurement activities;
- Obtain value for money services for the public;
- Ensure the council complies with the law governing the spending of public money;
- Protect its staff and members from undue criticism or allegations of wrongdoing.

The Council also has a legal requirement to comply with EU Procurement Directives (and equivalents post Transition period). These are enforced in UK law through the Public Contracts Regulations 2015. This governs the way in which the public sector procurement process must be conducted for contracts over certain specified thresholds.

Proposed approach to project procurement

Project	Procurement route
EAMPF Enhanced Advanced Manufacturing Production Facility including National Net Zero Skills Centre of Excellence.	Construction via South West Wales Regional Contractors Framework (SWWRCF). 2 stage design and build contract. Specification at the early stages of development informed by industry.
Facility Operator	Operator to be procured via competitive tendering process. It is preferred that there will be one operator for the EAMPF, although this may change as the project develops. Tender specification being developed with support from Industry Wales and key stakeholders.

Community Benefits

The Council and its partners will work in partnership with appointed contractors and their supply chain to deliver 'targeted recruitment and training' outputs as a 'core' requirement of tenders to support the delivery of social, economic and environmental objectives. This involves encouraging:

- Training and the recruitment of the economically inactive by offering apprenticeship;
- Traineeships or work experience opportunities;
- Maximising opportunities for SMEs to tender or bid for sub-contract opportunities;
- Adopting measures to ensure prompt and fair payment terms;
- Encouraging environmental initiatives;
- Engaging with Third Sector organisations; and
- Supporting educational and community initiatives.

FINANCIAL CASE

The Financial Case sets out the funding requirements for the preferred option and demonstrates overall project affordability.

Table 4.1 National Net Zero Skills Centre of Excellence Investment Summary as of 30/09/2023

	Year 0 2017-18	Year 1 2018-19	Year 2 2019-20	Year 3 2020-21	Year 4 2021-22	Year 5 2022-23	Year 6 2023-24	Year 7 2024-25	Year 8 2025-26
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
Expenditure									
Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00
Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total		0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00
Funding									
Swansea Bay City Deal Grant	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00
Public Sector	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Private Sector	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total		0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00

	Year 9 2026-27	Year 10 2027-28	Year 11 2028-29	Year 12 2029-30	Year 13 2030-31	Year 14 2031-32	Year 15 2032-33	Total
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
Expenditure								
Capital	2.30	0.00	0.00	0.00	0.00	0.00	0.00	5.30
Revenue	0.00	5.00	7.50	8.00	11.00	11.50	12.50	55.50
Total	2.30	5.00	7.50	8.00	11.00	11.50	12.50	60.80
Funding								
Swansea Bay City Deal Grant	2.30	0.00	0.00	0.00	0.00	0.00	0.00	5.30
Public Sector	0.00	5.00	7.00	7.00	10.00	10.00	11.00	50.00
Private Sector	0.00	0.00	0.50	1.00	1.00	1.50	1.50	5.50
Total	2.30	5.00	7.50	8.00	11.00	11.50	12.50	60.80

The figures in Table 4.1 are the current financial investment forecast which the National Net Zero Skills Centre of Excellence is currently projecting over the timeline for the SBCD portfolio and are set within the original SBCD Heads of Terms. Funding elements are subject to change as the programme evolves.

The overall investment composition comprises of three following investment components:

- **City Deal investment**
- **Public sector**
- **Private sector**

Investment leverage

One of the benefits of City Deal is the ability to lever additional public and private sector investment and to work with existing and pipeline government funded initiatives and industry partnerships.

As a result of the City Deal investment in specialist facilities, equipment and industry led skills provision, it is estimated that the National Net Zero Skills Centre of Excellence will lever in an additional £55.5m of public and private research income over 5 years post construction of the facility.

Monitoring and Evaluation

The City Deal portfolio finances will be monitored through the SBCD Programme Board and SBCD Joint Committee, with the SBCD Economic Strategy Board also making recommendations on possible additional funding opportunities or alternative portfolio expenditure.

MANAGEMENT CASE

The purpose of the Management Case is to put in place the arrangements for the successful delivery of the project. It provides evidence that the capability and capacity is in place to govern and deliver the project, and arrangements are in place to manage project risks.

The project will be delivered using proven project management methodologies to ensure the outputs, benefits and outcomes are achieved in a controlled, well managed and visible set of activities. The project team will be supported by a technical advisory group.

The project has on-going engagement with a range of stakeholders including Welsh and UK Governments, industry including Industry Wales, and academia in relation to RD&I and skills.

Key Project Milestones

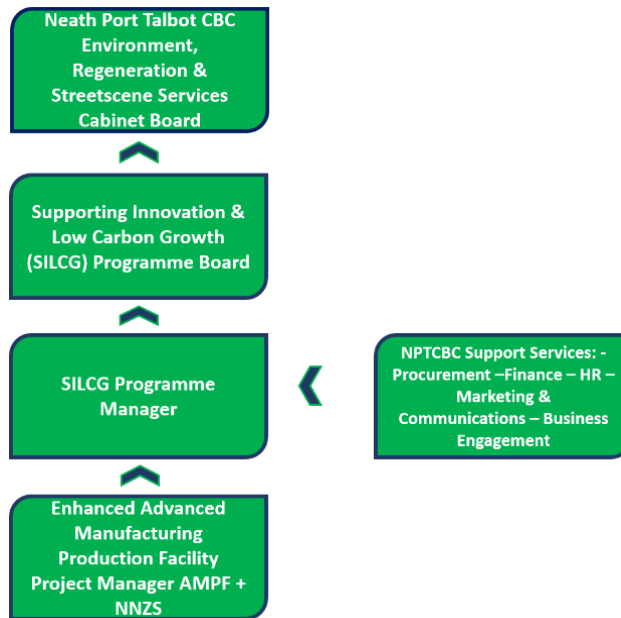
Activity	Milestone	Status
Outline Business case approval	Q4 2023	Under review.
Enhanced Advanced Manufacturing Production Facility building Stakeholder workshops / Design Brief	Q1 2024	Undertaken and further discussions ongoing.
Operator Procurement	Q2 2024	Planning stage.
2 stage Design & Build Procurement	Q1 2024	Initial scoping in progress.
Design Phase	Q3 2024 – Q3 2025	Future development
Construction Phase	Q3 2025 – Q4 2026	Future development
Facility Opens	Q4 2026	Future development

Key Project Outputs

Indicators	AMPF OBC (1)	NNZS (2)	Enhanced AMPF (1&2 combined)
Land Developed	0.81ha	-	0.81ha
Premises Created	4,000m2	1,000m2	5,000m2
Jobs Accommodated	111	29	140
Jobs Created/safeguarded	88 (+10 construction)	15	113
SMEs accommodated	15	-	15
SBCD Investment	£17.2M	£5.3M	£22.5M
Public Sector	-	£50M+	£50M+
Private Sector	£500K/yr. (to 2033)	£5.5M	£9M
No. of Courses per annum	-	50+	50+
No. of Individuals trained by 2033	-	3,500	3,500

Project & Programme Governance Framework

The EAMPF project will adhere to the existing SILCG programme governance arrangements detailed in the structure below. As above the EAMPF has its own project team and governance arrangements which align to and provide regular reports to the SILCG governance as detailed below:



1.0 THE STRATEGIC CASE

1.1 Introduction

The purpose of the Strategic Case is to make the case for change and demonstrate how the Enhanced Advanced Manufacturing Production Facility ('EAMPF') combining the original AMPF with the National Net Zero Skills Centre of Excellence as part of the Supporting Innovation and Low Carbon Growth programme ('SILCG') aligns with UK, Wales, regional and local strategies and policies as well as other ongoing programmes and projects.

1.2 The Strategic Context

This section provides an overview of the lead organisation as well as a review of relevant strategies, policies and other ongoing programmes and projects to demonstrate strategic fit.

1.2.1 Organisational overview

Neath Port Talbot County Borough Council is the lead local authority for the Supporting Innovation and Low Carbon Growth programme, and project lead for the Enhanced Advanced Manufacturing Production Facility.

Neath Port Talbot is located at the centre of the south Wales economy between the cities of Cardiff and Swansea. It benefits from direct access via the M4 corridor with access to a wider catchment area for employment – analysis demonstrates that there is a working age population of 1.4 million, and one million jobs within an hour's drive of the Port Talbot Waterfront Enterprise Zone.

Neath Port Talbot CBC (NPTCBC) was formed in April 1996 following local government reorganisation. It is the 8th most populous in Wales, with a population of approximately 140,000. 17 wards within the local authority area are in the top 10% most deprived in Wales.

NPTCBC has a proven track record of delivering large capital programme and projects, on budget and on time, from a number of different funding sources including:

- PDR Harbour Way: **£111m**
- 21st Century Schools Programme: **£122m**
- Neath Port Talbot Physical Regeneration: **£15m**
- Vibrant & Viable Places: **£35m**

The council also has extensive experience of lead body status for several collaborative regional projects including:

- South West Workways: **£23m**
- Workways+: **£7.5m**
- Engage: **£21m**

1.2.2 *Relevant Business Strategies*

The primary and overarching strategic driver for this project is the £1.2 billion Swansea Bay City Deal 'Internet Coast' ('SBCD') investment package which was signed by the Prime Minister, the First Minister of Wales, the Secretary of State for Wales, the Welsh Government Cabinet Secretary for Finance and Local Government and the leaders of Swansea, Neath Port Talbot, Carmarthenshire and Pembrokeshire Councils. The signing of the City Deal agreement confirms their joint commitment to ensure full implementation of the Swansea Bay City Deal with interventions focused on four themes:

- **The Internet of Economic Acceleration** – identification and demand of next generation digital infrastructure
- **The Internet of Life Science and Wellbeing** – expanding research and innovation infrastructure and piloting digitally integrated healthcare
- **The Internet of Energy** – energy innovation and sustainable housing
- **Smart Manufacturing** – supporting the manufacturing economy

The SBCD is a programme established to make a significant impact upon the regional economy and focusses activity on programmes and projects that are centred around key themes including economic acceleration, life science and well-being, energy, smart manufacturing and digital. One of the nine SBCD programmes is the SILCG programme.

The EAMPF forms part of the SILCG programme, which identifies the demand for such a production facility and the associated National Net Zero Skills Centre of Excellence ('NNZS'), recognising its economic potential and strategic benefit. The proposal not only addresses the Smart Manufacturing intervention (*of the SBCD*) but also seeks to address one of the four themes of the SILCG programme;

*'An Industrial Futures project to address the gap between demand and supply for businesses and available land in the Port Talbot Waterfront Enterprise Zone, **with a hybrid building providing production units as well as office space to support start-ups and indigenous businesses in the innovation and manufacturing sectors**'*

The Swansea Bay City Deal recognises the critical importance of the region as a driver for the Welsh and UK economies. It provides the partners with resources to unlock economic growth and a joint

commitment from Welsh and UK Governments to invest up to £241m on specific interventions across the region that including the health, energy and manufacturing sectors.⁵

The City Deal will tackle barriers to economic growth through:

- Developing higher value sectors and employment opportunities to match; increasing the number of businesses within these sectors to widen the economic base and improve the region’s GVA, benchmarked against the UK average.
- Committing local leaders and partners to implementing effective leadership across the City Region.
- Harnessing collaboration, enabling local authorities to plan and deliver services at an appropriate scale for more effective delivery, including strategic land-use planning, transport and economic development.
- Securing £1.3 billion in interventions to support economic growth, including £637 million of direct private sector investment, spread across the region to ensure all localities and citizens benefit.
- Adding £1.8 billion to regional GVA and creating over 9,000 jobs

The EAMPF project is also aligned to and will directly contribute to deliver the following UK, national (Wales), regional and local strategies and policies:

Table 1.1 *Relevant UK Strategies and policies*

Strategy/ Policy	Imperative	Project Relevance
Build Back Better: our plan for growth⁶	<ul style="list-style-type: none"> • Sets out the plan to ‘build back better’ • Tackling long-term problems to deliver growth that creates high-quality jobs across the UK. • 3 core pillars of growth: Infrastructure, Skills and Innovation – which in turn will support the transition to Net Zero. 	<ul style="list-style-type: none"> • EAMPF aligns with the BBB plan, with infrastructure, skills and innovation key themes of the project.

⁵ <http://www.swanseabaycitydeal.wales/about/>

⁶ <https://www.gov.uk/government/publications/build-back-better-our-plan-for-growth>

Strategy/ Policy	Imperative	Project Relevance
UK Industrial Strategy (2017)⁷ (archived)	<ul style="list-style-type: none"> • Ideas – the world’s most innovative economy • People – good jobs and greater earning power for all • Infrastructure – a major upgrade to the UK’s infrastructure • Business environment – the best place to start and grow a business • Places – prosperous communities across the UK. 	<ul style="list-style-type: none"> • EAMPF Project is aligned to the 5 foundations for a transformed economy: ideas, people, infrastructure, business environment, places. • EAMPF will enhance competitiveness of regional economy by enhancing the knowledge ecosystem with suitable infrastructure to drive growth. • EAMPF will encourage the creation of new businesses to capitalise on the research and development in the region. • EAMPF will support Innovation in decarbonisation. • EAMPF will strengthen the regional economic base through supporting critical industries, while contributing to the diversification and development supplementary industries to reduce reliance on existing manufacturing base. • EAMPF will increase productivity and help to close the GVA gap between the region and the rest of Wales and between Wales and the rest of the UK.
Ten point plan for a Green Industrial Revolution⁸	<ul style="list-style-type: none"> • Build back better • UK global leader in green technologies 	<ul style="list-style-type: none"> • EAMPF is aligned to the aim to ‘build back better: to invest in making the UK a global leader in green technologies. • EAMPF will support green innovation. • Port Talbot is identified in the plan as one of the places in the UK pioneering the decarbonisation of transport industry and power.
Green Jobs Taskforce⁹ (concluded 2021)	<ul style="list-style-type: none"> • Set the direction for the job market as we transition to a high-skill, low carbon economy. 	<ul style="list-style-type: none"> • The EAMPF will be focused on providing a skills pathway for existing and future green industries.
Clean Growth Strategy¹⁰	<ul style="list-style-type: none"> • Decarbonisation all sectors of UK economy • Low carbon opportunities • Tackle climate change 	<ul style="list-style-type: none"> • EAMPF is aligned to the aim of clean growth i.e. economic growth while reducing greenhouse gases. • Decarbonising all sectors of the UK economy through the 2020s.

⁷ <https://www.gov.uk/government/publications/industrial-strategy-building-a-britain-fit-for-the-future>

⁸ <https://www.gov.uk/government/publications/the-ten-point-plan-for-a-green-industrial-revolution>

⁹ <https://www.gov.uk/government/news/uk-government-launches-taskforce-to-support-drive-for-2-million-green-jobs-by-2030>

¹⁰ <https://www.gov.uk/government/publications/clean-growth-strategy>

Strategy/ Policy	Imperative	Project Relevance
		<ul style="list-style-type: none"> • The EAMPF will support low carbon industries • The EAMPF will support the BEIS ambition to accelerate the commercialisation of clean energy technologies.
Climate Change Act 2008¹¹	<ul style="list-style-type: none"> • Reduce carbon emissions 	<ul style="list-style-type: none"> • The Climate Change Act is the basis for the UK’s approach to committing the Government to reduce emissions by at least 80% of 1990 levels by 2050, with 5 yearly interim targets. • The EAMPF is aligned to this Act by transitioning to a low carbon economy.
National Infrastructure Strategy 2021¹²	<ul style="list-style-type: none"> • Strategy to deliver an infrastructure revolution: • Supporting new green growth clusters in traditional industrial areas. • Bringing jobs and investment to some of the most deprived communities across the UK through the freeports programme; 	<ul style="list-style-type: none"> • EAMPF will support local and regional innovation clusters. • Will enhance existing skills provision. • EAMPF will be used as a catalyst to leverage increased levels of RD & I investment for the region. • The EMPF will satisfy the local need for flexible high quality commercial property with modern equipment and facilities. • The EAMPF will have the scope to support the skills requirements required for the freeports programme.
Levelling Up The United Kingdom 2022¹³	<ul style="list-style-type: none"> • Reduce geographic economic, social and health inequalities. 	<ul style="list-style-type: none"> • The EAMPF project contributes too many of the white paper’s missions, including improving productivity, spreading opportunity, and boosting skills.
UK Net Zero Strategy: Build Back Greener 2021	<ul style="list-style-type: none"> • The strategy sets out policies and proposals for decarbonising all sectors of the UK economy to meet net zero target by 2050. • Industry - to decarbonise industry in line with net zero goals 	<ul style="list-style-type: none"> • Development of the EAMPF will support and promote innovation and low carbon growth activity within the region. • The EAMPF through the NNZS will develop the skills within the regional labour market required for transition to a low carbon economy. • The EAMPF will act as a catalyst to increase and improve regional levels of UKRI funding, and for attracting aligned inward investors.

¹¹ <https://www.legislation.gov.uk/ukpga/2008/27>

¹² CP 329 – National Infrastructure Strategy – Fairer, faster, greener – November 2020 (publishing.service.gov.uk)

¹³ <https://www.gov.uk/government/publications/levelling-up-the-united-kingdom>

Strategy/ Policy	Imperative	Project Relevance
	whilst simultaneously transforming our industrial heartlands by attracting inward investment, future-proofing businesses, and securing high wage, high skill jobs.	

Table 1.2 *Relevant national (Wales) strategies and policies*

Strategy/ Policy	Imperative	Project Relevance
Taking Wales Forward 2016 – 2021 (WG)¹⁴	<ul style="list-style-type: none"> • Prosperous & secure • Deliver more and better jobs 	<ul style="list-style-type: none"> • Taking Wales Forward programme for government sets out how Welsh Government will deliver more and better jobs through a stronger, fairer economy, improve and reform our public services, and build a united, connected and sustainable Wales. • The EAMPF is aligned to the priority area of ‘prosperous and secure’ as it will provide the right environment for job creation.
Well Being of Future Generations Act 2015 (Welsh Government)¹⁵	<ul style="list-style-type: none"> • Prosperity • Resilience • Equality • Health • Community • Culture & Welsh Language • Globally responsible 	<ul style="list-style-type: none"> • The EAMPF is aligned to the 5 ways of working: long term; prevention; integration, collaboration and involvement • It is aligned to the 7 well-being goals: • A Prosperous Wales – provision of new employment opportunities, high quality jobs, training opportunities, diversification of the economy, re-use of brownfield land. Anticipated spin-out companies will stimulate further private and public investment in the region • A Resilient Wales - Safeguarding of existing, highly-skilled and well-paid jobs, provision of new business premises, with the necessary technological infrastructure to promote

¹⁴ <https://gov.wales/taking-wales-forward>

¹⁵ <https://www.legislation.gov.uk/anaw/2015/2/contents>

Strategy/ Policy	Imperative	Project Relevance
		<p>diversification and reduce overreliance on traditional industries and public sector employment</p> <ul style="list-style-type: none"> • A More Equal Wales - the programme includes opportunities accessible to all to reduce societal inequalities • A Healthier Wales - with long-standing evidence demonstrating the positive impact of employment on health and well-being, improving air quality • A Wales of Cohesive Communities - through sustainable, viable employment • A Wales of Vibrant Culture and thriving Welsh Language - with increased employment opportunities supporting the language in the medium and longer term • A Globally Responsible Wales - design and delivery of buildings in line with sustainable development principles; using innovation to decarbonise industry, programme aligned to global needs.
<p>Prosperity for All: The National Strategy (Taking Wales Forward 2016 – 2021)¹⁶</p>	<ul style="list-style-type: none"> • Deliver more and better jobs • Create a stronger and fairer economy • Build a sustainable Wales 	<p>The EAMPF is closely aligned to the priority areas in the following ways:</p> <ul style="list-style-type: none"> • Creating high-value jobs leading to national prosperity • Support green growth to create sustainable jobs for the future. • Encourage a robust talent pipeline, benefitting the region through higher wages and lower levels of underemployment • Provide a focus for inward investment and indigenous business growth through innovation • Providing the right environment for businesses growth / diversification • Leverage world-wide collaboration through research facilities • Delivering wider benefits to the regional community

¹⁶ <https://gov.wales/sites/default/files/publications/2017-10/prosperity-for-all-the-national-strategy.pdf>

Strategy/ Policy	Imperative	Project Relevance
Prosperity for All: Economic Action Plan (2017) ¹⁷	<ul style="list-style-type: none"> Decarbonisation (public sector to be carbon neutral by 2030); Innovation, high quality employment and skills development 	<p>The EAMPF is aligned in the following ways:</p> <ul style="list-style-type: none"> Aligned to the national thematic sector of High Value Manufacturing Aligned to a number of areas in the Economic Contract: growth potential and progress in reducing carbon footprint Aligned to calls to action: decarbonisation; innovation, entrepreneurship and headquarters; high quality employment and skills development; R&D, automation and digitalisation. Focus on decarbonisation clearly aligns with key aims Investment in human capital, infrastructure and innovation to address productivity gap A focus of innovation and research in the Neath Port Talbot region will strengthen the existing local economy and create new sustainable opportunities Creating quality jobs and delivering industrially-relevant training in future-focused technologies and applications will support people-driven economic growth Enabling public investment with social purpose, delivering increased value Supporting public sector to become exemplar and drive green growth
Prosperity for All: a Low Carbon Wales (2019) ¹⁸	<ul style="list-style-type: none"> Key areas of environmental improvement including industry, transport and waste. Driving sustainable growth and modern infrastructure. 	<p>The EAMPF is aligned in the following ways:</p> <ul style="list-style-type: none"> Creating high value jobs and innovation in clean growth will support the vision of establishing Wales as one of the best places in the world to live, work and do business; Deliver research, infrastructure and solutions that are essential to delivering the rapid change needed to hit ambitious targets; Efficient use of resources and the reuse of brownfield site.
Innovation Wales Strategy (2014) ¹⁹	<p>5 key themes</p> <ul style="list-style-type: none"> Improving collaboration 	<p>Innovation Wales Strategy prioritises low carbon as a key strength on which to build.</p>

¹⁷ <https://gov.wales/prosperity-all-economic-action-plan>

¹⁸ https://gov.wales/sites/default/files/publications/2019-06/low-carbon-delivery-plan_1.pdf

¹⁹ <https://gov.wales/innovation-wales-strategy>

Strategy/ Policy	Imperative	Project Relevance
	<ul style="list-style-type: none"> Promoting a culture of innovation Providing flexible support & finance for innovation Innovation in Government Prioritising and creating critical mass 	<p>The EAMPF is aligned in the following ways:</p> <ul style="list-style-type: none"> Leading the way in fostering and improving collaboration between public sector, private sector and academia. Providing a facility where innovation is promoted and encouraged. The EAMPF will be used as a catalyst to attract increased levels of RD & I financing; Encouraging clustering and inward investment of organisations and businesses.
<p>A manufacturing future for Wales: a framework for action (2020)²⁰</p>	<ul style="list-style-type: none"> Ensuring sustainability of manufacturing post COVID-19 Green based – decarbonising industry as a priority, embrace the opportunities of a circular economy Place based – focused on strength of an area People based – role of education in securing future prosperity 	<p>The EAMPF is aligned to the 4 pillars and 10 themes of the framework:</p> <p>The EAMPF programme will:</p> <ul style="list-style-type: none"> Directly support the plans for clean, green growth – setting the foundations for a circular economy in a regional eco-system that synergizes benefits and growth; The cluster expertise in the area will create an ideal location to deliver green innovation through innovators, supply chain, infrastructure and manufacturers across a range of sectors; Academic and industrial partnership will offer opportunities to develop specialist learning and training to ensure a long-term talent pipeline aimed at attractive, high-quality career opportunities with longevity and resilience.
<p>Commercial Property: Market Analysis and Potential Interventions²¹</p>	<ul style="list-style-type: none"> Address gaps in supply of commercial property 	<p>The EAMPF is aligned to this policy in the following way:</p> <ul style="list-style-type: none"> Creation of this space will support indigenous business and encourage inward investment through delivering a modern, attractive and suitable infrastructure for innovative development

²⁰ <https://gov.wales/sites/default/files/consultations/2020-09/manufacturing-future-wales-consultation-document.pdf>

²¹ <https://gov.wales/sites/default/files/publications/2020-08/market-analysis-and-potential-interventions.pdf>

Strategy/ Policy	Imperative	Project Relevance
Regional Investment in Wales²²	<ul style="list-style-type: none"> • 4 investment priority areas: • Business productivity & competitiveness • Healthier, fairer and more sustainable communities • Zero carbon economy • Reducing economic inequalities 	<p>EAMPF is aligned in the following way:</p> <ul style="list-style-type: none"> • Creating the right environment for sustainable and inclusive jobs and growth. • Opportunities to grow and strengthen productivity and competitiveness of SMEs in green industrial revolution. • Opportunities for research and innovation in collaboration with government, industry and academia. • Economic growth and decarbonisation
Foundational Economy²³	<ul style="list-style-type: none"> • Promoting inclusive growth through a new focus on the foundational economy. 	<ul style="list-style-type: none"> • The project will support and grow the foundational economy by challenging the conventional way of providing business premises and nurturing an environment / cluster of innovative, new and indigenous businesses.
Wales Infrastructure Investment Plan (WIIP)	<ul style="list-style-type: none"> • Improve economic Infrastructure and by doing so boost growth and jobs, ensuring greater productivity and prosperity for our communities. 	<ul style="list-style-type: none"> • The EAMPF and NCEGS will align providing facilities that will positively impact upon productivity, job creation and upskilling the local labour market.
Net Zero Wales 2021	<ul style="list-style-type: none"> • A Greener, stronger, fairer Wales. • Supporting innovation in new renewable energy technology. • Developing green skills in businesses - Upskilling and training employees to take advantage of the potential economic opportunities for Wales. 	<ul style="list-style-type: none"> • The EAMPF will align closely to the priorities of Net Zero Wales. • The EAMPF will support innovation and local clusters. • The project will establish a centre of excellence for green skills – combining expertise from academia and industry to develop relevant workforce green skills for both existing and future requirements.
Net Zero Skills Action Plan²⁴	<ul style="list-style-type: none"> • Sets out this Government's commitment to 	<ul style="list-style-type: none"> • The EAMPF will align with the 7 key priority areas, in particular;

²² <https://gov.wales/regional-investment-wales-framework>

²³ <https://gov.wales/foundational-economy>

²⁴ <https://www.gov.wales/sites/default/files/publications/2023-02/net-zero-skills-action-plan.pdf>

Strategy/ Policy	Imperative	Project Relevance
	<p>supporting skills development.</p> <ul style="list-style-type: none"> Establishes what is required for existing /future needs and journey to a low carbon economy. 	<p>Growing a skilled workforce to meet our net zero commitments, strengthening the skills system within Wales, and harnessing links with industry to support knowledge transfer.</p>
<p>Wales Innovates Strategy: creating a stronger, fairer, greener Wales</p>	<ul style="list-style-type: none"> The strategy aims to create and nurture a vibrant innovation culture and help fulfil the wellbeing objectives of the Welsh Government through the promotion and prioritisation of innovation via four objectives: <ul style="list-style-type: none"> Better Education Stronger Economy Health and Wellbeing Climate and Nature 	<ul style="list-style-type: none"> Better Education – the EAMPF, through the National Net Zero Centre of Excellence for Green Skills (working in conjunction with the SBCD Skills and Talent programme and other relevant stakeholders) will identify and provide the future skills requirements for the region in emerging and growth sectors of the economy. The project aims to develop a pathway to skills training to meet the needs of a low carbon economy, and improve the overall skills base of the region. Stronger Economy – the EAMPF is directly focused on the creation of a stronger economy for SW Wales. It will create the high-quality infrastructure that will provide the environment for the region’s businesses to establish, grow and thrive – creating jobs and securing private sector investment across the region. Health and Wellbeing –The EAMPF will achieve significant well-being benefits for residents, including creation of employment and training opportunities. Climate and Nature – The EAMPF will indirectly contribute to the long-term global responsibilities to sustainable growth and the environment through the development of businesses and activities in the low carbon and energy efficient sectors.

Table 1.3 *Relevant regional and local strategic and policy drivers*

Objectives/ Goals	Imperative	Project Alignment
South West Wales Regional Economic Delivery Plan (2017)²⁵	<ul style="list-style-type: none"> ● Business Growth, retention and specialisation ● Skilled and Ambitious for Long-term Success ● Maximising Job Creation for all ● Knowledge Economy and Innovation ● Distinctive places and competitive infrastructure 	<ul style="list-style-type: none"> ● Supporting indigenous companies and industries which are economically critical in terms of GVA and employment. ● Supporting economic diversification through value added jobs. ● Creating the physical and knowledge-based infrastructure to foster and encourage innovative start-ups, providing support to ensure retention and growth of new businesses, a ‘knowledge economy’ where innovation thrives ● In particular, support early-stage knowledge-intensive firms through incubation and innovation stages ● Creating highly skilled and well-paid jobs, developing skills to maximise employment in growth sectors. ● Removing barriers to employment. ● Providing infrastructure assets to support business as a regional gateway. ● Supporting business as a regional gateway, increasing entrepreneurial culture. ● Through specialised training solutions, deliver a talent pipeline for high-growth sectors. ● Contribute to the key themes: <ul style="list-style-type: none"> ○ Embeddedness - existing base of trained labour. ○ Relatedness - diversifying existing strengths in the area via the metals industry. ● Connectedness - already established network of steel and metals companies in the area.
South West Wales Regional Economic Framework ²⁶	<ul style="list-style-type: none"> ● Long term economic development of the region 	<ul style="list-style-type: none"> ● The EAMPF project is aligned in the following way: ● Addressing the areas of weaknesses / threats – will increase productivity, create employment opportunities, provision of high quality business infrastructure. ● Provide relevant skills pathways for existing and future requirements of business in the region.

²⁵ <https://www.swansea.gov.uk/swanseabaycityregioneconomicregenerationstrategy>

²⁶ <https://businesswales.gov.wales/mid-wales-and-south-west-wales-economic-frameworks>

Objectives/ Goals	Imperative	Project Alignment
		<ul style="list-style-type: none"> • Build on the strengths of sectoral strengths in energy, advanced manufacturing and innovation centres.
South West Wales Regional Economic Delivery Plan²⁷	<ul style="list-style-type: none"> • UK leader in renewable energy and the net zero economy • Building a strong resilient business base. 	<ul style="list-style-type: none"> • Recognising importance to the region of the manufacturing base, supporting its sustainability and clean growth through innovation and decarbonisation. • Creating infrastructure and ecosystem needed to deliver a diversified economy. • Providing attractive and functional employment site in the region, which is fundamental to securing investment • Creating (and supporting existing) necessary high value, skilled jobs.
Neath Port Talbot Economic Recovery Plan²⁸	<ul style="list-style-type: none"> • Build an entrepreneurial and resilient economy • Transformational investment and change. • Invest in future skills and opportunities 	<ul style="list-style-type: none"> • Help indigenous businesses grow and become more sustainable. • The EAMPF will be central to the county's focus to be an exemplar in supporting industrial decarbonisation. • The EAMPF will contribute to developing a skilled and resilient workforce, with relevant skills required for a low carbon future.
NPT Council Decarbonisation and Renewable Energy (DARE) Strategy (2020)²⁹	<ul style="list-style-type: none"> • Response to climate emergency • Reducing carbon emissions • Limiting future climate change 	<ul style="list-style-type: none"> • The Vision A cleaner, more prosperous and healthier county borough. • This project is part of the wider City Deal investment programme strategy which aims to transform the regional economy by improving skills, commercialising new technologies and ideas, and building expertise in digital technologies, life science and wellbeing, energy and advanced manufacturing. • Decarbonisation and renewable energy are key strategic themes within the programme which will promote the region as a test bed for the demonstration, integration and commercialisation of Future Energy Systems and create a test bed for renewable energy providers.

²⁷ <https://www.swansea.gov.uk/article/15033/South-West-Wales-Regional-Economic-Delivery-Plan>

²⁸ <https://www.npt.gov.uk/media/18436/economic-recovery-plan-final.pdf>

²⁹ <https://www.npt.gov.uk/media/13541/dare-strategy-may-20.pdf?v=20200522162830>

Objectives/ Goals	Imperative	Project Alignment
		<ul style="list-style-type: none"> Industrial decarbonisation is a major challenge if Wales is to reach Net Zero by 2030 and appropriate skills in the workforce is key to achieving this target. Wales is ideally placed to be a test bed for the rapid transition to low carbon technology and there are significant benefits to be gained from a co-ordinated, national approach to industrial decarbonisation and the creation of a green energy economy.
<p>NPTCBC Corporate Plan 2022-27³⁰</p>	<ul style="list-style-type: none"> Well Being Objective 4 - Jobs & Skills 	<ul style="list-style-type: none"> “Working with our partners we create the conditions for more secure, well paid and green work in the area and support local people into those jobs” The EAMPF will provide the opportunity to support the distinctive industrial base within the county, and enhance existing collaboration between public sector, private sector and academia. EAMPF will provide skills pathways for local residents to take advantage of employment opportunities that arise as society decarbonises. Support the aspiration regionally and locally to provide new ‘green jobs’. Creating opportunities for spin-out companies and further inward investment. Supporting sustainable economic growth. Contribute to creating a business environment that encourages indigenous and inward investment.
<p>RLSP – Employment and Skills plan 2022- 25.³¹</p>	<ul style="list-style-type: none"> Work with industry, education and public sector to identify future skills gap. Develop skills for current and future local employers requirements Encourage and promote pathways in the green energy sector. 	<ul style="list-style-type: none"> The EAMPF will provide an agile and flexible environment for the delivery of required and emerging green skills to satisfy existing and future employer requirements. An Industry led facility will be an exemplar for best practice, innovation and collaboration.

³⁰ <https://www.npt.gov.uk/media/17199/corporate-plan-2022-27-recover-reset-renew.pdf?v=20220422124059>

³¹ <http://www.rlp.org.uk/SharedFiles/Download.aspx?pageid=2&mid=13&fileid=50>

Objectives/ Goals	Imperative	Project Alignment
CJC Corporate Plan	<ul style="list-style-type: none"> • The CJC has set 3 well-being objectives to guide their work going forward: <ol style="list-style-type: none"> 1. To collaboratively deliver the Regional Economic Delivery Plan and Regional Energy Strategy thereby improving the (decarbonised) economic well-being of South West Wales for our future generations. 2. To produce a Regional Transport Plan for South West Wales. 3. To produce a sound, deliverable, co-ordinated and locally distinctive Strategic Development Plan for South West Wales which is founded on stakeholder engagement and collaboration and which clearly sets out the scale and location of future growth for our future generations 	<ul style="list-style-type: none"> • The EAMPF will complement the work of the SWW CJC, promoting regional collaborative working and contributing directly to the first well-being objective of the CJC through its delivery, in the context of the Regional Economic Delivery Plan (detailed above) and through its contribution to the Regional Energy Strategy (detailed below).
Regional Energy Strategy	<ul style="list-style-type: none"> • The overall objective of the strategy is to develop a strategic pathway identifying key interventions to deliver on the region’s ambitions for decarbonising its energy system. • The vision for SWW is the harnessing the region’s low carbon energy potential across its on and offshore locations, to deliver a prosperous and equitable net zero carbon economy which enhances the well-being of future generations and the region’s ecosystems, at a pace which delivers against regional and national emissions reduction targets by 2035 and 2050. 	<ul style="list-style-type: none"> • The EAMPF has decarbonisation at the centre of its strategy. It will encourage and foster the existing regional low carbon cluster, and develop a regional hub where economic decarbonisation is the driving force for all activity. • The NNZS will provide skills and training to the local labour market allowing regional residents to benefit and prosper from the transition to a low carbon economy.

1.2.3 Links with key initiatives and projects

The proposed industry led EAMPF has been identified by the SILCG programme as a key local and regional development opportunity, which will provide state of the art facilities to develop and enhance the local clustering of businesses involved in manufacturing, innovation, and research and development, resulting in significant benefits to the local and regional productivity and GVA. **It is proposed that the associated industry led NNZS will promote and increase relevant skills in the local and regional labour market that are/will be required to satisfy existing and future needs as our economy transitions to net zero.**

As can be seen from the tables at 1.1 – 1.3 the project aligns with the net zero and low carbon agenda as well as national, regional and local plans and strategies for economic development. When considering the EAMPF proposal it was established that there was a need to closely consider to the three strategies listed below.

‘A Manufacturing Future for Wales – Our Journey to Wales 4.0’³²

The WG ‘A Manufacturing Future for Wales’ – a framework for action was launched in February 2021, following extensive consultation with stakeholders and underpinned by the 7 objectives of the Well-Being of Future Generations Act (Wales) 2015. It has provided a framework which has fostered collaboration and helped coordinate Welsh Government support activity with a focus on manufacturing. It has framed work to decarbonise industry including establishing Net Zero Industry Wales, underpinned by the Net Zero Skills Action Plan

Wales is embracing technological change brought about by the fourth industrial revolution, with a manufacturing sector that now has around 150,000 people employed³³ and contributes over 16% of our national output³⁴, notably higher than the UK average.

In addition to the significant direct employment it creates, the sector contributes many thousands more in the extended supply chain. It still exports across the globe as well as contributing significant funding into Research, Development and Innovation (RD&I).

The original Manufacturing Action Plan (MAP) was developed in the context of how his vision could be transitioned for a well-being economy into reality. This approach has not changed and is underpinned by the pursuit of three outcomes;

A Prosperous economy - diverse yet inter-related economic base of outward-looking firms with positive innovation performance, good productivity levels and a workforce equipped with the skills for a changing world.

A Green Economy This economy is integral to a low carbon society, so we need to invest in low-carbon and climate resilient infrastructure, renewable energy projects,

³² [A Manufacturing Future for Wales. Our Journey to ‘Wales 4.0’ \(gov.wales\) - https://www.gov.wales/sites/default/files/publications/2021-02/manufacturing-future-for-wales-framework.pdf](https://www.gov.wales/sites/default/files/publications/2021-02/manufacturing-future-for-wales-framework.pdf)

³³ [workforce jobs by industry - Nomis - Official Census and Labour Market Statistics \(nomisweb.co.uk\)](https://www.nomisweb.co.uk/)

³⁴ [Gross Value Added by area and industry \(gov.wales\)](https://www.gov.wales/)

An Equal economy which means investing in the productive potential of all people in communities.

The proposed industry led EAMPF aligns closely to these three priority areas.

- The EAMPF will provide modern infrastructure to support existing and new forward thinking businesses that have significant innovation aspirations.
- It will foster further collaboration between the public and private sectors, including academia – further enhancing local clustering of businesses in undertaking target activities.
- The EAMPF will act as a catalyst for this clustering and provide business with the facilities to grow, playing a key role in attracting more inward and indigenous investment activity, and as a result leverage increased RD & I investment in the region.
- The industry led NNZS will be seen as an exemplar training facility for the low carbon sector and will enhanced existing FE and HE provision. Providing flexible training facilities with the ability to adapt quickly to the changing demands of industry as we move towards a low carbon society. It will focus the provision of a green skills pathway for local and regional residents to upskill and gain additional qualifications.
- As a training centre it will help to address the current green skills shortages, but also help to identify what skills will be needed in the future, preparing our regional labour market for the green skills our economy will require over the next decade.
- The EAMPF will support local and regional programmes such as Celtic Freeports and Floating Offshore Wind proposals and their associated supply chains.

Net Zero Skills Action Plan³⁵

The Plan sets out the Welsh Government’s commitment to net zero skills by investing in people, skills and talent as crucial drivers towards a stronger, fairer, greener economy. It is accepted that status quo is not sustainable, and the plan is the first step in helping to guide decisions on business investment and planning, with education providers and our public services. The plan will help learners of all ages understand how the support they will receive is supported by a skills system and economy that is fit for the future.

Whilst it is important to recognise the short and medium-term skills requirements of employers and equip our future generations accordingly, we also know identifying the right skills are vital in achieving a transition to Net Zero.

The EAMPF will match key priorities of the Net Zero Skills action plan, including growing a skilled workforce to meet our net zero commitments, and strengthening the [green] skills system – supporting the ambition to grow a highly skilled workforce in Wales.

³⁵ [Net zero skills action plan | GOV.WALES](#)

Innovation Strategy for Wales³⁶

The new Welsh Government Innovation Strategy sets out aspiration for Wales to be a leading, innovation-based nation.

The strategy focuses on ensuring innovative new technologies are developed to help solve the biggest societal challenges facing communities, ensuring those solutions reach every part of society. Through collaboration, the aim is to bring about better healthcare, tackling the climate and nature emergencies and creating better jobs and prosperity for businesses, universities, and local communities.

This new cross-government vision of innovation for a stronger, fairer, greener Wales points the way to a different approach to innovation in the future; one which adopts a “mission-based” attitude and collaboration into the following four missions; *Education, Economy, Health & Well Being and Climate & Nature*.

As can be determined from the information provided above, the EAMPF closely aligns to and can make a direct contribution to two of these missions.

- **Education:** ‘helps ensure Wales has an education system that supports the development of innovation skills and knowledge’
- **Economy:** ‘driving Wales forward to be a leading, innovation-based nation. This will see a Welsh economy that innovates for growth, collaborates across sectors for solutions to society’s challenges, and adopts new technologies for efficiency and productivity’.

The strategy makes a firm commitment to drive up investment from the UK Government and beyond in Welsh research, development and innovation (RD&I), significantly increasing RD&I investment outside London and south-east England. According to UKRI figures shown in figure 1.1 below Wales as a region lags behind other areas of the UK in terms RD & I funding leveraged.

³⁶ [New innovation strategy launched for a stronger, fairer and greener Wales | GOV.WALES](#)

Table 1.4 UKRI Spend

NUTS1 Name	UKRI Spend* FY 2018-19 £M	UKRI Spend as % of local GVA	UKRI Spend per capita £M
East Midlands	301	0.29%	62
East of England	530	0.34%	85
London	1079	0.26%	120
North East	215	0.40%	80
North West	457	0.27%	62
Northern Ireland	87	0.22%	46
Scotland	593	0.43%	109
South East	831	0.32%	91
South West	386	0.29%	69
Wales	131	0.21%	42
West Midlands	363	0.27%	61
Yorkshire and the Humber	406	0.34%	74

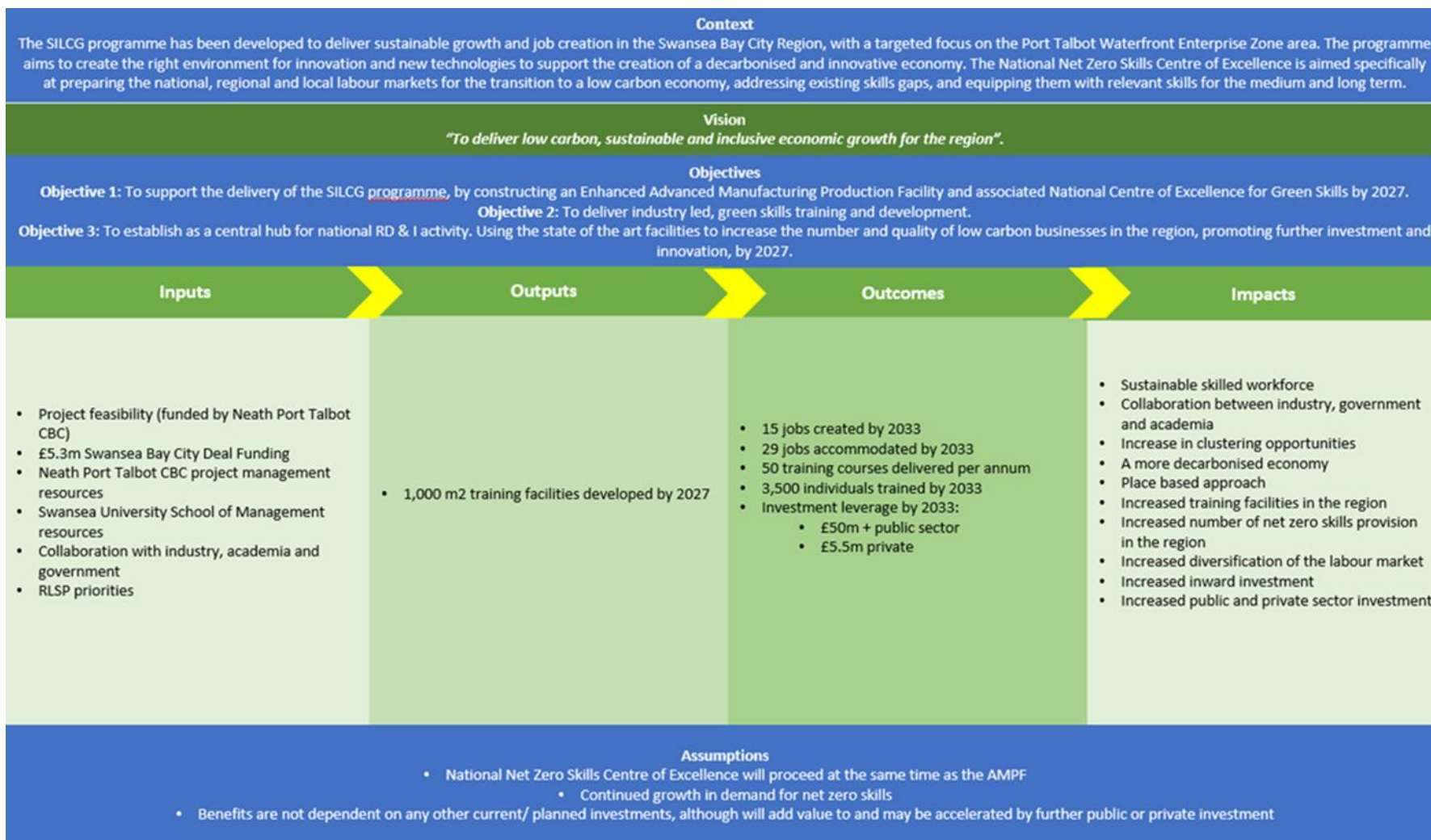
The EAMPF will seek to enhance and increase the levels of RD & I activity within the region by providing a facility to assist the growth of existing innovation clusters, and attracting inward investment from similar organisations/businesses.

1.2.4 Strategic drivers summary

The strategic drivers at UK, national, regional and local levels shown in the business case are clearly aligned and support the development of proposals focused on low carbon economic growth. In particular:

- **The UK and Welsh Government recognises the importance of decarbonisation to ensure economic growth is sustainable;**
- **There is a clear need to move towards renewable energy sources to increase efficiency and reduce costs, and for the public sector to exemplify this;**
- **Strategic imperatives to foster innovation and entrepreneurialism in high-value R&D-based opportunities;**
- **The creation of high-quality jobs is a clear link through all policy levels, as is a desire to provide training and development solutions to upskill existing workers in preparation for the transition to a low carbon economy.**
- **The overall cohesion of strategic drivers supports the rationale of developing the EAMPF/NNZS project. Moreover, the catalysing effect of this project is anticipated to deliver significant benefits, developing a base of expertise in a critical field that brings together research and industrial applications with the physical infrastructure that will generate inward investment and start-ups, support the sustainability of indigenous businesses, and create a supporting network of training and job opportunities in a talent pipeline.**
- **The vision is that the EAMPF along with the other SILCG projects, will establish Neath Port Talbot and the region as an ecosystem delivering a diversified and sustainable cluster for innovative low carbon growth.**

1.2.5 NNZS Logic Model



1.3 Case For Change

Developing the case for change must involve collaboration with key stakeholders to shape the Investment Objectives and inform the business needs. To ensure the robustness of the case for change, stakeholders were identified and engaged to assist with the development of this business case. (See Appendix 1).

This follows HM Treasury and Welsh Government's Better Business Case guidance, establishing a robust case for change with a clear understanding of:

- *What we are seeking to achieve – the **Investment Objectives**;*
- *What is currently happening – the **Existing Arrangements***
- *What is required to close the gap between what is happening now (Existing Arrangements) and what we are seeking to achieve (Investment Objectives) the **Business Needs**.*

*In this way the case for change is established on the basis of **need**, rather than simply a contention that a project is a 'good thing to do'.*

1.3.1 Investment Objectives

Stakeholder engagement has been undertaken through workshops to develop the Investment Objectives and the long-list to short-list options using the Options Framework (documented in part 1 of the Economic Case). A list of stakeholders consulted and workshops held can be found at Appendix 1. Also provided are letters of support from relevant interested parties (See Appendix 2).

Investment objectives form a key element of the 'case for change' within the Strategic Case. The Objectives describe what the delivery organisation and key stakeholders wish to achieve in terms of targeted outcomes. They should describe the expected outcomes of the project, should be SMART i.e. specific, measurable, achievable, realistic and time bound, and address the five key reasons for investment:

- **Improving economy** – *reducing the cost of existing services, or creating income*
- **Improving efficiency** – *improving the delivery of services in terms of outputs*
- **Improving effectiveness** – *improving the quality of services*
- **Statutory compliance** – *investing in services so they meet legal or best practice standards*
- **Re-procurement** – *investing to ensure that services subject to a contract that is expiring can continue, or be replaced.*

The Investment Objectives for the EAMPF are outlined below and support the delivery of the over-arching SILCG programme, align to UK, national and regional priorities, and describe what we wish to achieve in terms of targeted outcomes.

Stakeholder workshops were held between [August 2020 and October 2023] to discuss and agree the Investment Objectives and long-list to short-list options for the investment (See Appendix 1).

The following Investment Objectives were agreed with corresponding baseline suggested measures:

	Investment Objective	Measures	Total Measures
		NNZS	EAMPF
1	To support the delivery of the SILCG programme, by constructing an Enhanced Advanced Manufacturing Production Facility and associated National Net Zero Skills Centre of Excellence by 2027.	<ul style="list-style-type: none"> • 1,000 sq.m training facilities developed by 2027. • 15 Jobs Created by 2033. • 29 Jobs accommodated by 2033. 	<ul style="list-style-type: none"> • 5,000 sq.m of hybrid production & training facility developed by 2027. • 118 Jobs created by 2033. • 140 Jobs accommodated by 2033.
2.	To deliver industry led, net zero skills training and development. Upskilling the local/regional/national labour markets with appropriate skills to enable transition to a net zero economy, whilst supporting the development local and regional low carbon projects by 2033.	<ul style="list-style-type: none"> • 50 Training courses per annum delivered by 2033. • 3,500 individuals trained by 2033. 	<ul style="list-style-type: none"> • 50 training courses per annum delivered by 2033 • 3,500 individuals trained by 2033.
3.	To establish as a central hub for national RD & I activity. Using the state of the art facilities to increase the number and quality of low carbon businesses in the region, promoting further investment and innovation, by 2033.	<ul style="list-style-type: none"> • Investment attracted £50m + £5.5m private by 2033. 	<ul style="list-style-type: none"> • Investment attracted £50m + public /£9m Private by 2033. • 15 SMEs Accommodated

Located on a brownfield site on Baglan Energy Park the facility will enhance the growing RD&I cluster in the area to transform the area into a knowledge focused business hub, creating hundreds of skilled jobs.

The land negotiations between NPTCBC and Welsh Government are advanced, and there are no issues currently identified. Further site surveys will be undertaken as part of the development process to understand what site remediation may be required.

The land is owned by Welsh Government and the overall capital costs of delivering the entire enhanced project are estimated to be circa £22.5m – **this OBC is seeking the approval of an additional £5.3m to create a 1,000 square metre National Net Zero Skills Centre of Excellence ('NNZS') within the facility.** The Council plans to procure a partner to operate the facility and its sustainability will be realised through existing links with industry, academia and government.

With a focus on decarbonising the manufacturing process, the EAMPF project derives from the Swansea Bay City Deal *Supporting Innovation and Low Carbon Growth* programme, which has been developed to inject momentum into the delivery of sustainable growth and job creation in the Swansea Bay City Region. The project forms part of the programme's *Industrial Futures* tranche, which has a primary objective to address the gap between demand and supply for business and industrial sites and premises, as well as creating the right environment for innovation, new technologies and a decarbonised local and regional economy.

This business case is seeking an additional investment of £5.3 million from the City Deal, in addition to the £17.2m already secured for the construction of the Advanced Manufacturing facility ('AMPF'). As stated above this additional funding will enable the project to deliver an Enhanced AMPF, incorporating the NNZS, and as a result will address the existing skills gap as we transition to a Net Zero economy.

1.3.2 Existing arrangements

The potential impact of the EAMPF (AMPF and NNZS) to address the strategic drivers and deliver the outcomes articulated by the Investment Objectives is wide ranging.

This section therefore describes the '*status quo*' from a broad perspective, covering:

- Regional Productivity
- Manufacturing
- Academia & Research, Development & Innovation
- Sector Clustering
- Net Zero Skills

1.3.2.1 Regional Productivity

The Swansea Bay City Region (SBCR) is a critical driver for the Welsh economy, with a population of 688,000, supporting 302,000 jobs and 22,000 businesses. Figure 1.4 below shows regional productivity per hour is underperforming compared to the UK average and the Cardiff Capital region over the past two decades³⁷. In 2015, GVA per employee was 74% of the UK average³⁸, down from 77% in 2010 and 90% in 1981/39. Only 71% of the working age population is classed as economically active compared to 76% for the UK as a whole⁴⁰. Skill levels in the region compare poorly to other regions of Wales and the UK, with fewer people with high levels qualifications and many with none at all⁴¹ and reliance on the larger foundational industries in the region to support the regional economy and provide high value jobs.

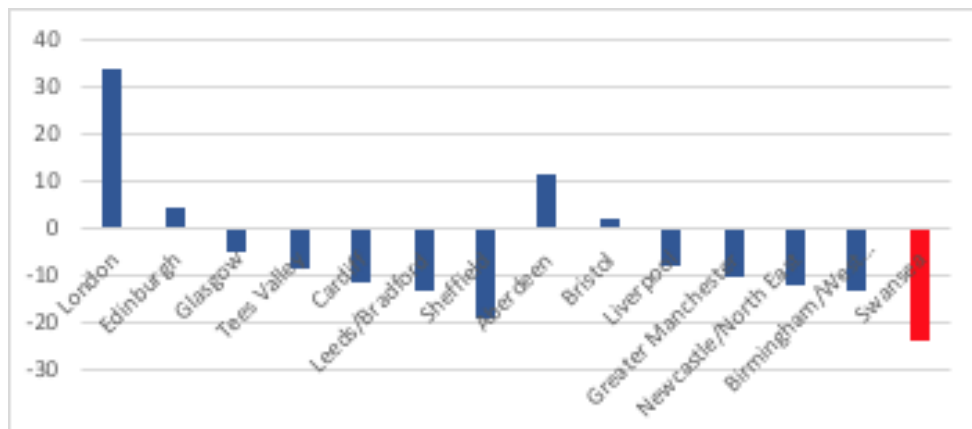


Figure 1.2 – SBCR productivity per hour relative to UK average (2016)

The Landscape of Wales - Sector Employment Demographics

Data from Enginuity (sector organisation representing engineering and manufacturing in Wales) reflects that the combined Advanced Manufacturing and Engineering (AME) sub-sectors in Wales employ 96,900 people across 5,805 establishments. Of those working in AME, an estimated 66,000 people are employed in technical roles such as professional engineers, scientists and technologists.

³⁷ <https://www.walesonline.co.uk/business/business-news/shocking-economic-figures-wales-regions-14260311>

³⁸ [Swansea Bay City Region City Deal Heads of Terms](#)

³⁹ [Swansea Bay City Region Economic Regeneration Strategy, 2013-2030](#)

⁴⁰ [Data from 2010. Source: Swansea Bay City Region Economic Regeneration Strategy 2013-2030](#)

⁴¹ [Swansea Bay City Region: A City Deal 2016-2035, The Internet Coast](#)

Key AME sub-sectors in Wales include metals (27% of AME employment), consultancy, testing and analysis (16%), electronics (15%), aerospace (14%) and automotive (10%).

Micro-sized establishments (less than 10 employees) account for 82% of total AME establishments, Small and Medium-sized Enterprises (SMEs (10 to 249 employees)) represent 17% of establishments and less than 1% of AME establishments in Wales are large (250 employees plus) – just 495 of approx. 120,480.

Demographics of the technical workforce in the AME sectors in Wales

Working status - 95% of the AME technical workforce is a company employee and 95% of the technical workforce is employed on a full-time basis with only 9% of the technical workforce being female. 6% of the technical workforce is aged 16-24 years old, with 9% aged 60 years and over. Only 8% of the technical workforce has some sort of disability with only 5% of the technical workforce coming from an ethnic minority.

Occupations - In terms of technical occupations, approximately 12,500 people are employed as technicians, 19,670 people are employed in craft level occupations and 17,345 in operator level occupations. These three technical occupations account for 75% of total employment in technical occupations within the AME sectors in Wales.

Employment trends -The AME sectors in Wales have experienced a period of major restructuring. Between 2010 to 2014, there was a net gain of nearly 17,000 jobs (+21%), compared with an increase in employment of 3% across all sectors in Wales. In 2015, there were 433 postings for technical engineering jobs in Wales.

Employment projections - Considering retirements, for operator, craft and technician technical roles, there is expected to be a net requirement across the AME sectors in Wales for 4,000 new recruits (800 per annum) in these occupations between 2016-2022.

Vacancies - Employers in the AME sectors in Wales show a substantial demand for new recruits. In 2015, it was estimated that 18% of AME establishments in Wales had vacancies compared to 14% of establishments across all sectors. In total, there were 1,400 vacancies across the AME sectors in Wales. In terms of specific occupations, it is estimated that there were vacancies for 210 operators, 550 crafts person's and 130 technicians.

Over three-quarters of all AME vacancies in Wales were from SMEs (50-249 employees).

It is estimated that 10% of AME employers in Wales had hard-to-fill vacancies with a total of 660 hard-to-fill vacancies reported. Two-thirds of all hard-to-fill vacancies were in craft, technician and operator occupations. Skill shortages in applicants were the main reason for these hard-to-fill vacancies. Employers

in Wales have increased their provision of off-the-job training from 47% in 2013 to 49% in 2015, reflecting an increased awareness of the need to tackle the problem themselves.

1.3.2.2 Manufacturing

MAKE UK, which represents the UK manufacturing community, reported on the current state of the manufacturing sector in June 2020. It stated that manufacturing has continually reinvented itself in order to adapt to the many factors and forces which drive change (source: A manufacturing future for Wales: a framework for action)⁴².

One of the main manufacturing opportunities in South Wales is in the established steel and metals industries. This section therefore examines the extent of this industry in the region, the impact on the regional and UK economy and describes smart manufacturing approaches being pursued in relation to these industries.

There is a diverse range of steel and metal producers, suppliers and customers within the SBCR, critical to the UK, national, regional and local economies.

The UK steel industry directly contributes £1.6 billion to the economy, employs 31,900 people in production facilities, downstream processing and rolling and distribution businesses and supports 52,300 jobs through its supply chains and local communities⁴³ contributing £3.9 billion. The steel and metals industry in South Wales is the foundation of this economy, comprising:

- Tata Steel – the largest steel producer in the UK – with four facilities in Wales, employing over 5,000 people in the SBCR at the Port Talbot integrated steel works and steel packaging operation within Llanelli. Every job at Tata Steel supports another 1.22 within the region⁴⁴
- Celsa Steel and Liberty Steel with large operations in Cardiff and Newport
- Internationally recognised metal producers and SMEs: Timet, a titanium manufacturer supplying one-fifth of the world's titanium; Sandvik Osprey, a global leader in the production of gas atomised metal powders; Wall Colmonoy & Weartech, producers of cobalt-based alloys; Vale, one of the largest refineries in Europe producing high purity nickel and subproducts; and Darlow Lloyd, specialising in waste management and asset recycling

⁴² <https://gov.wales/sites/default/files/consultations/2020-09/manufacturing-future-wales-consultation-document.pdf>

⁴³ <https://www.makeuk.org/insights/publications/new-deal-for-steel>

⁴⁴ <https://wer.cardiffuniversitypress.org/articles/abstract/10.18573/j.2012.10440/>

Figure 1.3 below shows the associated average salary in the steel industry is 28% higher than the national average and 46% higher in Wales and Yorkshire and Humberside – areas of high socio-economic deprivation.

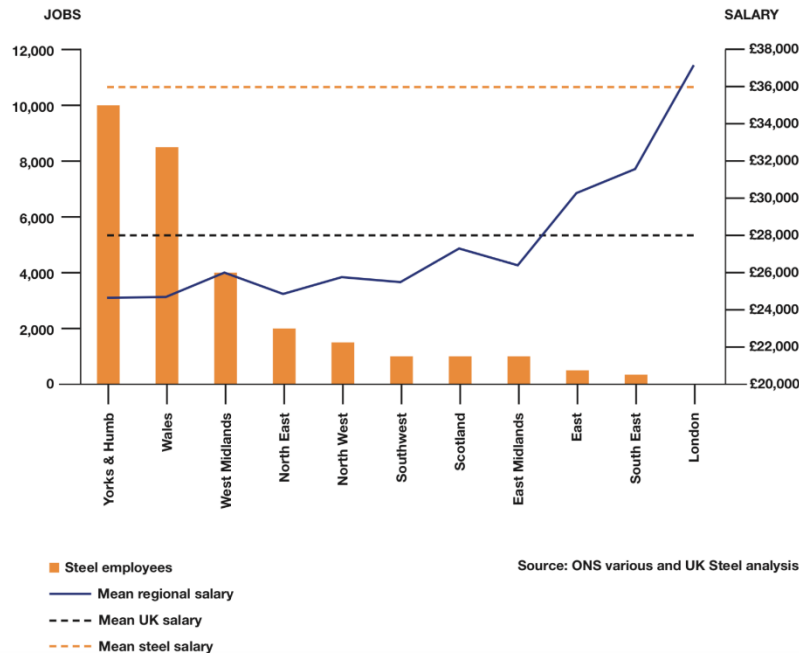


Figure 1.3: UK steel employment by region, average regional and steel salary⁴³

There are six steel producing companies in the UK with associated downstream processing, rolling and distribution businesses, producing 7.3 million tonnes of crude steel which was further processed into a finished product, such as strip, plate and wire rod.

Steel is endlessly recyclable, versatile, cost effective, ubiquitous and critical to a diverse industrial economy, with supply chain linkages into major downstream manufacturing sectors such as automotive, aerospace, rail, construction, energy, packaging and machinery.

Market sectors are transforming to improve performance and reduce carbon emissions. UK steel producers are striving to develop and supply higher-value steel – for example, the construction sector is developing low-impact energy efficient housing and the automotive sector is reducing vehicle weight and moving towards electrification.

UK finished steel demand forecast was 11 million tonnes in 2030⁴⁵, split by market sector, with construction and automotive being dominant areas (see Figure 1.4).

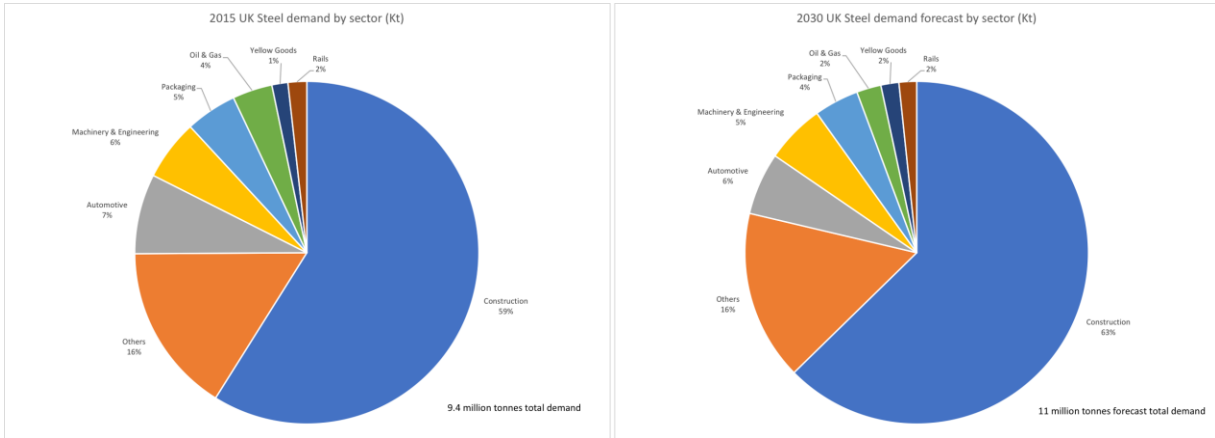
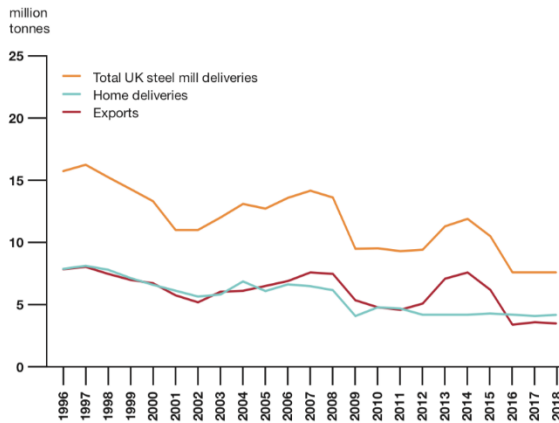


Figure 1.4: Forecast finished UK steel demand by sector

Note: 'Others' includes appliances, light and commercial vehicles, ships, rolling stock, process equipment and internal combustion engines

While UK demand for steel continues to increase, there has been a steady decline in home and export deliveries (see Figure 1.5 below).

UK steel mill home and export deliveries 1996 - 2018



UK steel requirement 2010 - 2018

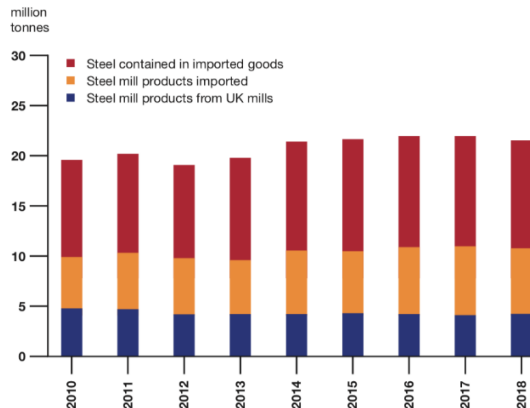


Figure 1.5: UK steel mill product supply into the UK market and level of exports⁴⁶

⁴⁵ <https://www.gov.uk/government/publications/uk-steel-industry-future-market-opportunities>

⁴⁶ <https://www.makeuk.org/insights/publications/uk-steel-key-statistics-guide-2019>

In terms of trends impacting on future demand, a number of broader ‘macro’ trends are likely to impact future employment and manufacturing across Wales, including Port Talbot. These are mostly related to technology change and its associated cultural impacts e.g. increased flexible working / homeworking and an increase in self-employment. There are also changing opportunities in manufacturing e.g. 3D printing for small-scale prototyping and production, which may lead to changing demand for industrial and ‘hybrid’ units.

Therefore it is very important that the EAMPF/NNZS is flexible and able to adapt to changing cultures, technologies and manufacturing needs.

Neath Port Talbot has a large manufacturing and engineering skills base, anchored through the presence of large regionally significant employers such as Tata, which employs approximately 4,000 people. With approximately 18% of employees working within manufacturing, these skills are an asset to new businesses investing in the region, and to the existing business base, as traditional skills are transferable into new industries or to new operational processes.

Upskilling and leveraging the existing manufacturing skills base will be a key activity of the EAMPF/NNZS and doing so support the economic transition to a low carbon economy.

With Neath Port Talbot’s strengths and capabilities, there is a clear economic opportunity to use the EAMPF as a catalyst to drive investment towards net zero activity, whilst at the same time considering other sectors so as to enable not only a low carbon but diversified future economy.

1.3.2.3 Academia & Research, Development and Innovation

Academic institutions in Neath Port Talbot are hubs for innovation and high quality skills development. Swansea University is the third largest university in Wales, is research-led and its Bay Campus is located in Neath Port Talbot.

The Swansea University Bay Campus is home to a multitude of innovation assets, and teaches a range of courses, with specialties in subjects including science and engineering.

The Neath Port Talbot Group of Colleges is a leading further education and vocational qualifications provider, voted the number one training provider in Wales in 2020.

Accessibility to a highly skilled workforce and provision of skills training at quality academic institutions should be a key attractor for businesses looking to expand or locate in Neath Port Talbot. There are also

opportunities for academic institutions to play a role in assisting with the deployment of green skills at the EAMPF and retraining the existing labour market as industries move towards more sustainable activities and a greener economy.

Research and development is fundamental in enabling businesses and economies to respond to new challenges. R&D activities in Neath Port Talbot are playing a key role in creating the conditions for business growth and ensure the long-term resilience of the economy.

RD&I clusters exist around Baglan Energy Park, Harbourside, Swansea University Science and Innovation Bay Campus and University of Wales Trinity St David Waterfront Innovation Quarter Campus in SA1, Swansea. The region has a growing number of RD&I initiatives and Centres of Excellence led by the local universities – Swansea, Cardiff, South Wales, and Trinity St David including:

SPECIFIC UK Innovation and Knowledge Centre (Buildings as Power Stations): Focused on research, proof of concept and commercialisation of building-integrated technologies that captures and stores solar energy.

Welsh Centre for Printing and Coating: One of the World’s leading centres in printing and coating.

Energy Safety Research Institute (ESRI): Delivers research in energy and energy-safety.

Materials Research Centre: One of the UK’s leading centres in materials teaching and research.

Centre for Solar Energy Research (CSER): This facility collaborates on renewable-energy R&D across Wales and has proven expertise and a world class reputation in researching novel photovoltaic materials and devices.

Future Manufacturing Research Institute: The FMRI, Swansea’s newest Research Centre, aims to transform the field of manufacturing through a unique combination of expertise and facilities focused on digital and advanced materials / manufacturing.

Swansea Additive Manufacturing Research: This group aims to understand and develop additive manufacturing processes, specifically powder bed laser fusion.

Materials Advanced Characterisation Centre: Also referred to as MACH1, the centre offers a wide range material and measurement capabilities to deliver multi-sample, high-throughput testing of advanced materials to industry.

ASTUTE 2020+ (Advanced Sustainable Manufacturing Technologies): The partnership provides expertise and R&D support in 3 key areas: Advanced Materials Technology, Computational Engineering Modelling, and Manufacturing Systems Engineering.

1.3.2.4 Other key research facilities in Neath Port Talbot

Global Rail Centre of Excellence

The Global Centre for Rail Excellence, will be a unique and purpose built facility and dynamic testing environment for rolling stock testing and rail infrastructure, in addition to providing storage and maintenance for rail transport. The centre will include test ovals, alongside R&D and training facilities and a proposed hotel. The project also seeks to bolster the region's position as a **low-carbon** hub, through investigating the provision of green hydrogen production fed from adjacent wind and PV farm developments, to be used on site.

Steel and Metals Institute (SaMI) Transitioning to SWITCH Harbourside

The Steel and Metals Institute SaMI is an open access facility that works predominantly with the steel and metals industry to deliver practical innovative solutions. SaMI supports the steel and metals industry in the challenge to decarbonise through lower carbon products and processes, reduced carbon emissions, and creation of a circular economy.

Advanced Engineering and Materials Research Institute (AEMRI)

The AEMRI will be an engineering inspection facility at TWI Wales. The centre will support aerospace, automotive, electronics, nuclear and renewable energy research.

TWI Technology Centre (Wales)

The centre specialises in the development and application of non-destructive testing (NDT) which is important in sectors such as transport, petrochemicals and energy.

South Wales Industrial Transition from Carbon Hub (SWITCH)

SWITCH conducts research, focusing on 'future-proofing' the steel industry and its supply chain through innovation. Funding via the City Deal will be used to fund a purpose built facility and equipment for this research.

Wales' first commercial energy positive **Bay Technology Centre**: Comprising 24 offices and 8 labs, the centre provides high-quality flexible office space for existing businesses in the energy and renewables sector, including those starting and scaling up.

1.3.2.5 Sector Clustering

Some of these clusters are located on-site at the universities but many are located elsewhere, including a strong innovation clustering around the Port Talbot Waterfront Enterprise Zone (PTWEZ) which incorporates Baglan Energy Park (BEP) and Harbourside, including:

- BEP is home to the Baglan Bay Innovation Centre, a 39,000 sq. ft. facility built over four floors, that provides 32 incubator units and communal meeting rooms for innovative, high-tech and sustainable technology led businesses to grow.⁴⁷
- BEP has also attracted world class investment from a range of high-profile companies including GE Energy, Hi Lex Cable Systems and Montagne Jeunesse.⁴⁸
- Also located on BEP is Wales' first Renewable Hydrogen Research and Demonstration Centre, run by the University of South Wales, and SPECIFIC, the Sustainable Product Engineering Centre for Functional Innovative Coatings, run by Swansea University, with strategic partners Akzo Nobel, NSG Pilkington, Tata Steel and Cardiff University.
- Harbourside is also developing into a new business hub. The new Harbourside R&D Village is already home to leading global innovators such as Tata Steel and TWI UK Ltd and is developing a reputation for successful innovation in production. Land has also been identified here for a proposed new education campus planned by Neath Port Talbot Group of Colleges.

The clustering of businesses alongside other businesses and academia is recognised as a key enabler of innovation. Neath Port Talbot is characterised by clustering of R&D and innovation assets, specifically at **Swansea University, Baglan Energy Park** and **Harbourside Business Park** highlighting great potential for knowledge sharing between academia, industry and business.

The **SWIC Cluster and Deployment Plan**⁴⁹ is a cluster of key industrial companies across South Wales who are together driving innovation with the aim of reducing carbon emissions and supporting ambitions for a green industrial revolution ambitions.

The project will create opportunities to showcase the wider region and Wales as a leader in decarbonisation and clean growth, for example through CCUS, hydrogen and circular economy initiatives.

The EAMPF project recognises and will be central to any future opportunities for further business and innovation clustering across Neath Port Talbot, including the potential for a Silicon Valley-style 'Innovation Accelerator', which could drive innovation and delivers quality jobs that raise prosperity and boost economic growth.

⁴⁷ Viability Study for Plot 4 Baglan Energy Park, Rowland Jones, 2015

⁴⁸ Swansea Bay Technology Centre Pre-Design Assessment V2.0. Solcer Ltd, 2018

⁴⁹ <https://www.swic.cymru/deployment>

Floating Offshore Wind (FLOW)

FLOW is a key and emerging opportunity for Port Talbot, which this opportunity could bring forward further private sector investment in the region and generate new green jobs.

This opportunity is reinforced within ABP's vision for the future of the Port in Port Talbot. FLOW could support existing industries and create new. The potential for greater offshore wind development throughout Swansea Bay and the Celtic Sea, could contribute to meeting the energy needs at the Port of Port Talbot but also create new jobs through both construction and maintenance. There are manufacturing opportunities throughout the wind turbine supply chain such as in cable manufacturing. Steel is identified as one of the key components required for FLOW, which gives Port Talbot a competitive advantage through its proximity to the steelworks. There is also export potential for some of the supply chain areas such substructure fabrication and turbine assembly. FLOW opportunities at Port Talbot would be synergistic with the capabilities of nearby areas, for example, offshore maintenance at Milford Haven.

Celtic Freeport Bid

NPTCBC working with Pembrokeshire Council, Milford Haven Port Authority and Associated British Ports have been successful in their Freeport Status bid to Welsh Government with the aim of establishing a globally significant world class renewable energy cluster for FLOW, hydrogen, CCUS and related manufacturing (incl. alternative fuels).

Freeport status will enable us to:

- Embrace technological change and drive innovation.
- Strengthen our links further academia and innovation assets and projects such as South Wales Industrial Corridor (SWIC); South Wales Industrial Transition from Carbon Hub (SWITCH), Mobile Energy Storage as Heat (MESH) (collaboration between Tata and Swansea University to capture, store and release heat from the steelworks to heat buildings), Hydrogen Research Centre, Flexis, SPECIFIC, etc.
- Attract large scale private investment in the energy technologies of the future.

1.3.2.6 Net Zero Skills

The Welsh Government's Net Zero Skills Action Plan sets out the strategy for developing the green skills our economy will require, now and in the future, as it transitions to low carbon/net zero.

Current provision of green skills in the region is both sporadic and patchy, mainly focussed around traditional 'sustainability' skills, and being delivered primarily by existing academic institutions. There is little coordination of industry led skills training, and an absence of flexibility in delivery methods and

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facilities to be able to respond to and address skills training for new or emerging products, methods or technologies.

Recent activity undertaken by the SBCD Skills & Talent project has developed a skills barometer spreadsheet which identifies all of the skills providers in SW Wales along with courses on offer. This has also allowed the skills team to identify the gaps in skills provision across SW Wales and identify key areas when skills are needed.

There is currently very limited skills training which is directed towards future local development programmes such as FLOW and Celtic Freeport, and there is a need to look further to the horizon at what the skills requirement will be within the next 3 – 5 years.

1.4 Business Needs

The Business Needs represent the gap between the desired outcomes (Investment Objectives) and the Existing Arrangements expressed as problems with the status quo and opportunities for change.

To reflect the problems and opportunities associated with the Existing Arrangements, this section is structured against the headings from the Existing Arrangements section:

- Regional Productivity
- Manufacturing
- Academia & Research, Development & Innovation
- Sector Clustering
- Net Zero Skills

1.4.1 Regional Productivity

The Welsh Government Economic Action Plan identifies increasing productivity and diversification as key to economic growth. The steel industry is well established in the SBCR and a major contributor to GVA, jobs and the local economy, but overall, the productivity of the region is underperforming, with GVA at 74% of the UK average and decreasing over time.

The region needs targeted investment to arrest the decline in economic performance. The development of the region's research, development and innovation sectors to develop clustering opportunities is critical to future proofing the economy and harnessing the opportunities of the Green Industrial Revolution. A

key opportunity is to build on the existing industry and steel production in the region, but in doing so, diversify the industrial and manufacturing base and support the associated supply chain. Doing more of the same will not work. – there is a need to drive change, meet modern demands and standards, including increasingly stringent environmental standards, to cement the region’s future for steel expertise, RD&I, energy and renewables sectors and to create and safeguard jobs.

Productivity gains and boosting the region’s economic competitiveness can be achieved through existing companies, start-up companies and inward investment. Key growth sectors are energy, renewables, advanced manufacturing, high value engineering, ICT, financial and business services, and tourism.

Bridging the Regional Skills Gap

With craftsperson’s, operators and technicians being the occupations most likely to be affected by the need to acquire new skills or knowledge there is clearly an identified need to have a training provision to support these potential learners employed or likely to be employed in our key sectors.

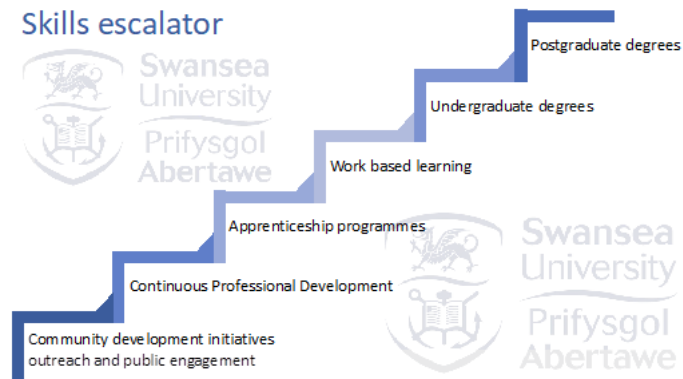
The advertised reason for these specific skills gaps in the AME sectors is a lack of experience because of recent recruitment or possible deficiencies in existing training provision within the local Work Based Learning provision with the main skills cited as technical, practical or job specific skills (approximately three quarters of regional establishments reporting skills gaps).

The proposal is to design and build the EAMPF providing programmes of study at the required levels and content to support companies and their staff to reskill or upskill in the new emerging technologies used in industry 4.0, or to enable people to develop new careers in advanced manufacturing in addition to their apprenticeships or vocationally specific qualifications.

The EAMPF would provide training using “Leading Edge” equipment and processes which will underpin the transition of Local Wales companies up to industry 4.0 level of operations.

The initial Level of outcomes for learners would be targeted at Level 3+, upskilling craftsperson’s to a new content or higher level not currently available through their Work Based Learning or Academic programmes of study. This would complement the “NOW SWITCH” proposal (Net Zero Wales Sustainable Welsh Industrial to Transition from Carbon hub) initiated by Swansea University.

One of its 4 elements being the “Switch on Skills and their Skills escalator” which is also aimed at level 3+ learners.



Overall, there is an over reliance on the foundational industries to support the economy and provide high value jobs. Economic diversity is increasingly important as are skills – there are too few people with relevant high-level qualifications and many with none at all – all of which contributes to a lack of innovators and entrepreneurs in the region.

The recently published skills barometer provides evidence that South West Wales is lacking in skills providers who can support the net zero skills agenda with courses appropriate to this area. In addition, Industry Wales has identified the need for industry led skills provision to meet the needs of industry over the next 5 to 15 years.

During the project development period the South West Wales Regional Learning and Skills Partnership were consulted within the context of their role with the SBCD Skills and Talent programme and more generally with the promotion of learning and skills across the region. An extract below is provided from the letter of support written by Jane Lewis (Regional Partnership Manager) (See Appendix 2.1) on behalf of the RLSP.

“The development of a Centre of Excellence of Net Zero skills will meet the ambitions of the City Deal Skills and Talent Programme not only by bringing a Centre where people and businesses can learn and manufacture together but, it will be a venue where academics in our universities and colleges can work together. This will be a unique opportunity where Higher and Further Education; School Education can learn from each other and have greater links to learn from the manufacturers themselves, sharing best practice and building the skills platform of the future, creating economic growth for the region.”

Economic business needs are to:

- **Diversify the economy (industrial and manufacturing base), increase productivity and stimulate recovery by supporting the steel and metals industry and the decarbonisation of industry, alongside encouraging existing innovation clusters to further develop.**
- **Support the supply chain associated with the industrial and manufacturing base.**
- **Develop skills in the region to support existing and developing industry.**

1.4.2 Manufacturing

There is a need to develop clean growth ‘mini clusters’ and net zero industry clusters. The South Wales Industrial Cluster (SWIC) has recently been awarded funding from UKRI to develop a net zero industrial cluster in South Wales, which includes Port Talbot⁵⁰. The SILCG programme will support the delivery of the net zero industrial cluster with its interlinked programme of projects, and in particular the EAMPF will be a central pillar of this support.

In their letter of support for the EAMPF project (See Appendix 2.2) Dr Chris Williams, Head of Industrial Decarbonisation at Industry Wales (on behalf of the South Wales Industrial Cluster) commented ***“we would like to endorse and support the plans for the addition of the National Net Zero Skills Centre of Excellence with the ambition to upskill the existing workforce and provide relevant training for new people who wish to work in the green economy and maximise the opportunity of the number of new developments taking place in the region.”***

The UK steel industry is a major contributor to the UK economy and South Wales and the SBCR are core to that economy. Over the past 20 years, despite increasing demand for steel and steel products in the UK, UK suppliers have not been able to fully satisfy this demand (and export demand), losing market share to foreign suppliers.

Safeguarding the steel industry in the UK and SBCR therefore requires improved competitiveness – meeting customers’ evolving needs for innovative steel products. In the wider global steel market, there is strong competition for steel and metal products and the UK’s opportunity to be competitive is through innovation – creating higher quality steel and metal products; reducing costs and increasing their range of applications and reducing carbon emissions from their processing (given steel and metal production is

⁵⁰ <https://www.ukri.org/news/ukri-announces-winners-of-industrial-cluster-competition/>

a major source of GHG emissions, innovation in steel production and processing could provide very significant improvements to GHG emissions in the SBCR). The SBCR is well placed to drive this innovation, building on the heritage of steel production and skills in the region alongside the support available from the region's universities and research institutions.

Existing Manufacturing skills deficit

26% of advanced manufacturing and engineering establishments ('AME') in Wales reported existing skills gaps. The incidence of skills gaps increases by size of establishment, ranging from 20% of micro-sized establishments to 46% of large establishments.

It is estimated that 7% of the AME workforce in Wales have skills gaps. The main reason for skills gaps in the AME sectors is a lack of experience/being recently recruited. The main skills cited as lacking in employees were technical, practical or job specific skills (approximately three quarters of establishments reporting skills gaps). Employers were most likely to have technical skills gaps with craft, operator, and technician occupations.

The other main skills gaps highlighted include problem solving, team working, oral communications and management skills.

Jane Lewis Regional Partnership Manager at the RLSP reports, ***"There are approximately 9,000 currently employed in manufacturing in Neath and Port Talbot, with 17% due to retire in the next 10 years. The anticipated growth for the region is 16,000 jobs across primary and secondary services and these will be across all levels, bringing in high paid, high skilled opportunities into the region."***

It is therefore essential to equip the next generation of AME workers with the skills for the future. With significant developments such as FLOW and Free Ports it is key to the economic future of the county/region that we have an appropriately skilled workforce to deliver these opportunities.

The resultant impact of these skills gaps were increased workload for other staff, increased operating costs, difficulties meeting quality standards and difficulties introducing new working practices. AME employers were clear that the main action necessary to overcome this skills deficit would be to increase training activity/spend or increase/expand trainee programmes.

Developments in manufacturing will support and develop indigenous businesses – and as described above – will be delivered through research and innovation and collaboration between government, industry and academia, as well as developing the skills of the local and regional labour force.

Business needs in relation to manufacturing are to:

- **Maintain and improve the competitiveness of the SBCR steel and metals industry.**
- **Support industry, academia and government collaboration through applied research.**
- **Establish a robust, flexible and accessible training programme/system to upskill existing and potential employees within the sector.**

1.4.3 Academia, Research, Development & Innovation

There is a need to further develop the region's RD&I sectors to support economic growth and diversification, in particular in the Clean Growth sectors including energy and renewables.

The range of regional assets as detailed in the existing arrangements section demonstrates the potential of the regions applied research output in relation to ICT, advanced manufacturing and life sciences. The key to turning this applied research into economic growth is through commercialisation of research and spin-outs. **There is a need to facilitate the spin out and product development which will be supported by increasing the stock of a range of modern commercial/industrial premises, and in relation to this proposal, the development of the EAMPF.**

Professor David Worsley OBE, Swansea University in his letter of Support for the NNZS project commented, **"This centre is clearly allied closely to SWITCH Harbourside and sits in a local net zero ecosystem including our SPECIFIC project sites, the Cardiff University Combustion Centre and the USW Hydrogen hub. It is indeed very exciting to be part of this journey and the news that you are planning to support net zero skills escalation meshes uniquely with our work with the SWITCH on Skills programme."** (Appendix 2.3).

Dr David Warren at Swansea University, M2A Operations Manager at Swansea University (See Appendix 2.4) **comments "I see many opportunities for collaboration at the Advanced Manufacturing Production Facility including research and skills to develop the technology and workforce to reach our Net Zero goals and contribute to a prosperous region."**

An established, cohesive and multidisciplinary research base is in place for steels and metals in the SBCR, with collaborations between government, industry and academia through Swansea University's research centres including SPECIFIC, MACH and SaMI. Their research supports the local and national steel industry to remain competitive through innovation in products and processes and seeking decarbonisation opportunities. However, these collaborations require support to thrive – they are constrained by lack of space, researchers, equipment and unsuitable infrastructure:

- Although high quality research and innovation is present within the region, the research community from which impact can be delivered is relatively small⁵¹.
- Current applied research capability is constrained by low grade infrastructure and lack of available space for expansion.
- People, including co-located industrial staff already exceeding available capacity with design layout and space impacting on the ability to collaborate effectively.
- Current equipment capability insufficient to meet research needs.

Addressing these problems would improve the quality and scope of metals research and the associated output with opportunities to investigate such areas as:

- Alternative low carbon fuel sources for steelmaking.
- Improve scrap segregation and utilisation while meeting quality requirements.
- Use of societal waste as a fuel source in the steelmaking process.
- Improve product capability through alloy development and late-stage product development, integrating approaches that will accelerate development stage.

Business needs in relation to RD&I are to:

- **Support maintenance and growth of market share in the steel and metals industry by ensuring the UK and SBCR remain leaders in steel innovation, advancing RD&I and decarbonisation**
- **Address the practical needs of RD&I that support commercialisation through spinouts, high growth start-ups and indigenous business growth – providing appropriate infrastructure and collaborative space for industry and academia, including flexible office/laboratory, industrial premises, and classroom facilities for learning/training.**

⁵¹ https://www.hefcw.ac.uk/documents/policy_areas/research/reid-review-en.pdf

1.4.4 Sector Clustering

The range of regional research and innovation assets demonstrates the potential of SBCR's applied research output. Turning this into productive economic activity requires research to be commercialised and spun out into new companies, which relies on strong links between academia, research, and industry through **physical co-location and collaboration**.

Incubation, early-laboratory and real-world living-laboratory facilities and proving factories are key components of successful innovation ecosystems around the world. Demand is increasing for these capabilities, with 30 enquires from companies within the last 12 months, requiring 12,350 m² of business space and outstrips limited supply. As of 2016, Swansea had four incubators according to official research conducted by the Department for Business, Energy and Industrial Strategy. However, with the exception of TechHub, each is either creative-industry or health-focussed and not in a position to support spin-outs and potential high-growth start-ups in the targeted areas such as energy, renewables, and smart manufacturing. In addition, co-located commercial office space and laboratory facilities are only available at the fully let R&D Village at Harbourside.

There is therefore a need to meet these demands for 'co-located space' and to continue to provide and increase numbers of appropriately skilled individuals to use them.

Innovation in the region taking place through the Hydrogen Centre, ESRI, FLEXIS, Baglan Energy Park and Harbourside R&D Village, to support low-carbon energy and can investigate opportunities including:

- Development of renewable hydrogen production, energy storage and usage in vehicles.
- Next generation energy distribution.
- Carbon capture utilisation and storage.

Business needs in relation to sector clustering are to:

- **Build on strong existing innovation clusters fostering further collaboration between government, industry and academia.**
- **Encourage private sector investment in appropriate facilities.**
- **Work with the Skills and Talent programme, RLSP and other skills and training providers to map skills gaps to be delivered by NNZS, and secure funding for decarbonisation-focused development of research specialists and work-based learning to ensure there are appropriate skills to support low carbon economy and the Green Industrial Revolution.**

1.4.5 Net Zero Skills

The Regional Learning and Skills Partnership ('RLSP') in their South West Wales employment and skills plan 2022-25 identify that there is a need for **'a huge nationwide education / training programme is required for Net Zero.'**

It identifies that green (net zero) skills need significant attention if we are to have a suitably skilled labour market to drive our economy as we move towards a low carbon society. It suggests that there is an existing shortage of **'specific green skills in all sectors'** and that **this existing skills gap will only increase if it is not addressed.**

In addition to green skills the plan identifies skill gaps in specialist knowledge in the energy sector in areas such as; Turbines, Solar, Hydro, Nuclear, Marine, Tidal, Renewable technologies, Carbon Capture / Decarbonisation.

In the manufacturing sector in South West Wales the RLSP highlights; Smart Manufacturing, Disruptive Technologies / Digital, Materials (sustainability, circular material products) as skill pathways that need to be developed.

In order to continue to transition towards a low carbon economy there is significant importance to develop regional strategy, infrastructure and green skills pathways to support the development of our workforce in order that the skills that will be required in the future are readily available.

The Regional Learning and Skills Partnership (RLSP) brings together industry partners from all sectors along with training/ education providers to develop a strategic partnership to enhance and promote skills and training in the region, specifically to meet the demand of employers both now and in the future. The plan contains key actions on training needs, including the emerging technologies to meet the net zero agenda.

The post COVID-19 landscape for skills has changed the way in which individuals now receive training; there has been a clear shift in the training requirements specifically around digital technology and there has been an increased demand for apprenticeships and work experience opportunities as we emerge from a world of hybrid working.

The RLSP skills plan identifies that recruitment remains a major challenge for many sectors with many facing economic difficulty as jobs remain unfilled. This is compounded by the current cost of living crisis and the challenge of delivering on the climate change agenda, all which impact on the productivity of businesses. However, skills remain a priority for business, and the plan details the priority areas that need to be addressed to ensure that we develop the workforce for the future.

The Net Zero Carbon Budget policy, establishes that all sectors will need to have embedded “green skills” within their workforces and a huge knowledge and upskill process will have to take place. Recruiting educators for these roles is a challenge, both digital and net zero are large ever evolving skills, and attracting talent to fill these roles is difficult. To Achieve Net Zero by 2030 the ‘green skills deficit’ will undoubtedly need to be addressed, with survey responders (*from the RLSP plan*) stating that renewable skills will be the most required job skill in the coming years, yet many employers in the sector are still unsure of what specific skills in this subject area would be needed.

Business needs in relation to Net Zero Skills are to:

- **Ensure industry has a clear path and understanding of their support network. Promote availability of upskill and reskill pathways.**
- **Develop skills for current and future regional employer’s requirements, engaging learners with industry and showcasing the exciting opportunities.**
- **Sector perception improvement.**
- **A central hub delivering industry led green skills development.**
- **A flexible green skills delivery strategy, that enables skills pathways to be designed to consider new and emerging methods and technologies as they become apparent.**
- **Skills pathways led by industry in order to ensure ‘industry competency’ as well as having the proficient basic skills required.**
- **Additional funding for specialism and skills developments – particularly in relation to decarbonisation, which needs to be addressed in collaboration with the Skills and Talent Project within the SBCD portfolio.**

1.5 Potential Project Scope

1.5.1 Potential business scope and key service requirements

This section of the Strategic Case starts the process of considering the potential scope of the project based on the changes required to satisfy the identified business needs and deliver the Investment Objectives (outcomes).

Scoping activities will continue throughout the development phase of the project to inform the business case, and a related needs analysis for the advanced manufacturing industry in the region with the focus being inclusive of:

- **New Technologies** – Differentiating between the educational offer available and working well, the educational offer available which needs improvement and finally the educational offer which is yet to be developed all based around employer need.
- **Stakeholder Perception** -The way forward and how they can be involved.
- **Staged implementation strategy** – Trying to meet the overall need of employers.
- **Legacy** – How will the strategic plan include funding not just for capital investment but for day-to-day activity in management of such an innovation centre.
- **Knowledge Flows** – Availability of Existing Local Provision, Progression, Levels, Skills Transfer, Qualifications, Outcomes and Curriculum content.
- **Talent and Skills Development** – Demographic Challenges and if companies have responded to the challenges with relevant recovery actions already, discussing the implications of such actions.

Continued stakeholder scoping workshops are expected to highlight specific needs development requirements as indicated by similar requests from other regions in Wales.

The EAMPF will provide access to cutting edge equipment, systems and software in a state-of-the-art facility, tailored to the needs of learners and industry ensuring a prolific learning experience. It will provide employment led and oriented training needed to develop company's quotas for economic improvement and sustainability.

The NNZS will seek provide the highest quality training by expert trainers in a simulating environment endorsed by leading industrial vendors, where the specialist training programmes would be designed to reduce the skills gaps in supporting industry to accelerate innovation through technology.

Co-Location

The project is to develop an industry led, hybrid facility offering specialist facilities to commercialise RD&I (proving factory concept) supported by industry led skills provision to complement FE/HE provision in the region. It is proposed that these two activities are synergistic, and to gain maximum benefit should be co-located at the same development site.

“I can see that integrating the skills centre of excellence with an advanced manufacturing centre provides a number of additional, synergistic benefits. For example, the ability to allow first hand industrial training on state of the art manufacturing equipment to give the learners real world experience that cannot be gained from just classroom environments. We therefore feel that the two projects are highly complementary and will bring many positive benefits to the locality and SBCD region.” David Gwynne, Interim CEO, Celtic Freeports (See Appendix 2.5).

“The uniqueness of the centre being co-located with the AMPF will give those undertaking courses the opportunity to practice their new skill sets on state of the art equipment housed in the facility.” Ben Burggraaf, CEO, Net Zero Industry Wales (See Appendix 2.6).

“Combining the skills centre with the advanced manufacturing production facility, an already approved SILCG project, will provide a unique and unrivalled provision in the local area and city deal region for the benefit of all. To address the shortfall in jobs within the green economy that are needed by 2050 this can be addressed with the step change envisaged by supporting a centre of this size and scale in conjunction with the AMPF supporting supply chains and the diverse local manufacturing industry.” Nicola Pearce, SILCG Programme SRO, Director of Regeneration & Environment NPTCBC (See Appendix 2.7).

In addition to a number of letters of support from relevant stakeholders (See appendix 2.8 onwards), the concept of co-location has also been proven to be successful in similar facilities across the UK.

CASE STUDY 1 - CATCH (HUMBERSIDE)

Established in 1999 the **CATCH** facility in Humberside⁵² is an example of a hybrid, industry led hybrid facility supporting the process, energy, engineering and renewable industries, with a combination of production and classroom facilities (for skills training). **CATCH** has also recently announced plans for an additional £60M state-of-the-art training facility, to reach a training goal of 1000 apprentices a year by 2029. This significant investment is being made in anticipation of a series of Net Zero projects set to commence from as early as 2024 and beyond, and a corresponding demand for skilled labour will be required. These Net Zero projects are projected to generate a potential 20,000 new industrial jobs, necessitating an unprecedented, rapid upscaling of the existing skills pipelines.

The new Net Zero facility is planned at the same location as the existing facility, and house a national net zero conference and learning centre, bespoke classrooms and workshops for electrical, instrumentation, mechanical technical skills, a welding and fabrication hub with an impressive 160 welding bays, and a UK first of its kind outdoor Process Unit Training Module to enable a real process site experience in a safe environment for all trade skills.

⁵² <https://catchuk.org/about-hcf-catch/>

The **CATCH** Vision is threefold:

1. Being at the leading edge of change, with outstanding employer-led networks sharing best practice and promoting innovation.
2. The provision of a unique, authentic and industry focused training and competence assessment facility with a world class reputation and track record in delivering employer needs.
3. Ensuring future generations of employees are prepared to enter the workplace with the right skills and behaviours needed by industry.

The similarities with the proposed EAMPF project are clear.

The EAMPF will create a hybrid, industry led production and training centre supporting the diversification of the regional economy, creating value added jobs and a working environment where manufacturing and innovative businesses can flourish and where products can be commercialised, thus increasing the GVA of the region. It will be recognised as a national centre for the delivery of the key 'green skills' required to equip the labour market in Wales for transition to a low carbon economy.

CASE STUDY 2 – NATIONAL MANUFACTURING INSTITUTE SCOTLAND (GLASGOW).

The **National Manufacturing Institute Scotland**⁵³ or '**NMIS**' is a cutting-edge manufacturing centre led by the Scottish Government operated by the University of Strathclyde, from its base in Glasgow.

Similar to the proposed EAMPF, at **NMIS** industry, academia, and the public sector work together on ground-breaking manufacturing research to transform productivity levels, make companies more competitive and boost the skills of the current and future workforce.

NMIS ambitions are;

- Increase productivity by reducing barriers to innovation.
- Grow the economy by galvanising investment and increasing manufacturing competitiveness within Scotland and internationally.
- Catalyse job creation and strengthen supply chain links across the country.
- Provide leadership, build collaborations and enhance capability to influence adaptation and exploit manufacturing opportunities to boost Scotland's transition to a net-zero emissions economy by 2045.
- Inspire and attract talent and equip current and future workforces with the skills they and the manufacturing and engineering community need.

⁵³ <https://www.nmis.scot/>

The **NMIS** website states *“We do this by working with manufacturing businesses of all sizes from across Scotland, the wider UK, and beyond making it easier for them to access innovative technologies and connecting them with our widespread national and international network of world-leading industry and academic experts and collaborators.”*

In June 2023 **NMIS** opened its new world-class, flagship facility at the heart of the Advanced Manufacturing Innovation District Scotland (AMIDS) in Renfrewshire, aiming to be a major stimulus for the country’s economy, skills development, and prosperous, sustainable, communities.

This advanced manufacturing facility will support manufacturing, engineering and associated technology businesses of all sizes. Innovative R&D will help them to become more productive, tap into emerging markets, embrace new technologies and achieve net-zero targets.

The new facility will also be home to the NMIS Manufacturing Skills Academy, fully connected Digital Factory, and publicly accessible collaboration hub. The Manufacturing Skills academy offers advanced manufacturing training and development opportunities for individuals at all levels of their career.

Both CATCH and NMIS (as well as other examples across the UK and Ireland) will be considered in greater detail as the project plan evolves and consultation for the EAMPF advances.

The concept of co-locating the advanced manufacturing facility and the National Centre of Excellence for Green Skills has been developed from discussions with industry and academia, and learned lessons from similar facilities around the UK – as outlined in the case studies above. The benefits of cross-working, sharing knowledge and expertise, and allowing both industry and academia to support and develop each other in a specialist and purpose built facility will have long term benefits for the region.

Expected Training Areas for Engineering and Manufacturing Disciplines

- Low/Reduced Carbon Initiatives
- Electrical and Electronic Maintenance
- The Smart Factory and Industry 4.0 Initiatives - Autonomous Control
- Digital Implementation Techniques – Coding, Cyber Security and PLCs
- Automation and Control using Robotic Systems of Operation
- Advanced Manufacturing - Additive manufacturing, Machining, CNC, CAD/CAM

The initial Level of outcomes for learners would be targeted at Level 3+, upskilling craftsperson’s to a new content or higher level not currently available through their Work Based Learning or Academic programmes of study. This would be an industry led facility and the training provided would respond to the needs of industry, with approximately three quarters of local companies reporting skills gaps.

The specialist training programmes would be designed to reduce the skills gaps in supporting industry to accelerate innovation through technology.

Table 1.4 Potential scope and Services

Investment Objective	Potential business scope & key service requirements
<p>IO1 - To support the delivery of the SILCG programme, by constructing an Enhanced Advanced Manufacturing Production Facility and associated National Centre of Excellence for Green Skills by 2027.</p>	<ul style="list-style-type: none"> • Investment in the development of high quality, flexible, specialist commercial and industrial premises to support research, commercialisation and collaboration. • Provide infrastructure and support at each stage of the life cycle of a business to enable diversification in research, spin-outs, start-ups, growth companies and inward investment. • Develop clustering opportunities. • Establish an open access facility to work with a range of industrial partners.
<p>IO2 - To deliver industry led, green skills training and development. Upskilling the local/regional/national labour markets with appropriate green skills to enable transition to a net zero economy, whilst supporting the development local and regional low carbon projects by 2033.</p>	<ul style="list-style-type: none"> • Ensuring skills and training match the opportunities emerging from the green economy. • Ensure appropriate infrastructure to support R&D, prototype, commercialisation, business growth. • Industry led, specialist green skills pathways to be developed matching the existing and future requirements of the region. • Align skills pathways with national, regional and local green skills strategies and priorities.
<p>IO3 – To establish as a central hub for national RD & I activity. Using the state of the art facilities to increase the number and quality of low</p>	<ul style="list-style-type: none"> • Providing proof of concept in decarbonisation interventions for industry, transport, buildings and economic growth.

Investment Objective	Potential business scope & key service requirements
Carbon businesses in the region, promoting further investment and innovation, by 2033.	<ul style="list-style-type: none"> • Strengthen collaboration between government, industry and academia to secure private and private investment and research funding. • Increasing RD&I in steel and metals to support competitiveness and decarbonisation targets. • Use the EAMPF as a lever to support growth of existing RD & I activity, providing a springboard to increase the region's UK share of RD & I funding. • Attract and retain increased inward investment.

1.5.2 Benefits

Table 1.5 Summary of main benefits

Investment objectives	Main benefits criteria by stakeholder group	Benefit classification	Stakeholder
IO1 IO3	<ul style="list-style-type: none"> • Productivity gains including from commercialisation of R&D, using uplift in salaries of additional jobs to UK • Commercialisation of new and improved products • Productivity gain, based on uplift in salaries of additional jobs to UK • Safeguard and create employment opportunities • More resilient supply chain • Build on existing strengths 	<p>CRB</p> <p>CRB</p> <p>CRB</p> <p>CRB</p> <p>NCRB</p> <p>NCRB</p>	<p>SBCR</p> <p>WG</p> <p>UKG</p> <p>Industry</p> <p>Academia</p> <p>Community</p> <p>Wider society</p>
IO2 IO3	<ul style="list-style-type: none"> • Income related to industry collaboration and training 	<p>CRB</p>	<p>SBCR</p> <p>WG</p> <p>UKG</p>

Investment objectives	Main benefits criteria by stakeholder group	Benefit classification	Stakeholder
	<ul style="list-style-type: none"> Value of research, based on funding attracted from public funding sources Increase academia and industry collaboration and innovation Clustering impact Establish the region as a leader in green skills development. Prepare labour market with skills required by industry during transition to Net Zero economy. 	<p>NCRB</p> <p>NCRB</p> <p>NCRB</p> <p>NCRB</p> <p>NCRB</p>	<p>Industry</p> <p>Academia</p> <p>Community</p> <p>Wider society</p>

See Benefits Register at Appendix 3.

1.5.3 Risks

Table 1.6 Summary of main risks

Risk Description	Mitigation
Developmental	
<p>Resource capacity Resource capacity of project teams, particularly during the development phase</p>	Effective project governance / re-deployment if necessary / team working.
<p>Procurement Failure to generate interest via tender process, potentially leading to increased costs / extended timescales.</p>	Detailed project and resource allocation. Regular progress meetings and project monitoring.
Implementation	

Risk Description	Mitigation
<p>Project slippage Slippage as a result of late business case approval, procurement delays or match funding requirements, which could lead to project delay and / or increasing costs</p>	<p>Detailed project and resource allocation. Regular progress meetings and project monitoring.</p>
<p>Planning delays Potential slippage, obstruction or increasing costs due to planning delays or unexpected planning conditions/ changes to planning legislation</p>	<p>Effective project management and early communication with the planning authorities. Pre-application consultation initiated.</p>
<p>Land ownership issues Inability to negotiate land agreements in a timely fashion could lead to programme slippage and / or increased costs</p>	<p>Detailed programme and resource allocation. Early engagement with land owners. Regular progress meetings and project monitoring.</p>
<p>Technological advances Potential cost increases in the long term if equipment needs to be upgraded</p>	<p>Proper engagement with stakeholders to be carried out during development phase. On-going project management / monitoring.</p>
Operational	
<p>Loss of key members of staff Resource capacity of project / project teams, could lead to time delays, increased costs</p>	<p>Effective project governance / re-deployment if necessary / team working</p>
<p>Failure to achieve outputs / outcomes Could lead to clawback of funding and reduced impact of projects.</p>	<p>A Monitoring and Evaluation Plan will be produced. Effective project management processes / meetings to be employed.</p>

Risk Description	Mitigation
Financial	
Increasing capital costs Further funding could be required i.e., unforeseen costs, changing requirements.	Effective project management / budget monitoring.
Dependence on multiple funding sources Further funding may be required if not all sources are secured.	Effective programme management / budget monitoring.
Short term WG and other funding sources Further funding may be required if not all sources are secured.	Effective programme management / budget monitoring.
Failure to secure tenants/Operator On-going revenue responsibilities affecting long term sustainability	Effective programme management processes / early advertising and engagement with potential tenants/operator.

See Risk Register Appendix 4

1.5.4 Constraints and Dependencies

1.5.4.1 Constraints

The constraints that have been placed on the programme are detailed below:

- Project budget based on the fixed funding agreement between NPTCBC and the SBCD.
- 15-year funding profile with a front-loaded delivery within 5 years.
- Availability of development sites.
- Planning and development parameters.
- Requirement to find a suitable operator.

The EAMPF/NNZS project will have an agreed capital budget and delivery timeframe. Proven project management methodologies will be implemented to ensure delivery within budget and management of change process. In addition, NPTCBC will be responsible for ensuring that the specified procurement route is implemented.

Analysis of suitable development sites has been completed with a suitable plot identified for the EAMPF project at Baglan Energy Park. Any further constraints highlighted during design phase will be managed through the project governance process.

1.5.4.2 Dependencies

To add value to the regional skills ecosystem, the project will ensure synergy and manage inter-dependencies between other projects in the SILCG programme, the SBCD portfolio and FE, HE and private sector provision. The project will not rely on these interventions to fund the skills provisions but the facility could be used to deliver regional skills provision.

The key inter-dependencies are identified below:

- Ensuring added value with FE and HE skills courses, Skills and Talent Programme.
- Ensuring alignment to industry led skills requirements.
- Ensuring alignment and responsiveness to opportunities and threats.
- Operator to establish revenue generating delivery model

There are also a number of external dependencies outside the programme environment:

- **Renewable energy projects within the region:** A stakeholder engagement plan has been developed to ensure alignment between the EAMPF and other initiatives, programmes and projects in the region.
- **SBCD Skills and talent project:** Align the proposed skills activity within the EAMPF with the SBCD skills and talent project to identify skills and talent development requirements, enhancing existing provision within the region.
- **Strategies and policy drivers:** Governance process to ensure a continual review of any new policies and changes that could have a potential impact on project delivery.
- **Private sector engagement:** Stakeholder management at SILCG programme level and specifically related to EAMPF project.

2.0 The Economic Case

2.1 Introduction

This Economic Case section provides an updated perspective of the EAMPF project incorporating scope for associated skills development activities (i.e. from AMPF in PBC to EAMPF). It is set in the context of the Supporting Innovation and Low Carbon Growth PBC, and in response to the Case for Change and broader Strategic Case.

The Economic Case considers the EAMPF in its entirety, rather than appraising the NNZS as a stand-alone operation. The rationale for combining this assessment is that the AMPF and the NNZS are intrinsically linked, both in terms of activity and their co-location, and thus the combined EAMPF project will generate economic output 'more than the sum of its individual parts'. In other words, the two activities (AMPF and NNZS) will complement each other, leading to increased economic impact of both activities by the fact they are working together/co-located.

The ambitions to deliver against the SILCG programme have been built into the overarching PBC and project-level SOC, appraising (including revisiting) options against the following Investment Objectives (developed as SMART in section 1.3.1);

- To support the delivery of the SILCG programme, by constructing an Enhanced Advanced Manufacturing Production Facility and associated National Net Zero Skills Centre of Excellence by 2027.
- To deliver industry led, green skills training and development. Upskilling the local/regional/national labour markets with appropriate green skills to enable transition to a net zero economy, whilst supporting the development local and regional low carbon projects by 2033.
- To establish as a central hub for national RD & I activity. Using the state-of-the-art facilities to increase the number and quality of low carbon businesses in the region, promoting further investment and innovation, by 2033.

Long-list options were developed initially in October 2020 (SOC) and subject to comprehensive review within the PBC development in May 2021 (See Appendix 5). Potential for alignment with the wider programme to maximise value for money, including risk management was a core part of this exercise. These options are summarised and reviewed from SOC potential for:

- A - Do Minimum: **Rely on existing activity/sites, with minimal investment such as into expansion of existing programmes.**
- B - Dispersed Growth: **Investment fund for disparate activities to address training and practice needs.**
- C - Intermediate I: **Incremental development of activities at existing key sites (variants of this option are presented in Option B and the prior AMPF SOC).**
- D - Individual NZ Skills Centre: **Dedicated facility for delivery of relevant skills programmes.**
- E - Intermediate II: Mixed – **Integrated Advanced Practice and skills development facility (Preferred Approach).**
- F - Intermediate III: Mixed – **Multiple Site Incremental Development and fund for disparate activities.**
- G - Do Maximum: **Expand existing sites and establish new Integrated Facility (+D).**

Short-list Options were developed through a series of engagements with key stakeholders of Local Government, Industry (through Industry Wales, Net Zero Industry Wales and local industry), RLSP and academia (FE/HE) through to June 2023 (See Appendix 1). Subsequent analysis focused upon Investment Objectives and Critical Success Factors. This identified a Preferred Option along with Alternatives, appraised as summarised below, baselined against both Do Minimum and the earlier form AMPF (prior to SILCG programme) presented in the PBC.

- Do Minimum: **Reconfiguration of existing facilities and provider activities for alignment with EAMPF objectives.**
- Preferred Approach: **Creation of Integrated Advanced Manufacturing Centre (i.e. AMPF + Skills Centre) co-locating Practice and Skills development.**
- Alternative (1): **Development of single site with investment fund for distributed skills and practice activity (potentially managed through NPT/SBCR/partners).**
- Alternative (2): **Distributed development through investment fund for practice and skills development (potentially managed through NPT/SBCR/partners).**

Details of each Option are included in subsequent sections. This appraisal has been updated following review, including to factor the update to Strategic Context (see Strategic Case), incorporating UK

Industrial Strategy; Build Back Better; National Infrastructure Strategy; and associated WG Policies/Strategies including Net Zero Wales.

The following table presents a summary of the Short-list appraisal, with further detail later in this case. Short-list options have been developed with Cost-Benefit Analysis presenting the following summary UK perspective (regional perspective in later sections). The AMPF proposal as presented in the PBC has been included as a further benchmark to show the shift with inclusion of the SILCG programme;

Options Summary	Do Minimum	Option 1 (Preferred) (EAMPF)	Option 2 (Alternate)	PBC Benchmark (AMPF)
NPSV	£0.56m	£32.5m	£29.3m	£29.6m
Public Sector Cost	£2m	£22m		£17m
BCR	1.3	2.54	2.2	2.2
Significant non-monetisable benefits	-	Widening access for careers in NZ sectors, ~3,500 individuals + PBC	-	Improved built environment
Significant unquantifiable benefits	-	Wider uplift of built environment Economy diversification (resilience)	Wider uplift of built environment Economy diversification (resilience)	Specific activities and products/ services ⁵⁴
Risk costs by type and residual OB	Delivery Risk £179k 20% OB	Delivery Risk £2.02m 20% OB	Delivery Risk £1.35m 20% OB	Delivery Risk £1.1m 20% OB
Switching values		23% reduction in benefits. (Delay/costs affect similarly)		
Time horizon and rationale	10yr horizon, based on standard GB guidance, and fitting with infrastructure and operation timescales to realise benefit.			

As shown in the above summary it, can be seen that EAMPF option provides best option for Skills ambitions and also enhances the existing AMPF case with a stronger BCR of 2.54 and increased NSPV with marginal increase in risk cost. As such, it demonstrates enhancement of the original (PBC) preferred option for AMPF while also leveraging that investment for delivery of the SILCG ambitions.

⁵⁴ As noted in PBC Appraisal

The summary of the Preferred Option refers to the following implementation;

Scope	In line with demand projections, create an additional 1,000 sq.m centre for skills development, along with the already proposed ~4,000sq.m facility for advanced manufacturing practice (Total integrated facility of 5,000 sq.m). Innovation scope across targeted TRLs and skills from foundation to HE, with focus on applied.
Service Solution	Mixed Capital Build and Procured Operator with delivery partners
Service Delivery	Procured Operator – bringing relevant practice and skills development capabilities
Implementation	(see SOC Appraisal)
Funding	5, 7-year project (10yr benefits horizon)

Sensitivity analysis has shown the preferred implementation as being most resilient in face of key risks occurring, from both UK and regional perspectives. Risks occurring that result in delayed and/or reduced benefits have the most significant impact on most implementations, although the Preferred Option presents a high level of resilience.

2.2 Investment Objectives & Critical Success Factors

The Internet Coast programme, along with HM Treasury Green Book guidance provides the overarching framework for defining Critical Success Factors and Investment Objectives (S6). These objectives sit alongside those of the associated AMPF as presented in the SOC and prior PBC. A work stream focused on developing these provided a feasibility report examining the potential for the region, baselined against similar initiatives delivered in comparable context⁵⁵. This section presents the IOs and CSFs with relevant notes on their development/rationale;

<i>IO1 - To support the delivery of the SILCG programme, by constructing an Enhanced Advanced Manufacturing Production Facility and associated National Net Zero Skills Centre of Excellence by 2027.</i>
The PBC has presented the need for advanced practice and skills development to be developed in support of the Programme level ambitions.

NPT Council and partner activity to date has developed a mix of indigenous and inward-investing enterprise within the cluster. The baseline and growth trend identified through ongoing research and project development has defined existing to longer-term requirements. Working closely with major

⁵⁵ A summary of this feasibility study was presented to WG, with latest update in June 2023

industry players including UK-wide strategic businesses such as Tata Steel has allowed many opportunities to flourish, though pent-up demand remains for facilities proximate to relevant facilities, for both start-up and large-firm partners. This is evidenced through activities such as the forthcoming Celtic Freeport initiative.

IO2 - *To deliver industry led, net zero skills training and development. Upskilling the local/regional/national labour markets with appropriate skills to enable transition to a net zero economy, whilst supporting the development local and regional low carbon projects by 2033.*

Supporting the upskilling of 3,500 individuals within the period at Level 3+.

Aligned to the SBCR Internet Coast ambition, EAMPF supports emphasis on high-value (GVA contribution) employment creation. The NPT track-record demonstrates the potential for significant job creation with high levels of additionality, targeting Advanced Manufacturing including Low Carbon Technologies. As presented in the Strategic Case, the global growth of this sector, including SIA-identified⁵⁶ smart specialisations shows this to be a strong area of potential for SBCR/UK. It also requires focus upon the role of the wider ecosystem of skills providers to provide the breadth needed for the evolving sector. Consultation has taken place with the RLSP and the SBCD skills and talent programme to identify areas of focus.

IO3: *To establish as a central hub for national RD & I activity. Using the state of the art facilities to increase the number and quality of low carbon businesses in the region, promoting further investment and innovation, by 2033.*

To realise 5,000 sq.m of market-driven facilities to support advanced practice and skills development for innovation and low carbon growth.

Connected to IO2, the facilities will have a focus on high TRL/MRL activity. Recent major inward-investments in preparation for Internet Coast demonstrate the potential for developing this innovation approach within SBCR, to benefit the UK as a whole. The Bay Technology Centre has shown how major partner initiatives attract and catalyse further innovation.

Critical Success Factors (CSFs)

The CSFs to support achievement of the above objectives included *Strategic Fit, Business Needs, Potential Value for Money, Potential Achievability, Supply-side Capacity and Potential Affordability*, along with the following project-specific factors:

⁵⁶ South Wales Crucible Science and Innovation Audit 2015 undertaken for UK Government

PBC Integration: The Supporting Innovation and Low Carbon Growth Programme is critical framing for the project proposal. Projects being realised through this broader PBC are not just important context but provide significant opportunity to maximise potential for the specific skills ambitions via their infrastructure and sector engagement. The ability of EAMPF to deliver effectively into this agenda requires alignment of capabilities, activities and timescales to maximise impact, manage risk and optimise value for money.

Internet Coast Integration: Drawing upon the new wave of General-Purpose Technology in AI and IoT is an important part of the case for change, and critical to achieving the longer-term spending objectives. Using the regional assets, existing and forthcoming, including the broader Internet Coast project portfolio is an important factor in delivering the targeted innovation activity.

2.2.1 Long List Options

A long-list of options was developed through a work stream from PBC to project-specific SOC, supported by desk-based research and review of initiatives targeting similar benefits. The long-list has been reviewed and updated at each stage of development. This process drew upon a depth of research of the regional cluster and its development potential, with specific focus upon the role of infrastructure and skills developments (see also Strategic Case).

Noting the alignment with the broader SBCR portfolio and the Supporting Innovation and Low Carbon Growth programme, development of the options framework has been through significant development and continued review. This has assisted in developing a broad and robust Options Framework, co-developed with stakeholders from across the region.

The summary of the long-list options including summary review is presented below, together with the Options Framework itself and identified Preferred Approach.

Approach	A - Do Minimum: Rely on existing activity/sites
Description	<p>This option describes no expansion of the existing ecosystem but aiming to focus activities to maximise efficiency of existing facilities. Current facilities and training activities are financed through various mechanisms already in place through a variety of internal and external funding models.</p> <p>Optimising configuration/capacity of existing activity/sites to accommodate growth and application of new technologies (e.g. IoT/AI). This would require some level of investment for reconfiguration to support new use cases, though with potential to capture some benefit through broader projects (including SBCR). As such, this approach would capitalise on sunk investments though with minimal new expenditure.</p>

Review	The approach provides greatest affordability, though weakest additionality. As shown in the case for change, existing facilities are operating at capacity with diminishing returns to improve their efficiency. Alongside potential capacity limits, the Approach would also miss the ambition to realise the Hub/Centre as a focus for the sector. In this respect the achievability is high, though with minimal impact upon business needs, strategic fit or integration. The approach would not achieve the investment objectives.
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Approach	B – Dispersed Growth: Investment fund for disparate activities
Description	<p>Creating a fund to invest in individual opportunities across the region on a competitive basis as they emerge in a portfolio of disparate activities/facilities. This would create pockets of infrastructure across the region with potential for co-investment from host organisations.</p> <p>The approach could draw upon previous business infrastructure investment models as used by Welsh Government, NPT itself, and development agencies. This could potentially be delivered through an open or rolling call, aligned with the Supporting Innovation and Low Carbon Growth targeted activities.</p>
Review	The approach would have the benefit of being market-led, attuned to individual opportunities. However, there is risk of overlap with other Projects within the Programme, as well as greater challenge in achieving alignment between potentially disparate activities.

Approach	C- Intermediate I: Incremental development of activity at existing sites
Description	<p>This option synthesizes a range of options considered at SOC stage, involving variants of smaller premises, existing business development and operator structure. A relatively limited investment across key sites (notably Harbourside) sites considered to begin an incremental increase in capacity and capabilities.</p> <p>This could involve redevelopment of facilities working with skills providers, made available through the reconfiguration of sites within the broader developments, or creation of new facilities contiguous with existing Low Carbon innovation activity.</p>

Review	Existing arrangements and familiarity with sites/operations gives potential confidence to deliverability while modest investment requirements give strong affordability. A range of facilities and operating models may fragment activity losing coordination and impact. It could also lack the initial scale required to attract further investment. As such, the scale of activity provides limited delivery against business needs and impact against investment objectives.
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Approach	D – Individual NZ Skills Centre - Dedicated facility for delivery of relevant skills programmes
Description	This option would involve creation of a new facility, with purpose of delivering new skills programmes for the NZ sector. Access to specialist facilities/equipment in-house and/or through partners would require consideration. Established outside of existing providers/provision it offers potential for multiple providers.
Review	The option aligns well with much of the ambition, delivering a clear focus for targeted skills development. A level of independence could also support multiple delivery partners maximizing reach/scope. However, weaker potential integration with the wider PBC and duplication of scope are limitations which undermine. It does however remain a further alternative following the Preferred and identified Alternative.

Approach	E - Intermediate II: Mixed – Integrated Advanced Practice and skills development facility (<i>Preferred Approach</i>)
Description	<p>This option describes a larger (in comparison to C) investment into an integrated advanced practice and skills facility. This option reflects a number of variants explored in the SOC, and delivers potential benefits of option D including a number of operator approaches.</p> <p>The option offers scope for longer-term co-investment through partnering model, as being developed through other City Deal projects. This could utilise existing activity and infrastructure at the site to demonstrate commercial viability.</p>
Review	<p>The option performs more strongly against critical success factors, including greater integration with the Supporting Innovation and Low Carbon Growth programme. Achievability of the approach is high, along with supply-side capacity based on experience of previous phases.</p> <p>The requirement for partnered delivery reduces capability challenges, albeit with reduced affordability, though increased potential value for money</p>

Option	F - Intermediate III: Multiple Site Incremental Development and fund for disparate activities
Description	This option describes the creation of a fund as described in Option B to invest in small opportunities across the region in addition to the expansion of a focal skills development facility as described in Option D .
Review	The approach combines the benefits of both approaches, however it also brings forwards the same challenges. Furthermore, the dispersed nature of the activity and potentially unaligned delivery of capacity could provide greater challenge in aligning supply-side capacity/co-investment

Option	G - Do Maximum: Expand existing sites and establish new Integrated Facility (+D)
Description	This option is a re-scoped Do Maximum following initial SOC appraisal. It describes all potential components of the wider appraisal, including a central facility, investment fund and distributed development. This is the most ambitious option, creating significant capacity across the region. In essence, it presents the total transformation plan within a single project.
Review	Being the most ambitious option, it aligns with critical success factors and spending objectives. However, affordability and supply-side capacity would be challenged, along with availability of sites and alignment with interdependencies within the broader programme delivery.

EAMPF: Options Framework

	A - Do Minimum: Rely on existing activity/sites	B – Dispersed Growth: Investment fund for disparate activities	C- Intermediate I: Incremental development of activity at existing sites	D - Individual NZ Skills Centre - Dedicated facility for delivery of relevant skills programmes	E - Intermediate II: Mixed – Integrated Advanced Practice and skills development facility	F - Intermediate III: Multiple Site Incremental Development and fund for disparate activities	G - Do Maximum: Expand existing sites and establish new Integrated Facility (D+)
Description	This option describes no expansion of the existing ecosystem but aiming to focus activities to maximise efficiency of existing facilities. Current facilities and training activities are financed through various mechanisms already in place through a variety of internal and external funding models.	Creating a fund to invest in individual opportunities across the region on a competitive basis as they emerge in a portfolio of disparate activities/facilities. This would create pockets of infrastructure across the region with potential for co-investment from host organisations.	This option synthesizes a range of options considered at SOC stage, involving variants of smaller premises, existing business development and operator structure. A relatively limited investment across key sites (notably Harbourside) sites considered to begin an incremental increase in capacity and capabilities.	This option would involve creation of a new facility, with purpose of delivering new skills programmes for the NZ sector. Access to specialist facilities/ equipment in-house and/or through partners would require consideration. Established outside of existing providers/ provision it offers potential for multiple providers.	This option describes a larger (in comparison to C) investment into an integrated advanced practice and skills facility. This option reflects a number of variants explored in the SOC, and delivers potential benefits of option D, including a number of operator approaches. The option offers scope for longer-term co-investment through partnering model, as being developed through other City Deal projects.	This option describes the creation of a fund as described in Option B to invest in small opportunities across the region in addition to the expansion of a focal skills development facility as described in Option D .	This option is a rescope of Do Maximum following initial SOC appraisal. It describes all potential components of the wider appraisal, including a central facility, investment fund and distributed development. This is the most ambitious option, creating significant capacity across the region. In essence, it presents the total transformation plan within a single project.
Scope	Utilise existing facilities and ecosystem activities to support growth of existing, and capture of new, opportunities. Capital investment limited to enhancing efficiency of existing facilities. Potential for ~500sq.m. of mixed distributed facilities^	Develop specialist capabilities / capacities in locations across SBCR with public and private sector in response to emerging opportunities. This would be market-led opportunities developing a portfolio of projects giving Open Access capabilities	Work towards ~5,000sq.m. (demand projection) of distributed capability across the cluster. Potential development of skills programmes with partners focused on each site	Development of 1,000sq.m. standalone facilities for skills programmes. Potential partnership delivery of FE/HE and industry-led delivery. In-house/partnered equipment for programmes. Potential to build upon Option A or fully-independent operation.	In line with demand projections, create a ~5,000sq.m. integrated facility for advanced practice and skills development. Innovation scope across targeted TRLs and skills from foundation to HE, with focus on industry-led practice.	Providing a combination of approaches B&D with i.e. 5,000sq.m. facility and other developments based on demand^	Develop both central and distributed capabilities offering ~5,000 + 5,000sq.m. total in order to progress ahead of demand. Skills offerings as per Option D with scope for further partner-based activity in distributed locations.
Service Solution	NPT innovation/skills support to existing activities	Development of facilities across the region through open competition amongst existing ecosystem	Mixed Capital Build and Procured Operator with delivery partners	Mixed Capital Build and Procured Operator with delivery partners	Mixed Capital Build and Procured Operator with delivery partners	Combination of Implementation Approaches B&D	Mixed Capital New Build, with multiple Operators
Service Delivery	Existing facilities delivery	Diverse (Procured) Ecosystem – portfolio procured/ partnered on individual opportunity basis	Existing organisation arrangements	Standalone skills operator, bringing aligned access	Procured Operator – bringing relevant practice and skills development capabilities (see SOC Appraisal)	Procured Operator – bringing relevant practice and skills development capabilities (see SOC Appraisal)	Mixed: Procured Operator/Other (see SOC Appraisal)
Implementation	Immediate start as 3/5-year project	3-year project – Competition / procurement of portfolio of investments	5-year project	3 year facility project, 10 year delivery	3 year facility project, 10 year delivery	5 year facility project, 10 year delivery	Immediate start ~7yr project
Funding	Nil City Deal funding	~£5.3m City Deal Funding.	~£5.3m City Deal Funding.	~£5.3m City Deal Funding.	~£5.3m City Deal Funding.	~£5.3m City Deal Funding plus other funding sources.	~£5.3m City Deal Funding plus other funding sources.

^ Balance of facility provision reflects Need/Demand section: See Market Assessment Annex and original SOC Assessment

Investment Objectives and Critical Success Factors

	A - Do Minimum: Rely on existing activity/sites	B – Dispersed Growth: Investment fund for disparate activities	C- Intermediate I: Incremental development of activity at existing sites	D - Individual NZ Skills Centre - Dedicated facility for delivery of relevant skills programmes	E - Intermediate II: Mixed – Integrated Advanced Practice and skills development facility	F - Intermediate III: Multiple Site Incremental Development and fund for disparate activities	G - Do Maximum: Expand existing sites and establish new Integrated Facility (D+)
Description	This option describes no expansion of the existing ecosystem but aiming to focus activities to maximise efficiency of existing facilities. Current facilities and training activities are financed through various mechanisms already in place through a variety of internal and external funding models.	Creating a fund to invest in individual opportunities across the region on a competitive basis as they emerge in a portfolio of disparate activities/facilities. This would create pockets of infrastructure across the region with potential for co-investment from host organisations.	This option synthesizes a range of options considered at SOC stage, involving variants of smaller premises, existing business development and operator structure. A relatively limited investment across key sites (notably Harbourside) sites considered to begin an incremental increase in capacity and capabilities.	This option would involve creation of a new facility, with purpose of delivering new skills programmes for the NZ sector. Access to specialist facilities/ equipment in-house and/or through partners would require review. Established outside of existing provision it offers potential for multiple providers.	This option describes a larger (in comparison to C) investment into an integrated advanced practice and skills facility. This option reflects a number of variants explored in the SOC, and delivers potential benefits of option D, including a number of operator approaches. The option offers scope for longer-term co-investment through partnering model.	This option describes the creation of a fund as described in Option B to invest in small opportunities across the region in addition to the expansion of a focal skills development facility as described in Option D .	This option is a rescope Do Maximum following initial SOC appraisal. It describes all potential components of the wider appraisal, including a central facility, investment fund and distributed development. This is the most ambitious option, creating significant capacity across the region. In essence, it presents the total transformation plan within a single project.
Investment Objectives:							
Support SILCG Programme	Limited potential without dedicated resources	Limited potential coordination with fully market-led approach	May not provide the scale/pace of transformation.	May lack some integration (see PBC)	Provides scope that covers demand assessment	Provides scope that covers demand assessment	Provides scope that covers demand assessment
Delivers Skills development	Limited potential without dedicated resources	Limited potential coordination with fully market-led approach	Challenge to cohere skills delivery across sites/partners	Provides scope that covers demand assessment	Provides scope that covers demand assessment	Provides scope that covers demand assessment	Provides scope that covers demand assessment
Provide appropriate facilities	Limited potential without dedicated resources	Limited potential coordination with fully market-led approach	Incremental developments may not maximise capacity growth	Standalone nature challenges futureproof	Specification challenge (flexible) (note: operator dependency)	Combined strengths/challenges of Options B + D	Fullest potential to deliver range of facilities
Increase low carbon RD&I/enterprise	Limited activity to support additional outputs/outcomes	Market-led approach focused on specific business needs	Market-led approach focused on business needs less than Option B	Market-led approach focused on specific business needs	Commercial focus (note: operator dependency)	Potential of both Options B + D	Greatest scope for supporting innovation/enterprise
Evaluate impact	Based on existing activity	Dispersed/overlapping activities challenge to evaluate	Identifiable sites/activities support evaluation	Identifiable sites/activities support evaluation	Identifiable sites/activities support evaluation	Dispersed/overlapping activities challenge to evaluate	Dispersed/overlapping activities challenge to evaluate
Critical Success Factors							
Strategic Fit	Offers very limited delivery	Supports market-led ambitions, though limited alignment	Uncertainty over relevance of existing sites/activities	Aligns with context (see also PBC)	Aligns with context (see also PBC)	Potential of both Options B + D	Delivers comprehensively against ambitions
Business Needs	Offers very limited delivery	Supports market-led ambitions, though limited alignment	Alignment with Market-demand to be tested	Aligns with Market-demand	Aligns with Market-demand	Aligns with Market-demand (see research summary)	Capacity may run ahead of requirements
PBC Integration	Status quo within PBC baseline	Overlaps with scope from existing project	Limited/uncertain alignment with PBC ambitions	Risks duplication and/or gaps	Aligns with PBC ambitions	Overlaps with scope from existing project	Overlaps with scope from existing project
Internet Coast Integration	Status quo within SBCR portfolio baseline	Challenge to coordinate, for both PBC and SBCR levels	Aligns with SBCR ambitions	Aligns with SBCR ambitions	Aligns with SBCR ambitions	Aligns with SBCR ambitions	Aligns with SBCR ambitions
Potential Value for Money	Limits scope to exploit other investments	Overlap with other PBC projects undermines VfM	Distributed sites potential loss of economy of scale	Potential duplication of facilities with AMPF	Offers economy of scale – subject to effective specification	Could be flexed according to demand	Capacity may run ahead of requirements

Potential Achievability	Limited requirements	Mature systems, though overlap presents likely difficulty	Mature systems, strong NPT track record	Mature systems, strong NPT track record	Mature systems, strong NPT track record	Could be flexed according to demand	Scale and resource requirement challenges infrastructure
Supply-side Capacity	Limited requirements	Diverse activities may end up competing for limited supply	Unknown – uncertain availability prior to testing (risk)	Unknown – uncertain availability prior to testing (risk)	Mature systems, strong NPT track record (e.g. Bay Tech/Inn Centre)	Diverse activities may end up competing for limited supply	Diverse activities may end up competing for limited supply
Potential Affordability	Status quo	Distribution increased cost Potential co-investment?	Scope could be flexed to budget	Potential additional equipment required	Requires alignment with PBC	Beyond PBC Scope	Significantly beyond PBC scope

Preferred Approach

	A - Do Minimum: Rely on existing activity/sites	B – Dispersed Growth: Investment fund for disparate activities	C- Intermediate I: Incremental development of activity at existing sites	D - Individual NZ Skills Centre - Dedicated facility for delivery of relevant skills programmes	E - Intermediate II: Mixed – Integrated Advanced Practice and skills development facility	F - Intermediate III: Multiple Site Incremental Development and fund for disparate activities	G - Do Maximum: Expand existing sites and establish new Integrated Facility (D+)
Description	This option describes no expansion of the existing ecosystem but aiming to focus activities to maximise efficiency of existing facilities. Current facilities and training activities are financed through various mechanisms already in place through a variety of internal and external funding models.	Creating a fund to invest in individual opportunities across the region on a competitive basis as they emerge in a portfolio of disparate activities/facilities. This would create pockets of infrastructure across the region with potential for co-investment from host organisations.	This option synthesizes a range of options considered at SOC stage, involving variants of smaller premises, existing business development and operator structure. A relatively limited investment across key sites (notably Harbourside) sites considered to begin an incremental increase in capacity and capabilities.	This option would involve creation of a new facility, with purpose of delivering new skills programmes for the NZ sector. Access to specialist facilities/equipment in-house and/or through partners would require consideration. Established outside of existing providers/provision it offers potential for multiple providers.	This option describes a larger (in comparison to C) investment into an integrated advanced practice and skills facility. This option reflects a number of variants explored in the SOC, and delivers potential benefits of option D, including a number of operator approaches. The option offers scope for longer-term co-investment through partnering model, as being developed through other City Deal projects.	This option describes the creation of a fund as described in Option B to invest in small opportunities across the region in addition to the expansion of a focal skills development facility as described in Option D .	This option is a rescope of Do Maximum following initial SOC appraisal. It describes all potential components of the wider appraisal, including a central facility, investment fund and distributed development. This is the most ambitious option, creating significant capacity across the region. In essence, it presents the total transformation plan within a single project.
Scope	Utilise existing facilities and ecosystem activities to support growth of existing, and capture of new, opportunities. Capital investment limited to enhancing efficiency of existing facilities. Potential for ~500 sq.m. of mixed distributed facilities^	Develop specialist capabilities / capacities in locations across SBCR with public and private sector in response to emerging opportunities. This would be market-led opportunities developing a portfolio of projects giving Open Access capabilities	Work towards ~5,000sq.m. (demand projection) of distributed capability across the cluster. Potential development of skills programmes with partners focused on each site	Development of 1,000sq.m. standalone facilities for skills programmes. Potential partnership delivery of FE/HE and industry-led delivery. In-house/partnered equipment for programmes. Potential to build upon Option A or fully-independent operation.	In line with demand projections, create a ~5,000sq.m. integrated facility for advanced practice and skills development. Innovation scope across targeted TRLs and skills from foundation to HE, with focus on industry-led practice.	Providing a combination of approaches B&D with i.e. 5,000sq.m. facility and other developments based on demand^	Develop both central and distributed capabilities offering ~5,000 + 5,000sq.m. total in order to progress ahead of demand. Skills offerings as per Option D with scope for further partner-based activity in distributed locations.
Service Solution	NPT innovation/skills support to existing activities	Development of facilities across the region through open competition amongst existing ecosystem	Mixed Capital Build and Procured Operator with delivery partners	Mixed Capital Build and Procured Operator with delivery partners	Mixed Capital Build and Procured Operator with delivery partners	Combination of Implementation Approaches B&D	Mixed Capital New Build, with multiple Operators
Service Delivery	Existing facilities delivery	Diverse (Procured) Ecosystem – portfolio procured/partnered on individual opportunity basis	Existing organisation arrangements	Standalone skills operator, bringing aligned access	Procured Operator – bringing relevant practice and skills development capabilities (see SOC Appraisal)	Procured Operator – bringing relevant practice and skills development capabilities (see SOC Appraisal)	Mixed: Procured Operator/Other (see SOC Appraisal)
Implementation	Immediate start as 3/5-year project	3-year project – Competition / procurement of portfolio of investments	5-year project	3 year facility project, 10 year delivery	3 year facility project, 10 year delivery	5 year facility project, 10 year delivery	Immediate start ~7yr project
Funding	Nil City Deal funding	~£5.3m City Deal Funding.	~£5.3m City Deal Funding.	~£5.3m City Deal Funding.	~£5.3m City Deal Funding.	~£5.3m City Deal Funding plus other funding sources.	~£5.3m City Deal Funding plus other funding sources.

2.3 Short Listed Options

Long-list options were reviewed against the Critical Success Factors (see Section 2.2) and to determine potential performance against the Investment Objectives. The risk assessment (included as Appendix 4) was used to support this exercise together with experience of the stakeholder group. The Preferred and Alternative Approach options both involved integration with the existing AMPF plans, to optimise value for money and programme integration.

The following table presents the short-list options, including the Do-Minimum. Options relating to development of elements of the PBC (i.e. based on Preferred Approach) draw significantly upon prior work undertaken by the Supporting Innovation and Low Carbon Growth team. This includes comprehensive need and demand studies, along with development of the Strategic Case. All Options, including those from the SOC have been reviewed against the refreshed Strategic Case, noting the macro-context of challenges and opportunities of a post-Brexit UK, and the SBCR/NPT vision for development of strategic sites. The short-listed options, together with review criteria are as follows;

Do Minimum: This option describes no expansion of the existing ecosystem but the reconfiguration of existing space and activity to maximise efficiency of existing facilities, with focus on NZ skills development. Current endeavours are financed through various mechanisms already in place through a variety of funding models. A number of prior projects (e.g. Bay Technology and Innovation Centre) provide context for such reconfigurations, while potential benefits are considered from baseline performance. Providers, local and further afield could contribute to the skills delivery, though there would be dependence upon alignment with their capacities/missions and potential competing priorities. This has recently been reviewed in the context of the need and demand analysis to establish the counterfactual based on existing capabilities/capacity.

Support SILCG Programme	Limited additionality
Delivers Skills development	Limited additionality
Provide appropriate facilities	Limited beyond existing ecosystem engagement
Increase low carbon RD&I/enterprise	Limited additionality, though with robust/extensive existing ecosystem
Evaluate impact	Continued need/demand monitoring

Strategic Fit	Limited contribution to ambitions
Business Needs	Minimal impact upon needs
PBC Integration	PBC Baseline
Internet Coast Integration	Existing integration, though delivers limited additionality
Potential Value for Money	Diminishing returns on existing at capacity infrastructure
Potential Achievability	Viable
Supply-side Capacity	Viable
Potential Affordability	Viable – status quo

Preferred Option: This option describes an integrated service/facility being delivered within the NPT ecosystem/site to establish leading practice and skills development, in support of broader industry-led activity across the region. The facility would be integrated with AMPF to maximise impact of both investments, reducing duplication of resources and offering combined practice/skills support to the sector. In line with demand projections, creation of a procured partner operated ~5,000 sq.m. integrated facility for advanced practice and skills development. Innovation scope across targeted TRLs and skills from foundation to HE, with focus on industry-led practice.

Support SILCG Programme	Provides scope that covers demand assessment
Delivers Skills development	Provides scope that covers demand assessment
Provide appropriate facilities	Specification challenge (flexible) (note: operator dependency)
Increase low carbon RD&I/enterprise	Commercial focus (note: operator dependency)
Evaluate impact	Identifiable sites/activities support evaluation

Strategic Fit	Aligns with (see also PBC)
Business Needs	Aligns with Market-demand (see research summary)
PBC Integration	Aligns with PBC ambitions
Internet Coast Integration	Aligns with SBCR ambitions
Potential Value for Money	Offers economy of scale – subject to effective specification
Potential Achievability	Mature systems, strong NPT track record
Supply-side Capacity	Mature systems, strong NPT track record (e.g. Bay Tech/Inn Centre)
Potential Affordability	£17.2m SBCD funding secured. Additional £5.3m required (Subject to the approval of this OBC).

The Preferred Option utilises the Preferred Approach together with the PBC planning to provide a developed implementation. This uses comprehensive review for PBC and project-specific need/demand and scoping. This presents an implementation as follows which optimises the preferred option against the Critical Success Factors and maximises potential delivery against Investment Objectives;

Scope	In line with demand projections, create a ~5,000 sq.m. integrated advanced manufacturing production facility (4,000 sq.m) and net zero skills centre of excellence (1,000 sq.m). Innovation scope across targeted TRLs and MRLs, skills from foundation to HE, with focus on applied.
Service Solution	Mixed Capital Build and Procured Operator with delivery partners
Service Delivery	Procured Operator – bringing relevant practice and skills development capabilities (see SOC Appraisal).

Implementation	5, 7-year project
Funding	~£5.3m City Deal Funding. (£17.2m City Deal Funding already secured.)

Alternative 1: This option describes the creation of an investment fund to invest in individual skills development opportunities across the region on a market-led competitive basis as they emerge in a portfolio of disparate activities/facilities, alongside the development of core activity (based on Option E). Consideration of critical success factors and performance against spending objectives reads across the Preferred Option, and Alternative 2, though with a slower ramp-up of activity.

Support SILCG Programme	Provides scope that covers demand assessment
Delivers Skills development	Provides scope that covers demand assessment
Provide appropriate facilities	Combined strengths/challenges of Options B + D
Increase low carbon RD&I/enterprise	Potential of both Options B + D
Evaluate impact	Dispersed/overlapping activities challenge to evaluate

Strategic Fit	Potential of both Options B + D
Business Needs	Aligns with Market-demand (see research summary)
PBC Integration	Overlaps with scope from existing project
Internet Coast Integration	Aligns with SBCR ambitions
Potential Value for Money	Could be flexed according to demand
Potential Achievability	Could be flexed according to demand
Supply-side Capacity	Diverse activities may end up competing for limited supply
Potential Affordability	Beyond PBC Scope

Alternative 2: This option describes the creation of an investment fund to invest in individual opportunities across the region on a competitive basis as they emerge in a portfolio of disparate activities/facilities – aligns with Option B – used to test Preferred Option and Variants.

The short-listed options were subject to Cost-Benefit Analysis, against the baseline as presented in the following section.

2.4 Cost Benefit Analysis

The following section presents an updated Economic Case to the EAMPF SOC. It has been developed in line with updated Green Book guidance (Treasury, 2020), with appraisal focused on targeted productivity effects (wage premium). The analysis sits alongside that already undertaken and presented in the earlier 2017 *Internet Coast Proposal Impact Appraisal*, based on job creation both within the development itself and as a wider result of the initiative. It also allows for alignment in considering the SILCG ambitions incorporated into the AMPF as defined in the PBC (used as a subsequent benchmark for appraisal). Both AMPF and Skills aspects aim to increase productivity through supported sectors. Therefore, to avoid risk of double-counting across benefits relating to job creation/safeguarding⁵⁷ and productivity from enhanced skills, these are analysed from focus on the latter. This factors those engaged within/through AMPF as part of the upskilled to protect consideration of additionality.

EAMPF aims to contribute to the region and wider UK economy by supporting growth of high GVA activity in Advanced Manufacturing, with focus upon net-zero technologies, including those with existing and emerging strengths in the NPT cluster. This is reflected in the broader cluster context noted in analysis of the region by SQW (2016), and specifically as driven by the strategic Steel and Renewable Energy capabilities across the region. These strengths, and the interplay of high productivity sectors within the cluster also underpins the current *South Wales Crucible* Science and Innovation Audit (SIA), and as echoed by the recently-announced Celtic Freeport initiative.

2.5 Appraisal Summary

The following table presents a summary of the short-listed Options appraised against the Business as Usual baseline, and applying the parameters presented in later sections of this document. The PBC AMPF values have also been included to provide a level of comparison with the original projected performance for that activity.

UK

Option	10 Year BCR	10 Year NPSV
Do Minimum	1.3	£557k
Preferred Option	2.54	£32.5m
Alternative Option (1)	1.58	£8.2m
Alternative Approach (2)	2.2	£29.3m
PBC Benchmark ⁵⁸	2.2	£29.6m

⁵⁷ Benefits presented in AMPF SOC and PBC

⁵⁸ Noting separate analysis in PBC (Annex) – with broadly consistent parameters, although that was undertaken over a longer time horizon and excluded OB which would have given a higher value in comparison.

Regional

Option	10 Year BCR	10 Year NPSV
Do Minimum	1.81	£1.27m
Preferred Option	3.1	£44.2m
Alternative Option (1)	1.92	£12.95m
Alternative Option (2)	2.2	£29.3m

2.6 Options and Counterfactual

This appraisal is undertaken against the baseline ‘Do-Nothing’ case, alongside ‘Do Minimum’, and ‘Alternative’ Options as presented in the Appendix. The Do-Nothing baseline is developed from analysis of the SBCR economy presented in the SQW analysis, along with sector-specific insight from RLSP and other publications, and further data drawn from ONS. Projected performance of each option is based upon regional and sector insight for need and demand⁵⁹ drawn from industry, government (including extensive NPTC research), and academic sources, as noted throughout this document and as referenced throughout the wider Business Case. The PBC benchmark, included to identify the additionality of the SILCG activity is drawn from the summary provided in the 2021 PBC.

Do-Nothing involves the relative plateauing of related ‘Priority’ sectors within the region, as projected by SQW (2016, 2022), notably in Manufacturing in the region on the basis that it is limited in embracing emerging practice and opportunities. This implies continued regional reliance on the challenged parts of industrial sectors, identified by SQW and therefore potential continued divergence from UK and Wales levels of productivity. It is recognised that this sector perspective, derived from SIC coding of activities, is limited in respect to the broader cluster⁶⁰ (SIA 2015, SQW 2022). However, it does provide a baseline for regional knowledge-based economic activity to support consideration of Options. The recently-announced Freeport initiative and other already-approved SILCG projects present that Do-Nothing is unrealistic, for a level of skills development will be required within the region. Therefore, Do Minimum is a more significant baseline for this options appraisal.

Continuing divergence from Wales and UK average GVA per capita performance suggests the Do-Nothing baseline would be a negative trend. However, for the purpose of this appraisal the current regional average is utilised and therefore the current GVA per capita of targeted sectors is also used for future years (i.e. without inflation/growth, though with STPR⁶¹ discounting).

⁵⁹ Including that noted in the earlier SOC

⁶⁰ As seen from the Smart Specialisation perspective capture in the South Wales Crucible Science and Innovation Audit undertaken for UK Government.

⁶¹ For the Time Horizon applied, this utilises the 3.5% Green Book STPR figure

2.6.1 Productivity Uplift (Wage Premium/GVA per worker)

SBCR is part of the West Wales & Valleys region which has suffered a long-standing productivity gap with the rest of Wales, UK and EU which has resulted in its qualification for three rounds of EU Structural Funds support. This hides a sectoral disparity though, which underpins a renewed strategy to pursue more productive activities in 'Priority' sectors, including those involved in the Internet Coast programme.

GVA per hour worked within Advanced Manufacturing in Wales during the period 2006-2014 showed strong upward trajectory, outperforming against UK trends at ~110%⁶². This was set within the wider economy which performed at ~75% of UK average. This must be viewed within the regional sector context, where SQW (2016) presented a £11,900 deficit between mean regional and UK GVA per capita (£34,300 compared to £46,200), i.e. a difference of 34.7%. Other available data⁶³ aligns with these values. The Salary Uplift for Advanced Manufacturing sector in the region sits above this average by £10,800 per employee⁶⁴, while providing reskilling opportunities for those in more challenged sectors thereby also avoiding reductions.

Advanced Manufacturing practice and skills also relates to other high-GVA sectors, which would reinforce this potential. The regional relationship between Priority sectors including Advanced Manufacturing alongside ICT and associated segments of MedTech is of particular note, with these sectors performing in line with broader UK (Davies et al., 2018). However, it should be noted that there are wider benefits provided through reduced carbon impact, as well as health and wellbeing improvements. While these relate indirectly to the Investment Objectives they are hereby noted.

It is recognised that the options appraised may result in a range of skills and economic activity, though all with a focus on Priority Sectors. Therefore, each option involves comparison between contribution to such sectors compared to the regional average.

The current, and anticipated impact of post Covid-19 and more recent economic turmoil due to the further Russian invasion of Ukraine, both in the near and longer-term serve to reinforce the importance and growth of sectors supported by the Spending Objectives. This is noted in the updated Risk Assessment.

2.6.2 Additionality and National / Regional Contexts

As development and application of skills in Advanced Manufacturing would be at the expense of potential for another sector this appraisal focuses on the potential improved GVA provided

⁶² Priority sector statistics 2016 – New GVA Data, Statistics & Research, Welsh Government, <http://gov.wales/statistics-and-research/priority-sector-statistics/?tab=previous&lang=en>

⁶³ Regional GVA NUTS2, Office for National Statistics, <https://www.ons.gov.uk/economy/grossvalueaddedgva/datasets/regionalgvanuts2>

⁶⁴ ONS data used in development of SOC

compared to alternative use. This relates solely to the above noted differential between targeted sectors and the wider regional economy.

Some benefit linked to the initiative could naturally be achieved, while the proposed activity will also to an extent substitute or displace other activity(ies). Indeed, some skills would have been otherwise developed (i.e. elsewhere) or applied in other sectors. The intervention tackles growing and unsatisfied demand for STEM skills, which will be further pressured by ongoing economic uncertainty. This in itself supports additionality of the initiative, together with evidence of such demand at the regional level (RLSP 2022). To address consideration of additionality, the appraisal draws upon guidance including that of UK Government (BIS, 2009, Treasury, 2018) and other sources (Partnerships, 2008, EU, 2013) to consider additionality with regard to both spatial and activity contexts. From a south west Wales regional perspective, evaluations of prior ERDF activities give some context to potential levels of additionality. (Oldbell3, 2012).

The main analysis presents the case for UK-level benefit of the EAMPF initiative, however there is strong regeneration theme and ambition to restructure the SBCR economy within the Internet Coast City Deal giving emphasis to benefit to the region. As presented in Annex 3 of the Green Book, distributional analysis allows for appraisal at both levels and is here treated as follows with key parameters;

	UK	SBCR
Additionality	30%	15%
Multiplier	Excluded ⁶⁵	1.4

Mean/Median additionality of benefits derived from development educational infrastructure has been shown to be of the order of 46% and 53% respectively (BIS, 2009)⁶⁶. Noting the potential for leakage, as some skills will leak beyond the UK this is factored as 30%⁶⁷ remaining additionality at the UK level.

From DELHE data, it can be projected that leakage beyond the region will be ~50% of this group, and therefore SBCR additionality is factored as 15%. However, as multiplier effects can be factored at the regional level these are included as ~1.4, which is relatively conservative for knowledge-based activity. For example, recruitment data for Swansea University presents ~50% local input and targets the majority Home/EU. On the output side, data drawn from Destinations of Leavers from Higher Education show strong existing retention within the region and UK.

The nature of the proposed activity also overlaps into the broader health economy with skills supply and innovation activity relating to reindustrialisation around Green growth. The original AMPF scope to create/safeguard jobs, together with the NZ Skills ambitions relate directly to this agenda. Major regional (and national) challenges in recruitment and retention of engineering and technical

⁶⁵ As required by Green Book guidance, though retained for SBCR where below full employment and wider regeneration opportunity support inclusion of multiplier effects

⁶⁶ Though as this is based on a relatively low number of observations a conservative approach has been adopted.

⁶⁷ For the 'Base' Case, with a range of parameters used in Optimistic and Pessimistic Cases

staff suggest that additional supply would be highly additional. This is supported by data presenting that engineering graduates from professionals trained at local HEIs and FE Colleges present strong employability outcomes⁶⁸.

2.6.3 Time Horizon

The Swansea Bay City Region has developed Internet Coast within its 15-year economic strategy through to 2031. The long-term capital investment infrastructure nature of the proposed initiative lends itself to appraisal over a longer-period, of 20-30 years, in line with guidance of organisations such as that proposed specifically for science parks (EU, 2002, EU, 2014). Indeed, EAMPF is presented as part of a longer-term ambition to transform the Advanced Manufacturing Sector and support the transition to Net Zero. For example, certain options relate to activities strongly aligned with initiatives such as the Celtic Freeport, which would involve activity towards the end of the 15-year period, with significant impact sometime thereafter. Benefits arising from these later phase activities are factored separately with associated risks (including for benefits realisation and timescales) considered within the sensitivity analysis.

The SILCG PBC, including for AMPF which relates to the Preferred/Alternative Options noted operation planned through to 2053. Appropriate to the nature of that original scope, the Skills/Productivity project phase can be considered with more confidence in the nearer-term. While this may reduce initial BCR, the more significantly-discounted longer-term impact is less relevant to this appraisal, though represents an important aspect of the proposal.

Therefore, to align with the Internet Coast programme and general Green Book time horizon, a 10-year horizon is used in the appraisal. It should be noted though, that the project plans that describe intention for both the activity and a significant portion of its benefits are, as intended, to be realised beyond this period.

2.6.4 Capital Costs and Residual Values

Costs associated with facilities have been drawn from scoping documents, and as reflected in the PBC and SOC. Potential risk associated with these has been reflected in the scenarios used for the Sensitivity Analysis (see also Risk and Optimism Bias⁶⁹). Noting the Operator/Distributed Funds nature of the Options, this has been split into initial Project Phase and Ongoing Operation, with the latter considering maintenance and refresh.

The EAMPF infrastructure will clearly be of value beyond the 10 and 15-yr time horizons. Therefore, to incorporate residual value and opportunity cost an anticipated market value of the facilities at these points has been incorporated. While depreciation along with facility maintenance is incorporated separately⁷⁰ in the Financial Case, it has in the absence of market projections been

⁶⁸ Recent perspective post-Covid-19 offered by <https://luminare.prospects.ac.uk/>

⁶⁹ Noting PBC Benchmark does not include OB, as well as longer time-horizon

⁷⁰ As noted in 6.13 of the Green Book

used with a standard linear 30-year depreciation cycle⁷¹ to present a relatively conservative market value.

2.6.5 Ongoing Costs and Cash Releasing Benefits

Each of the Options considered involves ongoing activities and associated income/costs being responsibility of the Operator/outside parties (as applicable). For example, the Rent and Service Charge are directly linked to the Operating costs, and as such transferred to the Operator rather than expressed as Cost or Benefit. The PBC, SOC and supporting analysis provide a breakdown of need and demand that underpins this. The Preferred and Alternative options involve a standalone operation (although integrated with AMPF) and as such does not offer CRB.

2.6.6 Wider Benefits

The targeted benefits (as presented in prior sections of the business case) relate predominantly to employment and productivity, though also to broader regeneration. This includes enhancement of the built environment, which along with enhance employment prospects would result in improved land values. This is of particular note for some options which target longer-term impact potential by opening up major development sites. As this may overlap with the productivity uplift seen through the core benefits, it is simply noted here rather than quantified/monetised.

In parallel, improved health outcomes from sustainable redevelopment would result in cash-releasing and other benefits to Health service and other organisations as well as benefits to individuals. Due to the difficulty in distinguishing these benefits, along with the potential positive carbon reduction impact from the contribution of related initiatives (including within the PBC), these are excluded from this analysis.

2.7 Optimism Bias

This section of the appraisal also notes the relatively conventional nature of the construction and operation, though with a potentially diverse range of occupants, and therefore the higher end of the range⁷², 20%, is used to factor for Optimism bias. The proposed activity, across Preferred Approach and Alternative 1 also draw upon organisations with experience in delivery of similar infrastructure projects to time and budget, which suggests this value is relatively conservative (noting in particular the Baglan Technology Centre). For the more complex Options, a higher level of Optimism Bias (25%) is factored, reflecting the different nature of delivery. However, there remains a margin compared to the Preferred Option (see also Switching Values). Do Minimum has

⁷¹ Of note, this aligns with the Project Sponsor accounting practice, RICS Red Book and EU CBA Guidance for developments of this nature EU 2002. Guide to cost-benefit analysis of investment projects. *In: EVALUATION UNIT, D. R. P., EUROPEAN COMMISSION (ed.). Web, EU 2014. Guide to Cost-Benefit Analysis of Investment Projects, Economic appraisal tool for Cohesion Policy 2014-2020. In: POLICY, D.-G. F. R. A. U. (ed.). Web.*

⁷² As noted in Annexe 5 of the Green Book, 2018

zero for Optimism Bias in light of the minimal activity and ambition involved (providing baseline). OB was not included in the AMPF PBC appraisal, which provides confidence in the gap between that and this appraisal.

Potential impact upon benefits realisation has been comprehensively considered through the risk analysis, presented in the risk assessment table (see Appendix 4). This assessment has been undertaken through review of relevant literature and prior projects, and comprehensive review activity with Project Managers/Directors engaged in recent similar initiatives, both within the region/sector and further afield. These risks have been synthesized into parameters used in the sensitivity analysis presented in Section 2.8.

2.8 Sensitivity Analysis

The risk assessment presented in the previous section presents key residual risks, which could potentially result in delayed or reduced benefits realisation, cost increase or combination thereof. Sensitivity analysis, for both Regional and UK level appraisal has therefore reviewed short-listed options with parameters ranging up to 1-year delay, 40% reduction in benefits and 20% cost increase (in addition to factored Optimism Bias).

As the Preferred and Alternative Options are Sensitivity analysis shows switching values of 66% reduction in benefits or 305% increase in cost for Preferred Option before Do Minimum becomes next Option. Alternative 3, involving a distributed fund could also potentially switch if Benefits of the Preferred Option were delayed, though this would be beyond the initial project phase and subject to other risks. The following tables present a further perspective of the Options appraised at UK and Regional Level.

2.8.1 UK Perspective

SBCR Cost-Benefit Analysis: Sept 2023 UK Perspective

Project Name EAMPF

Version 1.1

Date 18/09/2023

Scenario (Base)	10Yr NPSV
A - Preferred Implementation	32,522,362
B - Alternative 1	8,203,760
C - Alternative 2	29,324,922
D - Do Minimum	557,580

Sensitivity Analysis

10Yr NPSV

20% reduction in Wider Benefit	10Yr NPSV
A - Preferred Implementation	-
B - Alternative 1	-
C - Alternative 2	-
D - Do Minimum	-

1Yr Delay in Benefits	10Yr NPSV
A - Preferred Implementation	26,121,413
B - Alternative 1	5,191,060
C - Alternative 2	22,928,237
D - Do Minimum	- 166,461

20% increase in costs	10Yr NPSV
A - Preferred Implementation	28,310,362
B - Alternative 1	5,395,760
C - Alternative 2	24,449,922
D - Do Minimum	183,180

10Yr NPSV

40% reduction in Benefits	10Yr NPSV
A - Preferred Implementation	11,089,417
B - Alternative 1	- 693,744
C - Alternative 2	7,844,953
D - Do Minimum	- 414,252

Slow Mobilisation (6month delay)	10Yr NPSV
A - Preferred Implementation	29,321,888
B - Alternative 1	6,697,410
C - Alternative 2	26,126,580
D - Do Minimum	195,559

1Yr Delay and -20% Wider Benefit	10Yr NPSV
A - Preferred Implementation	-
B - Alternative 1	-
C - Alternative 2	-
D - Do Minimum	-

2.8.2 Regional Perspective

**SBCR Cost-Benefit Analysis: Sept 2023
Regional Perspective**

**Project Name EAMPF
Version 1.1
Date 18/09/2023**

Scenario (Base)	10Yr NPSV
A - Preferred Implementation	44,232,651
B - Alternative 1	12,950,835
C - Alternative 2	29,324,922
D - Do Minimum	2,049,564

Sensitivity Analysis	10Yr NPSV
20% reduction in Wider Benefit	
A - Preferred Implementation	44,135,458
B - Alternative 1	12,439,908
C - Alternative 2	28,181,449
D - Do Minimum	1,952,372

	10Yr NPSV
40% reduction in Benefits	
A - Preferred Implementation	18,115,591
B - Alternative 1	2,154,501
C - Alternative 2	7,844,953
D - Do Minimum	917,739

	10Yr NPSV
1Yr Delay in Benefits	
A - Preferred Implementation	36,007,637
B - Alternative 1	9,168,417
C - Alternative 2	22,928,237
D - Do Minimum	1,223,738

	10Yr NPSV
Slow Mobilisation (6month delay)	
A - Preferred Implementation	40,120,144
B - Alternative 1	11,059,626
C - Alternative 2	26,126,580
D - Do Minimum	1,636,651

	10Yr NPSV
20% increase in costs	
A - Preferred Implementation	40,020,651
B - Alternative 1	10,142,835
C - Alternative 2	24,449,922
D - Do Minimum	1,893,564

	10Yr NPSV
1Yr Delay and -20% Wider Benefit	
A - Preferred Implementation	35,963,642
B - Alternative 1	8,808,734
C - Alternative 2	22,122,153
D - Do Minimum	1,155,630

The sensitivity analysis has shown the preferred implementation as being most resilient in face of key risks occurring, from both UK and regional perspectives. Risks occurring that result in delayed and/or reduced benefits have the most significant impact on most implementations, while cost overruns would have greatest negative affect on Alternative 2 (already most expensive option). Switching value analysis suggests that a 15% increase in costs or ~12% reduction in benefit would be required for Alternative 2 to compete with the Preferred Option. However, as both options would be susceptible to similar risks/challenges, the comparison with Alternative 1 is potentially more relevant where 23% reduction in benefits would potentially result in comparable NPSV.

Regional NPV is generally higher than the UK perspective for all options/scenarios reflecting the localised wider benefits to the regional economy through multiplier effects, offsetting the reduced additionality due to leakage. This also presents that the integrated Skills/AMPF (i.e. EAMPF) initiative is enhanced, with increased NPSV and improved BCR. As such it offers greater potential value for the original AMPF ambition while also leveraging that investment for delivery of the objectives set out for this case.

2.9 Going Forward

The Economic Case for the EAMPF is a living document and as the projects mature, further information may be developed that can be used in the Economic Case, in particular in identifying, quantifying and monetising benefits.

As the project develops it may be possible to further expand on the place-based analysis and the potential benefits that arise through the EAMPF to the low-carbon / green economy economic cluster in SBCR.

3.0 The Commercial Case

3.1 Introduction

The Commercial Case sets out the proposed procurement arrangements for delivery of the preferred option, including:

- The proposed procurement strategy and route
- The proposed service requirements and required outputs
- The proposed approach to risk allocation
- The proposed charging mechanisms
- The proposed key contractual arrangements

3.2 Procurement Strategy and Route

The preferred option as identified at the end of the Economic Case will involve procurement activity to be undertaken by Neath Port Talbot CBC. A 50:50 price/quality ration will be applied to tender scoring.

Given the current volatile nature of the construction sector, appropriate contract management measures which are used by the council on all construction projects will be adopted to minimise risk. These would include (*but not limited to*) inception meetings, regular update meetings and monitoring, following the standard protocols set out by the Neath & Port Talbot CBC legal and procurement department.

The procurement route for the EAMPF is set out in the table below:

Table 3.1 Proposed approach to project procurement

Project	Procurement route
EAMPF Enhanced Advanced Manufacturing Production Facility including National Net Zero Skills Centre of Excellence.	Construction via South West Wales Regional Contractors Framework (SWWRFC). 2 stage design and build contract. Specification at the early stages of development informed by industry.
Facility Operator	Operator to be procured via competitive tendering process. It is preferred that there will be one operator for the EAMPF, although this may change as the project develops. Tender specification being developed with support from Industry Wales and key stakeholders.

As lead local authority for the project, Neath Port Talbot CBC will lead the procurement. Neath Port Talbot CBC will therefore be responsible for ensuring compliance with public procurement rules and regulations. The procurement strategy will be aligned to Circular and Foundational Economy principles. Social value targets will be established as part of the procurement exercise.

As a public sector organisation Neath Port Talbot CBC has a duty to operate in an open, fair, and transparent way, allowing the market freedom of opportunity to trade with it. Its procedures for procurement are known as 'Contract Procedure Rules'. These are important as they help to:

- Give a legal and auditable framework to its procurement activities;
- Obtain value for money services for the public;
- Ensure the council complies with the law governing the spending of public money;
- Protect its staff and members from undue criticism or allegations of wrongdoing.

3.2.1 *Community Benefits*

Neath Port Talbot Council is committed to promoting Sustainable Development through our policies, strategies and services, thus achieving best value for money in the widest sense. The aim is to build stronger communities, reduce social exclusion and poverty and encourage the development of the economy. In delivering this project, the Council is pursuing Community Benefits to contribute to the social, economic and environmental well-being of the wider community.

Community Benefits further supports our duty to comply with the Well-being of Future Generations (Wales) Act 2015, which requires us to seek to improve the economic, social, environmental and cultural well-being of the County in all that we do. Therefore, our commitment to pursuing Community Benefits through our procurement activity will support this aim and by incorporating Community Benefits into this tender, in addition to delivering the primary service we are seeking to promote the additional, wider opportunities.

The Council and its partners will work in partnership with appointed contractors and their supply chain to deliver 'targeted recruitment and training' outputs as a 'core' requirement of tenders to support the delivery of social, economic and environmental objectives. This involves encouraging:

- Training and the recruitment of the economically inactive by offering apprenticeship;
- Traineeships or work experience opportunities;
- Maximising opportunities for SMEs to tender or bid for sub-contract opportunities;
- Adopting measures to ensure prompt and fair payment terms;
- Encouraging environmental initiatives;
- Engaging with Third Sector organisations; and
- Supporting educational and community initiatives.

In addition, there are collaborative arrangements to coordinate the delivery of community benefits. This leads to adult employability initiatives such as Workways+ and Communities for Work working closely together with organisations such as the local authorities, Department of Work and Pensions, the Further Education sector to identify opportunities to support disadvantaged individuals and help them tackle barriers to employment.

Community benefits performance will be considered during the procurement and tender scoring process.

The SILCG programme has a Community Benefit register and the EAMPF community benefits will be monitored and reported to governance groups through this.

The Contractor will be required to monitor the Community Benefits achieved throughout the lifetime of this project and report outcomes at monthly project meetings. The Contractor will be required to maintain auditable records covering all aspects of the Community Benefits and measurement tool requirements to be available for inspection by the Council as and when required in support of the monthly, quarterly and annual reports submitted.

3.2.2 Swansea Bay City Deal procurement principles

The EAMPF as part of the SILCG programme, will align to the Swansea Bay City Deal procurement principles.

The SILCG procurement strategy will address the SBCD 5 Procurement Principles:

1. Be Innovative
2. Have an open, fair and legally compliant procurement process
3. Maximise Community Benefits from each contract
4. Use Ethical Employment Practices
5. Promote the City Deal

3.3 Procurement plan

Indicative procurement dates shown in the table below.

Table 3.2 Proposed procurement plan (Calendar Year).

Project component	Procurement design date	Procurement date
Facility Operator Procurement	Q1 2024	Q2 2024
Enhanced Advanced Manufacturing Production Facility – design and build.	Q2 2024	Q2 2024
Enhanced Advanced Manufacturing Production Facility – Equipment*	Q1 2026	Q3 2026

*Planned at this stage – dependant on operator / operating model

For procurement plan Gantt chart see Appendix 6.

3.4 Service Requirements and Outputs

Table 3.3 Service streams and required outputs

Project component	Expected Outputs
Advanced Manufacturing Production Facility	Specialist hybrid facility providing a range of industrial / production units with pilot line and office space. (4000 sq.m) Provision of open access specialist equipment advised by industry with academia input
National Net Zero Skills Centre of Excellence.	Dedicated skills and training facility providing classroom and training facilities with access to relevant 'leading edge equipment'. (1000 sq.m).
Facility Operator	Provision of an open access facility incorporating industry led skills provision and collaboration between industry, academia and government. Revenue delivery model securing public and private sector leverage.

3.5 Risk Allocation

Service risks for this programme vary by procurement. The procurement of the infrastructure and specialist equipment all entail standard contract risks.

Memorandum of Understanding (MoU) will be agreed between Neath Port Talbot CBC and the proposed operator in relation to the facility agreeing outputs, outcomes and impacts to be delivered.

Table 3.4 Risk Allocation Table

Risk Category	Potential Allocation	
	Public	Private
1. Design Risk	✓	
2. Services, Construction & Development Risk	✓	✓
3. Transition & Implementation Risk	✓	
4. Availability and Performance Risk	✓	✓
5. Operating risk	✓	✓
6. Variability of Revenue Risks	✓	✓
7. Termination Risks	✓	
8. Technology & Obsolescence Risks		✓
9. Control Risks	✓	✓
10. Residual Value Risks	✓	
11. Financing Risks	✓	
12. Legislative Risks	✓	
13. Other Project Risks	✓	✓

3.6 Charging Mechanism

Appropriate payment mechanisms will be devised as part of each procurement design period, and will be specified in the relevant a part of NEC3 contract.

The project will utilise a separate project bank account.

3.7 Key Contractual Arrangements

Contract terms will be devised as part of each procurement design period.

The construction of the facility would be subject to an NEC3 Engineering and Construction contract.

3.7.1 *Personnel implications*

It is anticipated that TUPE⁷³ regulation will not apply to this investment. This is because the project is not expected to have any impact on the employment of existing staff. The proposed operating model for the programme is outlined in the Management Case and does not include the transfer of any staff.

⁷³ Transfer of Undertakings (Protection of Employment) Regulations 1981

4.0 The Financial Case

4.1 Introduction

The Financial Case sets out the funding requirements for the preferred option and demonstrates overall project affordability.

4.2 Investment Summary

The financial information shown includes the procured construction costs, associated project costs and fees in the development and delivery of the project. The current investment summary presented in Table 4.1 below is based on forecasted investment as of 30 September 2023:

Table 4.1 National Net Zero Skills Centre of Excellence Investment Summary as of 30/09/2023

	Year 0 2017-18	Year 1 2018-19	Year 2 2019-20	Year 3 2020-21	Year 4 2021-22	Year 5 2022-23	Year 6 2023-24	Year 7 2024-25	Year 8 2025-26
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
Expenditure									
Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00
Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total		0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00
Funding									
Swansea Bay City Deal Grant	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00
Public Sector	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Private Sector	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00

	Year 9 2026-27	Year 10 2027-28	Year 11 2028-29	Year 12 2029-30	Year 13 2030-31	Year 14 2031-32	Year 15 2032-33	Total
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
Expenditure								
Capital	2.30	0.00	0.00	0.00	0.00	0.00	0.00	5.30
Revenue	0.00	5.00	7.50	8.00	11.00	11.50	12.50	55.50
Total	2.30	5.00	7.50	8.00	11.00	11.50	12.50	60.80
Funding								
Swansea Bay City Deal Grant	2.30	0.00	0.00	0.00	0.00	0.00	0.00	5.30
Public Sector	0.00	5.00	7.00	7.00	10.00	10.00	11.00	50.00
Private Sector	0.00	0.00	0.50	1.00	1.00	1.50	1.50	5.50
Total	2.30	5.00	7.50	8.00	11.00	11.50	12.50	60.80

The figures in Table 4.1 are the current financial investment forecast which the National Net Zero Skills Centre of Excellence is currently projecting over the timeline for the SBCD portfolio and are set within the original SBCD Heads of Terms. Funding elements are subject to change as the programme evolves.

It is the aim of the SBCD that all projects will be delivered in a seven-year period in order to maximise the full benefits realisation of the operational schemes during the lifetime of SBCD funding, which is to be released from both the UK and Welsh Governments.

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 £5.3m. City Deal Grant is awarded to projects of the fifteen-year term up to a maximum of the allocated value.

- **Public sector** investment consists of investment from local authorities and other public funded and public service organisations. Public sector investment will also consist of specific Welsh Government and UK government grant funding. Local Authorities may agree that borrowing for a Regional Project 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. The National Net Zero Skills Centre of Excellence aims to secure private sector investment via the procurement process and delivery model to secure an operator and explore delivery models, which will be confirmed at FBC stage.

4.3 Annual Income and Expenditure summary

Table 4.2 Project Level Income and Expenditure Forecast

	Year 0 2017-18	Year 1 2018-19	Year 2 2019-20	Year 3 2020-21	Year 4 2021-22	Year 5 2022-23	Year 6 2023-24	Year 7 2024-25	Year 8 2025-26
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
Expenditure									
Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00
Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00
Funding									
Swansea Bay City Deal Grant	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00
Public Sector	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Private Sector	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00

	Year 9 2026-27	Year 10 2027-28	Year 11 2028-29	Year 12 2029-30	Year 13 2030-31	Year 14 2031-32	Year 15 2032-33	Total
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
Expenditure								
Capital	2.30	0.00	0.00	0.00	0.00	0.00	0.00	5.30
Revenue	0.00	5.00	7.50	8.00	11.00	11.50	12.50	55.50
Total	2.30	5.00	7.50	8.00	11.00	11.50	12.50	60.80
Funding								
Swansea Bay City Deal Grant	2.30	0.00	0.00	0.00	0.00	0.00	0.00	5.30
Public Sector	0.00	5.00	7.00	7.00	10.00	10.00	11.00	50.00
Private Sector	0.00	0.00	0.50	1.00	1.00	1.50	1.50	5.50
Total	2.30	5.00	7.50	8.00	11.00	11.50	12.50	60.80

4.4 Investment leverage

One of the benefits of City Deal is the ability to lever additional public and private sector investment and to work with existing and pipeline government funded initiatives and industry partnerships.

As a result of the City Deal investment in specialist facilities, equipment and industry led skills provision which will improve collaboration between industry, government and academia, it is estimated that the National Net Zero Skills Centre of Excellence will lever in an additional £5.5m of private research income and over £50m of public sector research income over 5 years post construction of the facility, with increased opportunities for clustering, job creation and retention leading to economic growth.

4.5 Flow of Funding

The release of funds from the Accountable Body to Neath Port Talbot Council will follow funding route illustrated in Figure 4.1 below:

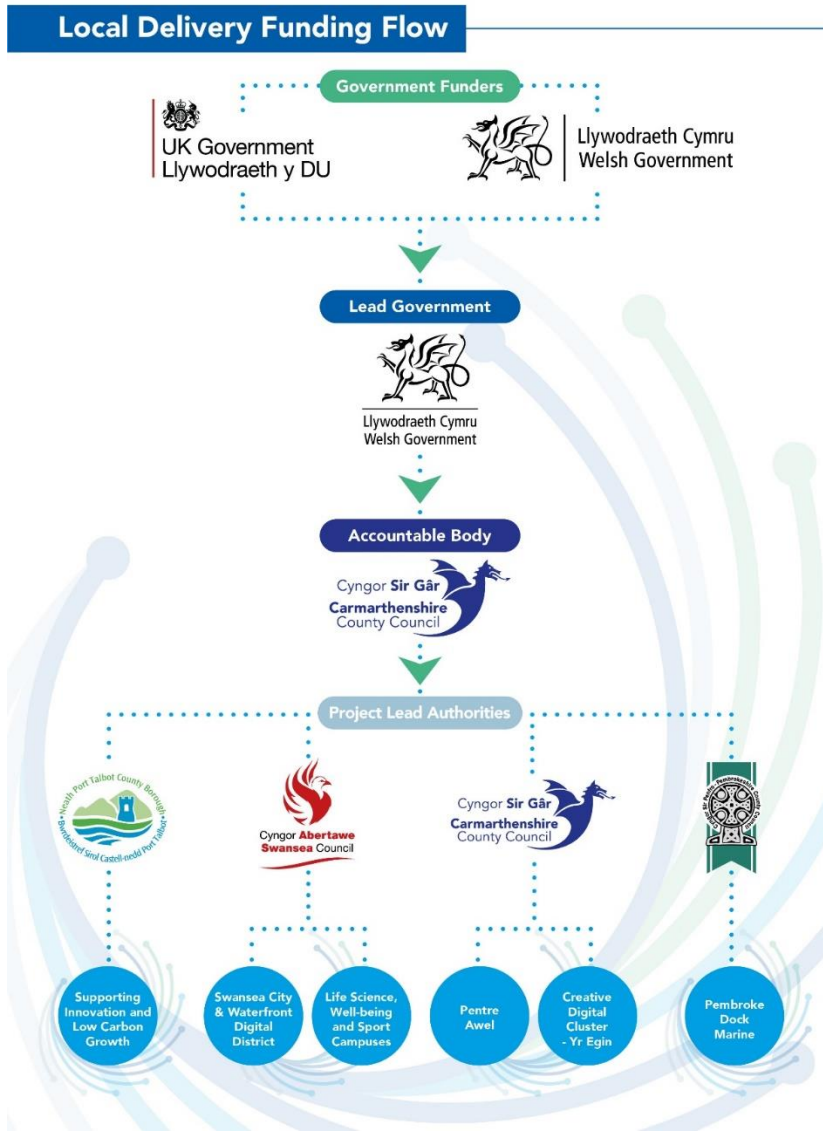


Figure 4.1 City Deal Funding Flow

4.6 Borrowing

The capital borrowing (in respect of the Government funded element) for the City Deal Projects will be re-paid by identified Government funds (UK & Welsh Government) over the 15-year period with the UK Government element now being paid over a 10-year timeframe.

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 Project are known, a full business case appraisal for each individual Project 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.

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.

Interest on Investments - It is recognised that throughout the lifecycle of the City Deal portfolio, cash balances will arise through cash flow movements as and when Projects 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 Projects based on the allocation outlined within the original Heads of Terms.

4.7 Retention of National Non-Domestic Rates

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

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

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

4.8 Monitoring and Evaluation

The City Deal portfolio finances will be monitored through the SBCD Programme Board and SBCD Joint Committee, with the SBCD 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 Portfolio Management Office, 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 project monitoring contained within the Green Book

Regular financial monitoring reports will be reported through the SBCD governance process. The NNZS Centre of Excellence, as part of the SILCG will report at SILCG programme level governance arrangements via the SILCG Programme Board.

The monitoring process will allow for the control of project cost variations and visibility of variations at a portfolio level.

The monitoring requirements of the Portfolio will require the Project Authority Lead to submit a claim for project funding to the Accountable Body at a frequency to be determined by the Accountable Body. The claim shall include a progress report on the project. The progress report shall include an assessment of risks associated with the project 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 project has achieved practical completion, the project authority lead shall not be required to submit claims for project funding. Thereafter, the project authority lead shall complete annual monitoring returns in a form to be specified by the Accountable Body prior to the Accountable Body releasing any project funding to which the project 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 project spend to support the cash flow management of the portfolio. These will detail the actual spend to the period, with forecast outturn over the 15-year duration of the portfolio.

Project lead authorities are also obligated to support the Accountable Body with any progress update reporting as required by the Welsh and UK Governments.

4.9 Accountancy Treatment

Accounting for Income and Expenditure

All income and expenditure is accounted for within the financial statements of the Project Lead Authority.

4.9.1 Revenue Requirement

The Welsh Government has acknowledged that revenue funding will be required to support the delivery of projects within the City Deal portfolio. The revenue requirements by projects of the City Deal are to be managed locally by the Project 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 project business cases and funded through partner investment.

4.9.2 Balance Sheet Accounting

Assets generated through the life of the programme will be accounted for and held on the balance sheet of the Local authority in which constituent area the asset is completed or the partner in which the asset is generated. Local authorities will account for assets in line with the relevant legislation and accounting standards. Partners will account for the assets in line with their own industry standard or accounting policies adopted.

4.9.3 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. Projects or components of projects 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. Project business cases will identify and detail the application of VAT and include within forecasts and estimates as appropriate.

4.10 Financial Risk Management and Assurance

4.10.1 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 SILCG Programme Board as a standing item and then regularly presented to the SBCD Programme Board and Joint Committee, through the Portfolio Management Office.

Financial issues, dependencies and interdependencies

The SILCG Programme Board maintains 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 SBCD Programme Board, Economic Strategy Board and Joint Committee for approval. Regular updates on financial issues, dependencies and interdependencies will also be provided to the SBCD Programme Board and Joint Committee via the Portfolio Management Office as appropriate.

4.10.2 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 Project Lead Authority and project

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 Project Lead Authority will undertake an independent review and report findings to the Project Lead Authority and Project 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.

4.10.3 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.

5.0 The Management Case

5.1 Introduction

The purpose of the Management Case is to put in place the arrangements for the successful delivery of the project. It provides evidence that the capability and capacity is in place to govern and deliver the project, and arrangements are in place to manage project risks.

5.2 Project Management Governance Arrangements

The project will be delivered using proven project management methodologies to ensure the outputs, benefits and outcomes are achieved in a controlled, well managed and visible set of activities.

The implementation strategy embraces the principles of project management based on proven standards and quality management in line with Managing Successful Programmes (MSP) and Projects IN Controlled Environments (PRINCE2) project management methodologies.

5.2.1 Project & Programme Governance Framework

The EAMPF project will adhere to the existing SILCG programme governance arrangements detailed in the structure below. As above the EAMPF has its own project team and governance arrangements which align to and provide regular reports to the SILCG governance as detailed below:

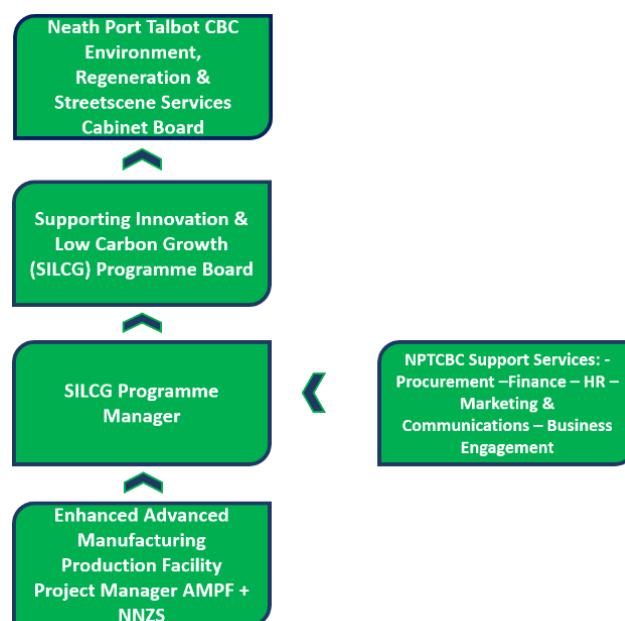


Figure 5.1 EAMPF Project governance structure

5.2.2 SILCG programme board

The SILCG Programme Board governs and oversees the SILCG Programme, (and therefore the EAMPF project) reporting directly to each of the partner governance structures and the SBCD governance arrangements as per the structure below.



Figure 5.2: City Deal governance structure

The SILCG Programme Board is chaired by the Programme SRO and includes representatives from each of the project partners and the SBCD Portfolio Management Office.

The Board is responsible for:

- Overall strategic decision making and programme leadership,
- The approval of project timescales and plans,
- The approval of key procurements and recruitments,
- Overall project and budget monitoring,
- The allocation of funds between key project components,
- Approval of any major changes to the project,
- Ensuring that benefits are realised (as per the plans set out below),
- Project assurance and post-project evaluation (as per the plans set out below).

Programme Board membership is as set out below:

Table 5.1 SILCG Programme Board membership

Organisation	Name	Role
Neath Port Talbot CBC	Nicola Pearce	Director – Environment and Regeneration Programme & Programme SRO
Neath Port Talbot CBC	Simon Brennan	Head of Property & Regeneration
Neath Port Talbot CBC	Lisa Willis	Strategic Funding Manager
Neath Port Talbot CBC	Brett Suddell	SILCG Programme Manager
Neath Port Talbot CBC	Julia Lewis	Strategic Funding Officer Project Coordinator
Swansea University	Dave Worsley	SWITCH
Swansea University	Miles Willis	SWITCH
University of South Wales	Jon Maddy	Hydrogen stimulus project
Swansea Bay City Deal PoMO	Jonathan Burnes	SBCD Portfolio Director

5.2.3 Programme SRO

The SRO is accountable for the EAMPF project, and for ensuring that it meets its objectives and delivers the expected benefits.

5.2.4 Programme team

The SILCG Programme Manager will liaise with the EAMPF project manager, and will drive forward the delivery of the programme and ensure progress towards outputs, outcomes and impacts and linkages to other developments in the region.

5.2.5 Support services

Support services for the programme including HR, legal, procurement will be provided by Neath Port Talbot CBC.

5.2.6 Project plan

The project plan / implementation plan will be used to control and track progress and delivery of the project and resulting outputs, outcomes and impact. It describes how, when and by whom a specific project activity, milestone or target will be achieved.

Detailed project plan Gantt chart will be developed as project progresses.

The project plan summary with key milestones is below:

Table 5.2 EAMPF programme key milestones (Calendar year).

Activity	Milestone	Status
Outline Business case approval	Q4 2023	Under review
Enhanced Advanced Manufacturing Production Facility building specification workshops / Design Brief	Q1 2024	Further discussions continuing
Operator Procurement	Q2 2024	Initial Scoping
Enhanced Advanced Manufacturing Production Facility Procurement	Q2 2024	Future development
Design phase	Q3 2024 – Q3 2025	Future development
Construction phase commenced	Q3 2025	Future development
Construction complete	Q4 2026	Future development
Facility Opens	Q4 2026	Future development

5.2.7 Outputs, outcomes and impact

Table 5.3 below shows the project’s outputs, outcomes and impacts which contribute to and deliver the SILCG Programme Investment Objectives and programme level impact that will be monitored and reported on.

The table shows the baseline of the original AMPF project outputs as approved with the SILCG PBC, the projected outputs generated by the NNZS, and the combined outputs from the combined EAMPF.

Table 5.3 Project outputs

Outputs	AMPF OBC (1)	NNZS (2)	Enhanced AMPF (1&2 combined)
Land Developed	0.81ha	-	0.81ha
Premises Created	4,000m2	1,000m2	5,000m2
Jobs Accommodated	111	29	140
Jobs Created/safeguarded	88 (+10 construction)	15	113
SMEs accommodated	15	-	15
SBCD Investment	£17.2M	£5.3M	£22.5M
Public Sector	-	£50M+	£50M+
Private Sector	£500K/yr (to 2033)	£5.5M	£9M
No. of Courses per annum	-	50+	50+
No. of Individuals trained by 2033	-	3,500	3,500

5.3 Use of Specialist Advisors

Specialist advice has been used for the development of the business case, however the SRO and SILCG Programme Board retain ownership of the business case and its development. The project will use specialist advisors in the following areas.

Table 5.4 Project specialist advisors

Category	Specialist Advice
Business case development	NPT Strategic Funding Programme Office Swansea University Industry Wales Economic Strategy Board SBCD PoMO
Financial	Neath Port Talbot CBC, Financial Services

Legal	Neath Port Talbot CBC, Legal Services
Technical	Neath & Port Talbot CBC, Architectural Design Office.
Programme / project management	Neath Port Talbot CBC, Strategic Funding Programmes Office
	SILCG Programme Manager
Programme / project assurance	Neath Port Talbot Council Internal Audit Welsh Government Integrated Assurance Hub SBCD

5.3.1 Stakeholder Working Group

A Stakeholder Working Group will be established to provide impartial advice to the project team and partners. The group will include industry experts, academia, and government.

The working group will consider scoping of the facility, skills for the green economy and ensure alignment to the Skills and Talent Project, SWIC and other Skills groups

Terms of reference will be agreed including declarations of interest and the purpose of the group.

5.4 Change and Contract Management Arrangements

The EAMPF project team will follow the change control procedure as established by the SILCG Programme Board, in line with the PoMO change control procedure. This will provide an acceptable procedure for the delivery of change over the life of the project to manage anticipated and unexpected change.

Neath Port Talbot will lead on project procurement activity and has an existing contract management process in place.

5.5 Benefits Realisation Arrangements

The necessary management arrangements will be put in place to ensure that the project delivers its anticipated benefits. The benefits arising from the EAMPF project for the SILCG programme were identified in the Strategic Case and were assessed in the Economic Case.

The SILCG Programme Manager and EAMPF Project Manager will update the SILCG a benefits realisation plan and benefits register in accordance with the HM Treasury Green Book guidance. The benefits register is based on the funded outputs and realisation of wider spending objectives and is an integral part of project and programme management meetings. The benefits register is owned by the SILCG Programme Board.

Benefits Register is at Appendix 3.

5.6 Risk Management Arrangements

The EAMPF Project Manager will develop a risk management strategy and further develop the risk register. A SILCG programme risk register is in place and is regularly updated and reported to SILCG Programme Board. The project risk register is aligned to the SILCG programme risk register and in turn the SBCD Portfolio Risk Register.

Risk Register at Appendix 4

5.7 Programme Assurance

The SILCG programme has developed a programme level Integrated Assurance and Approval Plan (IAAP) (Appendix 7) which is a live document with regular updates.

As detailed in the IAAP the SILCG programme and its projects will be subject to the SBCD Assurance Framework and Office of Government Commerce (OGC) Gateway Reviews.

Following approval of the OBC for the National Net Zero Skills Centre of Excellence, the SILCG Programme Business Case will be updated to also include the Skills project. This will be reviewed and approved through the SILCG Programme Board and SBCD governance structures for information.

Once the Programme Business Case has been updated, a Gateway review will be undertaken on the SILCG Programme, with terms of reference for the review to be developed with the SILCG SRO and PoMO.

5.7.1 Monitoring during implementation

A SILCG Programme Monitoring and Evaluation plan will be developed for the project which will align to the SBCD Monitoring and Evaluation plan.

The project Monitoring and Evaluation processes replicates those set out in the SBCD Monitoring and Evaluation Plan. The plan is targeted at Programme / Project SROs, the Portfolio Management Office and SBCD Programme / Project teams. For this project, the SRO will ensure that the project team makes appropriate arrangements to collate, monitor and communicate project milestones, deliverables and benefits realisation. The M&E Plan will align to the revised HM Treasury and the UK Government's Project Delivery Guidance. The M&E plan will be applied at project level where a two-way cascade of outputs and outcomes will be required to understand performance and impact of the project. The tools and templates used to monitor and evaluate activity include:

- Monthly highlight reports
- Quarterly monitoring reports
- Annual reports
- Benefits realisation plan – continually updated and reported quarterly

- Integrated Assurance and Approval Plan (IAAP)
- Construction Costs Impact Assessment
- Financial Monitoring (including private sector investment status)
- Milestone evaluations as agreed with the Portfolio Management Office

Monitoring and Evaluation requires a periodic assessment of project implementation and performance activities and the evaluation of their results in terms of relevance, effectiveness, and impact. Monitoring and Evaluation activities will provide all levels of the governance structure with information on the progress and impact made towards achieving the project's milestones, outputs and outcomes. This information will be shared with the relevant bodies through periodic updates and reviews.

5.7.2 Post implementation and evaluation arrangements

The Post Implementation Review will involve a detailed review of the outputs and benefits of the project. The timescale for carrying out this review after the project closure will be decided by the Programme SRO and SILCG Programme Board. The review team will be independent to the programme.

The Programme Manager will ensure a Project Implementation Review and a Post Evaluation Review will be carried out in line with HMT Green Book guidance.

5.8 Contingency Arrangements and Plans

The Project Manager will have quarterly monitoring meetings with the SRO and SILCG Programme Board to review project progress, risks, issues and performance against targets, timescales and budget.

5.9 Communication and Dissemination Arrangements

There will be a coordinated approach to branding, communications and marketing.

An initial stakeholder mapping has been carried out and stakeholders have been identified from Welsh and UK Governments, industry including Industry Wales, academia in relation to RD&I and skills. This mapping will inform the project communications plan in line with the good practice example of the power / interest matrix in the diagram below.

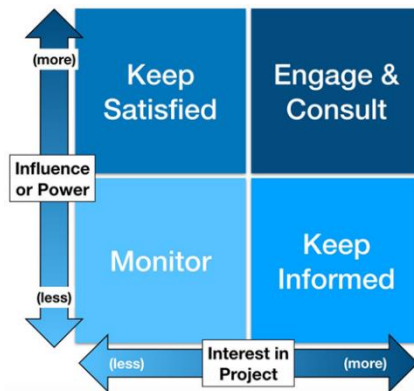


Figure 5.4 Stakeholder power/interest matrix

At pre-approval stage, the following stakeholders have been identified and engagement activity has been undertaken in developing the project business case.

Stakeholder	Engagement activity to date
Welsh Government	Policy workshops Project meetings
UK Government	Policy workshops Project meetings
Industry Wales	Regular engagement meetings
South Wales Industrial Cluster (SWIC)	Engagement meetings
Further Education Colleges	Regular Engagement Meetings
Higher Education Establishments	Regular Engagement Meetings

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Appendix 1

Stakeholder Engagement Activities undertaken in respect of AMPF & NNZSCoE between 2020 and September 2023

<p>14th August 2020 Workshop No.1</p>	<p>The purpose of the workshop was:</p> <ol style="list-style-type: none"> 1) To identify and agree <ol style="list-style-type: none"> a. Spending objectives b. Existing arrangements c. Business needs d. Potential scope for the project 2) To identify <ol style="list-style-type: none"> a. Key service requirements for the project b. Related benefits c. Risks d. Constraints e. Inter-dependencies <p>The outputs from the workshop will be:</p> <ul style="list-style-type: none"> • SMART spending objectives • Business needs and potential scope for the project • Key benefits and risks, constraints and dependencies <p>We would also look to identify and assess various delivery options i.e. determine a long list of options and reduce them down to a short list using Critical Success Factors and the Investment Objectives (e.g. scope of facility, shared kit, layout etc.)</p> <table border="1" data-bbox="357 1263 828 1765"> <thead> <tr> <th data-bbox="357 1263 600 1308">Delegate</th> <th data-bbox="600 1263 828 1308"></th> </tr> </thead> <tbody> <tr> <td data-bbox="357 1308 600 1346">Simon Brennan</td> <td data-bbox="600 1308 828 1346">NPTCBC</td> </tr> <tr> <td data-bbox="357 1346 600 1384">Lisa Willis</td> <td data-bbox="600 1346 828 1384">NPTCBC</td> </tr> <tr> <td data-bbox="357 1384 600 1422">Adil Pirmohamed</td> <td data-bbox="600 1384 828 1422">NPTCBC</td> </tr> <tr> <td data-bbox="357 1422 600 1460">Andrew Collins</td> <td data-bbox="600 1422 828 1460">NPTCBC</td> </tr> <tr> <td data-bbox="357 1460 600 1498">Roger Maggs</td> <td data-bbox="600 1460 828 1498">PTWEZ</td> </tr> <tr> <td data-bbox="357 1498 600 1536">James Davies</td> <td data-bbox="600 1498 828 1536">Ind Wales</td> </tr> <tr> <td data-bbox="357 1536 600 1574">Mike Gillard</td> <td data-bbox="600 1536 828 1574">Ind Wales</td> </tr> <tr> <td data-bbox="357 1574 600 1612">Dave Worsley</td> <td data-bbox="600 1574 828 1612">Swansea Uni</td> </tr> <tr> <td data-bbox="357 1612 600 1650">Robert Brown</td> <td data-bbox="600 1612 828 1650">UWTSD</td> </tr> <tr> <td data-bbox="357 1650 600 1688">Hywel Thomas</td> <td data-bbox="600 1650 828 1688">Flexis</td> </tr> <tr> <td data-bbox="357 1688 600 1727">Sarah Jayne Davies</td> <td data-bbox="600 1688 828 1727">WG</td> </tr> </tbody> </table>	Delegate		Simon Brennan	NPTCBC	Lisa Willis	NPTCBC	Adil Pirmohamed	NPTCBC	Andrew Collins	NPTCBC	Roger Maggs	PTWEZ	James Davies	Ind Wales	Mike Gillard	Ind Wales	Dave Worsley	Swansea Uni	Robert Brown	UWTSD	Hywel Thomas	Flexis	Sarah Jayne Davies	WG
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<p>8th October 2021</p>	<p>NPTCBC visit to MTC Coventry to view facilities, discuss set up etc</p> <p>MTC: Ken Young Sharon Anderson</p> <p>NPT</p>																								

	<p>Nicola Pearce Simon Brennan Clive P. Barnard Lisa Willis</p> <p>Others: James Davies (Industry Wales) Mike Gillard (Industry Wales)</p>													
31 st Jan 2022	<p>NPT & SU exec meeting discussing skills needs</p> <p>Sarah Coward; Lisa Willis; Karen Jones - CEX; Leader; Huw Jones; Simon Brennan; Chris Owen; Fiona Clay-Poole; Andrew Thomas; Andrew Jarrett; Paul.boyle@swansea.ac.uk; s.p.wilks@swansea.ac.uk; h.r.griffiths@swansea.ac.uk; m.r.willis; g.j.thomas@swansea.ac.uk; Cllr. Ted Latham (Leader); Rhiannon Crowhurst; Hayley Lervy; m.a.redd@swansea.ac.uk; j.v.newbury@swansea.ac.uk; Alexandra Ansell; Angela Marsh; Cameron McIntyre; VC-Elect; Deputy Leader; Cllr. Leanne Jones (Deputy Leader);</p>													
24 th March 2022	Industry Wales / UKG Area Lead South West Wales Team introduction													
19 th April 2022	NPT Innovation & Manufacturing forum presentation to local industry on AMPF & SILCG programme													
17 th June 22	Visit to Gower College Energy Centre to discuss skills provision and future opportunities with SILCG and HAPS project													
24 th Oct 2022	<p>NPT & SU senior level Exec meeting with specific AMPF item on the agenda</p> <table border="1"> <tr> <td>Team members:</td> </tr> <tr> <td>Karen Jones - CEX</td> </tr> <tr> <td>Lisa Willis</td> </tr> <tr> <td>Nicola Pearce</td> </tr> <tr> <td>Simon Brennan</td> </tr> <tr> <td>Huw Jones</td> </tr> <tr> <td>H R Griffiths</td> </tr> <tr> <td>Fiona Clay-Poole</td> </tr> <tr> <td>M R Willis</td> </tr> <tr> <td>G I Thomas</td> </tr> <tr> <td>Chris Owen</td> </tr> <tr> <td>Cllr Steve Hunt</td> </tr> <tr> <td>Karen Pemberton</td> </tr> </table>	Team members:	Karen Jones - CEX	Lisa Willis	Nicola Pearce	Simon Brennan	Huw Jones	H R Griffiths	Fiona Clay-Poole	M R Willis	G I Thomas	Chris Owen	Cllr Steve Hunt	Karen Pemberton
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26 th October 2022	NPT & Industry Wales catch up re EAMPF													
14 th December 2022	EAMPF Scoping meeting with Industry Wales Lisa Willis; jdavies; Mike Gillard; Simon Brennan; Brett Suddell													
10 th Jan 2023	Approach by Phil Clements working on behalf of HVM Catapult/Warwick University exploring options for future Catapult sites													
20 th Jan 2023	HVM Catapult meeting around EAMPF involving Nicola Pearce; Clements, Phil; Simon Brennan; Lisa Willis; Brett Suddell;													
24 th Jan 2023	Skills and apprenticeships around EAMPF meeting with Industry Wales Lisa Willis; tleahy@industrywales.com; bpeaper@industrywales.com; jdavies; mgillard@industrywales.com; Simon Brennan; Brett Suddell;													

25 th Jan 23	Phil Clements visits BTC & BBIC to look at setting up regional office for HVM Catapult																												
6 th Feb 2023	Meeting with RLSP and Skills & Talent project Chair to discuss skills provision under EAMPF Lisa Willis; Barry Liles; jelewis@carmarthenshire.gov.uk; Simon Brennan; Brett Suddell;																												
3 rd May 23	Visit to UWTSO SA1 Campus to view facilities and have a discussion on AMPF and skills provision to avoid duplication. Meeting with Barry Liles (PVC) and team, Jane Lewis and NPTCBC staff																												
4 th May 2023 Workshop No. 2	Welsh Government facilitated workshop involving key personnel involved in setting up similar facilities in UK <table border="0"> <tr> <td>Neath Port Talbot Council:</td> <td>Industry Wales</td> </tr> <tr> <td>Nicola Pearce, Director of Environment (responsible for setting up centre in Strathclyde and early days of AMRC Cymru)</td> <td>Prof. Keith Ridgeway</td> </tr> <tr> <td>Simon Brennan, Head Property & Regeneration</td> <td>James Davies</td> </tr> <tr> <td>Lisa Willis, Strategic Funding Manager</td> <td>Mike Gillard</td> </tr> <tr> <td>Brett Suddell, SILCG Programme Manager</td> <td></td> </tr> <tr> <td>Welsh Government:</td> <td>External:</td> </tr> <tr> <td>Nigel Elias</td> <td>Roger Maggs (Celtic</td> </tr> <tr> <td>Freeport & Chair PTWEZ)</td> <td></td> </tr> <tr> <td>Huw Davies (Cymru)</td> <td>Andrew Silcox (AMRC</td> </tr> <tr> <td>Peter Evans (Cymru)</td> <td>Jason Murphy (AMRC</td> </tr> <tr> <td>Leigh Jenkins</td> <td></td> </tr> <tr> <td>Abigail Philips</td> <td></td> </tr> <tr> <td>Gwion Williams</td> <td></td> </tr> <tr> <td>Simon Ripton</td> <td></td> </tr> </table>	Neath Port Talbot Council:	Industry Wales	Nicola Pearce, Director of Environment (responsible for setting up centre in Strathclyde and early days of AMRC Cymru)	Prof. Keith Ridgeway	Simon Brennan, Head Property & Regeneration	James Davies	Lisa Willis, Strategic Funding Manager	Mike Gillard	Brett Suddell, SILCG Programme Manager		Welsh Government:	External:	Nigel Elias	Roger Maggs (Celtic	Freeport & Chair PTWEZ)		Huw Davies (Cymru)	Andrew Silcox (AMRC	Peter Evans (Cymru)	Jason Murphy (AMRC	Leigh Jenkins		Abigail Philips		Gwion Williams		Simon Ripton	
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16 th June 2023	NPT and WG meeting to discuss project updates and land issues <table border="0"> <tr> <td>NPT:</td> </tr> <tr> <td>Karen Jones - CEX</td> </tr> <tr> <td>Nicola Pearce</td> </tr> <tr> <td>Simon Brennan</td> </tr> <tr> <td>Brett Suddell</td> </tr> <tr> <td>WG</td> </tr> <tr> <td>Duncan Hamer</td> </tr> <tr> <td>Peter Evans</td> </tr> <tr> <td>Julie Cunnington</td> </tr> <tr> <td>Rhys Morris</td> </tr> <tr> <td>Aine Gawthorpe</td> </tr> </table>	NPT:	Karen Jones - CEX	Nicola Pearce	Simon Brennan	Brett Suddell	WG	Duncan Hamer	Peter Evans	Julie Cunnington	Rhys Morris	Aine Gawthorpe																	
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Julie Cunnington																													
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22 nd June	Formal launch of the BTC and presentation around AMPF, discussion on skills provision with attendees (69 in attendance)																												
10 th July 2023	Communications briefing note prepared for internal marketing and comms team to produce press releases around EAMPF																												
13 th July 2023	NPT & Swansea University executive group meeting Present: Name Organisation Initials																												

	<p>Cllr Steve Hunt Neath Port Talbot CBC SH Nicola Pearce Neath Port Talbot CBC NP Noelwyn Daniel Neath Port Talbot CBC ND Simon Brennan Neath Port Talbot CBC SB Chris Owen Neath Port Talbot CBC CO Lisa Willis Neath Port Talbot CBC LW</p> <p>Paul Boyle (Chair) Swansea University PB Helen Griffiths Swansea University HG Miles Willis Swansea University MW Gavin Thomas Swansea University GT Keith Lloyd Swansea University KL</p>
20 th July 2023	Attendance and SILCG stand at SBCD Regional event at the Bridge Innovation Centre in Pembroke promoting EAMPF and other SILCG Projects
1 st August 2023	<p>Good morning James and Mike,</p> <p>I hope you are well. It was good to see you both at the Bay Technology Centre launch a few weeks ago.</p> <p>By way of an update on the City Deal Advanced Manufacturing Production Facility:</p> <p>Additional funding We are finalising a business case to secure additional funding to incorporate the Skills academy in the facility – formal approval due Autumn 2023</p> <p>Engagement Brett will be sending out the online questionnaires (based on the questionnaires you used in mid Wales) shortly to schools, FE, HE etc We have had a number of meeting / engagement sessions with FE (Neath College), HE (TSD and SU), to develop the brief and ensure added value We are looking to formalise engagement with an event and workshops with FE, HE, Industry, WG, UKG in mid Sept via a facilitated workshop and have contacted Ross Gill at SQW to facilitate this workshop, he has been involved in a number of NPT economic development strategies recently.</p> <p>In terms of planning the workshop, would you be able to meet with Ross and I to share your thoughts on how best to shape the workshop, you mentioned previously a 3 part workshop with intro, end users and potential operators? Would you be able to let me know your availability week commencing 14th Aug or 21st Aug please</p> <p>Many thanks and kind regards,</p> <p>Lisa</p>
4 th August 23	Visit by WG Minister for Finance Rebecca Evans and team to hear about SILCG Programme and other NPT economic initiatives in the area. Presentation given on AMPF and NNZSCoE.
7 th September 2023	Margam Orangery stakeholder workshop planning session with Industry Wales and SQW

	Julia Lewis; Lisa Willis; Simon Brennan; Brett Suddell; Mike Gillard; Bill Peaper; James Davies; Ross Gill; David Birch; Tony Leahy; Oonagh Gavigan; Alec Thomas;
15 th Sept 2023	'Demonstrator' concept for BTC on AMPF/NNZSCoE discussed at the last NPTW EZ Board.

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Appendix 2 Letters of Support

Appendix	Subsection	Title
2	1	RLSP – Jane Lewis
	2	SWIC/Industry Wales – Dr Chris Williams
	3	Swansea University – Prof. Dave Worsley OBE
	4	Swansea University – David Warren
	5	Celtic Freeport – David Gwynne
	6	Net Zero Industry Wales – Ben Burggraaf
	7	SILCG Programme Board Chair – Nicola Pearce
	8	GCRE – Simon Jones
	9	Cardiff University – Hywel Thomas
	10	University of South Wales – Jon Maddy
	11	Neath Port Talbot College – Kelly Fountain Vice Principal
	12	NPTCBC - Education Department
	13	UWTSD – Richard Morgan

2.1 RLSP



25th September 2023

Lisa Willis,

Neath and Port Talbot County Borough Council.

Dear Lisa,

Letter of Support for the National Net Zero Skills Centre of Excellence.

The Regional Learning and Skills Partnership (RLSP) is delighted to offer its' support for the proposed National Net Zero Skills Centre of Excellence. The provision of such an innovative centre in West Wales alongside an Enhanced Manufacturing Production facility will not only be unique in Wales but will provide the innovation that will be required to meet the new skills and methods of manufacturing for the future.

New manufacturing methods, new technology and new ways of learning will be key to the success of our industry in the region over the next 20 years and creating that future workforce is essential if we are to compete with other manufacturing areas across the UK, European and the wider World. There will be huge opportunities for the South West region through the City Deal project, the Freeport and additional investment opportunities that will be generated because of the former. Manufacturing will be one of the key success factors offering thousands of jobs both in primary and secondary jobs through the supply chain and all of these individuals will need to be skilled or upskilled as they transfer across to new industries and new ways of working.

There are approximately 9,000 currently employed in manufacturing in Neath and Port Talbot, with 17% due to retire in the next 10 years. The anticipated growth for the region is 16,000 jobs across primary and secondary services and these will be across all levels, bringing in high paid, high skilled opportunities into the region. There is also a need to develop further opportunities for research into sustainable manufacturing processes which the facility will offer, again providing additional higher paid jobs.

The development of a Centre of Excellence of Net Zero skills will meet the ambitions of the City Deal Skills and Talent Programme not only by bringing a Centre where people and businesses can learn and manufacture together but, it will be a venue where academics in

our universities and colleges can work together. This will be a unique opportunity where Higher and Further Education; School Education can learn from each other and have greater links to learn from the manufacturers themselves, sharing best practice and building the skills platform of the future, creating economic growth for the region.

Collaboration will be key to the success of the programme and the RLSP look forward to working closely with you and your partners as you progress the proposal.

Yours sincerely,

J Lewis

JANE LEWIS

REGIONAL PARTNERSHIP MANAGER



2.2 SWIC



Dear Nicola Pearce

Director of Environment and Regeneration

Ref: National Net Zero Skills Centre of Excellence (working title)

Industry Wales is an arm's length organisation of Welsh Government and serves as an important link between industry and Welsh Government. The developing South Wales Industrial Cluster (SWIC) has been managed through Industry Wales thus ensuring the essential cooperation needed between industry, academia and government as industries plan their route to net zero. SWIC will be supported by the new membership organization Net Zero Industry Wales going forward as a member of the Industry Wales family. SWIC represents the largest CO₂ emitting industrial region in the UK. With Welsh Governments target now aligning with UK Governments target to be net zero by 2050, it is important that all decarbonisation plans and technological developments are expedited as soon as possible. SWIC cluster includes Steel, Oil, Cement, Chemicals, paper and general manufacturing companies.

The proposed project completely aligns with the goals of SWIC and will support and steer the decarbonisation of the South Wales area.

Therefore, on behalf of the South Wales Industrial Cluster (SWIC) steering team we would like to endorse and support the plans for the addition of the *National Net Zero Skills Centre of Excellence (working title)* with the ambition to upskill the existing workforce and provide relevant training for new people who wish to work in the green economy and maximise the opportunity of the number of new developments taking place in the region e.g. Freeports, Floating Offshore Wind (FLOW), Blue Eden Project, Homes as Power Stations (HAPS), Skills and Talent and the Supporting Innovation and Low Carbon Growth (SILCG) Programme.

We will support this facility by participating in engagement sessions to scope the facility.

Yours sincerely,

Chris Williams

28/09/23

Dr Chris Williams
Head of Industrial Decarbonisation
Industry Wales
cc. James Davies, CEO, Industry Wales

Growing Welsh Technology and Manufacturing Business Globally
'Industry Wales' is the trading name of SDWP Ltd.



2.3 Swansea University – Prof. Dave Worsley OBE



Materials Science and Engineering
Gwyddor Deunyddiau a Pheirianeg

Dr Brett Sudell
Head of Low Carbon Growth
Neath and Port Talbot Council
The Quays
Brunel Way
SA11 2GG

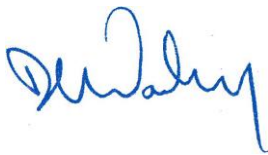
25/9/2023

Dear Brett,

Many thanks for the information on the expanded vision for the manufacturing hub being built as part of the City Deal low carbon growth programme. This centre is clearly allied closely to SWITCH Harbourside and sits in a local net zero ecosystem including our SPECIFIC project sites, the Cardiff University Combustion Centre and the USW Hydrogen hub. It is indeed very exciting to be part of this journey and the news that you are planning to support net zero skills escalation meshes uniquely with our work with the SWITCH on Skills programme. We are naturally therefore very keen to support the scheme both in terms of content development, access to online resources and also for the onsite provision of taught and practical elements. Having delivered our innovation campus I would also like to support elements of the design of the facility not least to make sure it showcases local 'Active Building' innovations which can be used to inspire the next generation of net zero professionals. It is also very timely that this facility be created given the seismic changes in the local industry base needed in order to reduce our own carbon emissions but without losing a critical raw material that underpins the transition.

Good luck and please connect with myself, Prof Dave Penney (d.penney@swansea.ac.uk) and Dr Khalil Khan (k.khan@swansea.ac.uk) so that we can get involved as soon as possible.

With very best wishes;



Professor David Worsley OBE FIMMM FLSW
CChem MRSC



Faculty of Science and Engineering | Cyfadran Gwyddoniaeth a Pheirianeg
Swansea University | Prifysgol Abertawe

2.4 Swansea University – David Warren



Fri 22/09/2023 17:39

David Warren <d.j.warren@swansea.ac.uk>

Letter of support for NNZSCoE

To Brett Suddell

Cc Khalil Khan; David Penney

Dear Brett,

Thank you for sending on the information regarding the proposed National Net Zero Skills Centre of Excellence (NNZSCoE). It sounds like a great proposal and will support the development of much needed skills for the transition to Net Zero. As you are likely aware, my colleagues and I represent a group of Net Zero focussed projects already in receipt of funding, including NOW Skills, SWITCH-On Skills and COATED MZA Centre for Doctoral Training. We are supportive of the proposal and see many opportunities for complementary activities and sharing of best practice in the area of multi-level skills delivery.

Likewise, I see many opportunities for collaboration at the Advanced Manufacturing Production Facility including research and skills to develop the technology and workforce to reach our Net Zero goals and contribute to a prosperous region.

If you require any further information please let me know

Best regards

David

Dr David Warren EngD MIMMM FHEA

MZA Operations Rheolwr

Manager Gweithrediadau

Swansea MZA

University Prifysgol Abertawe

Bay Campus Campws y Bae

Room A201a, Ystafell A201a,

Engineering East Peirianneg Dwyrain

Fabian Way Fabian Way

Crymlyn Burrows Crymlyn Burrows

Swansea Abertawe

SA1 8EN SA1 8EN

Tel/ Ffôn: 01792 606541 m/s: +44(0)7702 856704

Email/Ebost: D.J.Warren@swansea.ac.uk

Web: www.mza.wales



Swansea University Prifysgol Abertawe

Engineering and Physical Sciences Research Council



Sylwch nad yw dim yn y neges e-bost hon yn ffurmo, nac i'gwael ei ddelwngill lei, cynnig, derbynriad, gwarantriad neu gyundeb o unrhyw fath i ymrwymo i unrhyw delerau ac amodau cyfundebol a drafodir ynddi. Er mwyn cymeradwyo unrhyw delerau cyfundebol yn derfynol, mae'n rhaid cael cymeradwyaeth a chyfundebol llofnodwyr awurdodddig Prifysgol Abertawe. Please note that nothing in this e-mail forms, nor should be understood as, an offer, acceptance, warranty or agreement of any kind to enter into any contractual terms and conditions discussed herein. Final approval of any contractual terms is subject to the formal approval and agreement of Swansea University's authorised signatories.



25th September 2023

Dear Nicola,

NATIONAL NET ZERO SKILLS CENTRE OF EXCELLENCE (NNZSCOE)

I understand that the outline business case for the National Net Zero Skills Centre of Excellence put forward by Neath Port Talbot Council is reaching its final stages of consideration by the Swansea Bay City Deal (SBCD) Programme Board and Joint Committees. As Interim CEO of Celtic Freeport, I am delighted to confirm our support for the proposal.

Celtic Freeport is aiming to attract new manufacturing businesses to sites within the South-West Wales area which are likely to be linked to the green economy. To be successful, these businesses will need suitably qualified individuals with the requisite skills and projects such as this help address the identified skills gap in the region. As such, the aims and objectives of the NNZSCOE are fully in line with the type of investment we believe is required to support a just transition to a green economy. Our own OBC, which is currently under development, is also likely to include other projects which will benefit from the development of a skills centre of excellence such as this proposal.

From my perspective I can see that integrating the skills centre of excellence with an advanced manufacturing centre provides a number of additional, synergistic benefits. For example, the ability to allow first hand industrial training on state of the art manufacturing equipment to give the learners real world experience that cannot be gained from just classroom environments. We therefore feel that the two projects are highly complementary and will bring many positive benefits to the locality and SBCD region.

Tax benefits are available to freeport users for a short time frame window only. As such, any acceleration of investment that supports the provision of a skilled workforce has a material impact in increasing the attractiveness of the

freeport sites to businesses to accelerate their investments into the local economy. As such, I am delighted to support this proposal.

Yours sincerely,

A handwritten signature in blue ink that reads "David Gwynne". The signature is written in a cursive, flowing style.

David Gwynne
Interim CEO
Celtic Freeport



Net Zero Industry Wales
Waterton Technology Centre
Bridgend
CF31 3WT

“National Net Zero Skills Centre of Excellence”

Letter of Support from Net Zero Industry Wales

21st September 2023

Dear Brett,

I'm writing to you, to express Net Zero Industry Wales's support to for the proposed National Net Zero Skills Centre of Excellence, as part Advanced Manufacturing Production Facility (AMPF).

The Welsh Government set out a commitment to ensure Wales becomes a Net Zero nation by 2050. South Wales has a significant industrial heritage and covers steel production, oil, gas and chemical sectors. Welsh businesses are responsible for around 20% of the UK's total greenhouse gas emissions associated with industrial and other business activity. These carbon emissions can be mainly directly attributed to companies along the M4 corridor.

In 2019, the South Wales Industrial Cluster (SWIC) was formed to support the reduction and elimination of greenhouse gas emissions emitted in the region, which per capita is one of the highest in the UK. SWIC brings together over 30 partners, including the three largest emitters in the region. Beyond bringing companies together to develop lasting partnerships, the cluster supports the development of a decarbonisation plan for the region and shapes the route to a sustainable net zero economy.

Net Zero Industry Wales (NZIW) was incorporated in 2022. It will support SWIC and other industrial clusters in Wales, work in partnership with business and academic partners operating in a wide range of energy and carbon intensive industries, to enable the decarbonisation of their industrial processes.

The Net Zero Industry Wales members are committed to transition towards producing more sustainable goods & services in Wales, from example the on that set out in the SWIC cluster plan, at a pace needed to meet the legally binding targets.

Industrial decarbonisation is a major challenge if Wales is to reach Net Zero by 2030 and appropriate skills in the workforce is key to achieving this target. Wales is ideally placed to be a test bed for the rapid transition to low carbon technology and there are significant benefits to be gained from a co-ordinated, national approach to industrial decarbonisation and the creation of a green energy economy.

The National Net Zero Skills Centre of Excellence will support an ambitious programme to engage and interact with the Further Education & Higher Education sectors and establish a system to ensure there are no barriers to skills escalation. The uniqueness of the centre being co-located with the AMPF will give those undertaking courses the opportunity to practice their new skill sets on state of the art equipment housed in the facility.

The proposed Centre of Excellence will offer a flexible delivery model that utilises advances in online guided learning, in person teaching and practical sessions, industry collaborations and high-level applied research. People can access short, CPD or credit bearing courses and use these to build

qualifications, or simply to gain the skills needed for their role. The centre will also support higher apprenticeships.

The recently published skills barometer provides the evidence that South West Wales is lacking in skills providers who can support the net zero skills agenda with courses appropriate to this area. In addition, Industry Wales has identified the need for industry led skills provision to meet the needs of industry over the next 5 to 15 years.

I wish the team great success with the funding proposal, to which I give the strongest support.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'BB' with a stylized flourish.

Ben Burggraaf
Chief Executive Officer
Net Zero Industry Wales

bburggraaf@nziw.wales

www.nziw.wales

www.swic.cymru

2.7 SILCG Programme Board Chair – Nicola Pearce



Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

Dyddiad/ Date	21 st September 2023
Rhif Ffôn/ Direct Line	01639 686668
Ebost/ Email	n.pearce@npt.gov.uk
Cyswllt/ Contact	Ms N Pearce
Eich cyf / Your ref	
Ein cyf/ Our ref	DENV/AFM

By Email:

Dr Brett Suddell
Programme Manager
Supporting Innovation & Low Carbon Growth Programme
(SILCG)
b.suddell@npt.gov.uk

Dear Brett,

RE: Letter of support

As Senior Responsible Owner (SRO) for two of the Swansea Bay City Deal programmes and projects, which includes the Supporting Innovation & Low Carbon Growth (SILCG) programme and Homes as Power Stations (HAPS) project I would like to offer support as chair of both SILCG and HAPS boards for the newly proposed addition to the SILCG portfolio with the **National Net Zero Skills Centre of Excellence**.

I am aware as SRO that the outline business case for the NNZSCoE put forward by Neath Port Talbot Council will be decided upon by Welsh and UK Governments along with the relevant city deal committees towards the end of this year. I would like to offer this letter of support confirming my full support in my capacity as Chair of both Boards with oversight of the excellent working being undertaken by both projects in this field of work. This well timed proposal will contribute towards addressing the significant shortfall in green economy jobs that are needed in the region over the coming years. This will be, if approved, an additional element to an already approved project, this centre will also support the HAPS project in providing qualified installers for green housing technologies for now and in the future. This centre will also support other

Amgylchedd ac Adfywio

Nicola Pearce, Cyfarwyddwr yr Amgylchedd ac Adfywio

Y Ceiau, Ffordd Brunel, Parc Ynni Baglan, Castell-nedd SA11 2GG

Ffôn 01639 686668 Ffacs 01639 686668

Environment and Regeneration

Nicola Pearce, Director of Environment and Regeneration

The Quays, Brunel Way, Baglan Energy Park, Neath SA11 2GG

Phone 01639 686668 Fax 01639 686668

www.npt.gov.uk

Croesewir gohebiaeth yn y Gymraeg a byddwn yn ymdrin â gohebiaeth Gymraeg a Saesneg i'r un safonau ac amserlenni.
We welcome correspondence in Welsh and will deal with Welsh and English correspondence to the same standards and timescales.

local/regional initiatives such as Freeports, Blue Eden, Global Rail Centre of Excellence (GCRE), Hydrogen economy, FLOW and many others.

The important point that I would like to stress from my perspective as Chair of the Boards, that this is not in any way a duplication of existing activity but has been developed in consultation with key skills providers in the area to ensure this centre will be complementary to the existing provision that is currently available and planned for in the future. We in NPT have a proven and highly commended approach to collaboration between academia and industry and this strong partnership with the local authority will ensure success in the future with this project. We also believe combining the skills centre with the advanced manufacturing production facility, an already approved SILCG project, will provide a unique and unrivalled provision in the local area and city deal region for the benefit of all. To address the shortfall in jobs within the green economy that are needed by 2050 this can be addressed with the step change envisaged by supporting a centre of this size and scale in conjunction with the AMPF supporting supply chains and the diverse local the manufacturing industry.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nicola Pearce'.

Nicola Pearce
Director of Environment and Regeneration

Fri 29/09/2023 13:19



Simon Jones <Simon.Jones@gcre.wales>

RE: Letter of Support request for the National Net Zero Skills Centre of Excellence

To Brett Suddell

Cc Rob Forde

You replied to this message on 29/09/2023 13:20.

Caution: This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe. If in doubt, contact the IT Service Desk

Apologies for the delay in responding.

Just to confirm following our conversation earlier this week that the proposed National Net Zero Skills Centre of Excellence aligns closely with our own ambitions for the Global Centre of Rail Excellence which is being built about 15 miles away elsewhere in the county borough.

The National Net Zero Skills Centre of Excellence can become an important aligned part of the offer for clients at GCRE and will undoubtedly be helpful in our core mission to help the UK and European railway to accelerate its own march to Net Zero. Ad the UK's first Net Zero in operation railway we understand the importance of what you are trying to achieve, and the technical and operational challenges it will pose. We have common cause I we are delighted to add our name to the list of supporters of your plans.

Let me know if you need any further information.

Simon

Simon Jones

Chief Executive

Global Centre of Rail Excellence

simon.jones@gcre.wales

+44 7795 334340

2.9 Cardiff University – Hywel Thomas



Sat, 16/09/2023 09:11

Hywel Thomas <ThomasHR@cardiff.ac.uk>

Re: Letter of Support request for the National Net Zero Skills Centre of Excellence

To  Brett Suddell

Caution: This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe. If in doubt, contact the IT Service Desk

Dear Brett,

Very happy indeed to support this very welcome initiative. And also happy to be involved in further discussions. In my experience, industry has voiced a strong need for this type of initiative.

With best wishes,
Hywel

Sent from [Outlook for iOS](#)

2.10 University of South Wales – Jon Maddy



Calolfan Hydrogen, Prifysgol De Cymru
Parc Ynni Baglan
Port Talbot SA12 7AX

University of South Wales' Hydrogen Centre
Baglan Energy Park
Port Talbot SA12 7AX

27th September 2023

To: Brett Suddell
Supporting Innovation & Low Carbon Growth Team

Support from University of South Wales for the Advanced Manufacturing Production Facility and National Net Zero Skills Centre of Excellence

Dear Brett,

As part of our continued engagement with the Swansea Bay City Deal (SBCD) *Supporting Innovation & Low Carbon Growth* programme, the University of South Wales is happy to support the Advanced Manufacturing Production Facility (AMPF) and welcome the inclusion of a National Net Zero Skills Centre of Excellence.

The University of South Wales (USW) is committed to low carbon research, development, and enhancing skills and training in the region. Through the Hydrogen Centre in Baglan, the university plays a pivotal role in collaborative innovation with industry, local government, and academic partners, working to implement effective decarbonization technologies. Commensurate with these activities, the University is keen to support the AMPF and its work in facilitating low carbon product development and commercialisation.

Since its inception in 2008, USW has attracted investment to support the development of hydrogen technology test-bed facilities at the Hydrogen Centre. These complementary facilities present an ideal opportunity to work alongside the AMPF's emerging purpose built, manufacturing facilities for the development of green products and supporting growth of organisations in the field.

As a Higher Education Establishment, USW has developed core Bachelor's and Master's programmes supporting Sustainable Technology Development and works with partner FE colleges on the delivery of apprenticeships and degree apprenticeships addressing low carbon industry. In addition, the team at the University's Hydrogen Centre has worked closely with industrial and government stakeholders in developing the South Wales Industrial Cluster, including assessment of the skills and training requirements of industry in their pursuit of net zero.

As an extension of this existing activity, the University is happy to support the development of the *National Net Zero Skills Centre of Excellence* and initiatives to develop the skills and competencies of the industrial workforce in the region. We anticipate that our engagement will include an advisory role in the set up and delivery programmes of the *National Net Zero Skills Centre of Excellence*, alongside industrial, government and other academic institutions. With supporting agreements, USW can aid in the development and delivery of training programmes through the NNZSCoE.

A handwritten signature in black ink, appearing to read 'Jon Maddy'.

Jon Maddy, Director USW Hydrogen Centre.

Email: jon.maddy@southwales.ac.uk



Mae Prifysgol De Cymru yn elusen gofrestrwyd. Rhif Bwsen 1140312
The University of South Wales is a registered charity. Registration No. 1140312



Tue 26/09/2023 08:49

Kelly Fountain <kelly.fountain@nptcgroup.ac.uk>

RE: Letter of Support request for the National Net Zero Skills Centre of Excellence

To Brett Suddell

Cc Kathryn Dunston; Gemma Charmock

You replied to this message on 26/09/2023 10:51.

Caution: This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe. If in doubt, contact the IT Service Desk

Hi Brett,

Thank you for meeting with us yesterday.

This is confirmation that we would be in support of your proposal to develop a National Net Zero Skills Centre of Excellence, within the Advanced Manufacturing Facility. We see this as an excellent opportunity to further collaborate with you in line with our strategic plans for the College. We have recently launched our Net Zero Academy which is an innovative collaboration between the College, industry specialists and respective trade associations, to deliver skills and training to meet the Net Zero targets.

We wish you every success in the bidding process.

Kind regards,

Kelly

Kelly Fountain

Is-bennaeth Academaidd

Vice Principal: Academic

0330 818 8100

Colleg Castell-nedd / Neath College

www.nptcgroup.ac.uk

Fri 15/09/2023 10:58



Andrew Thomas

RE: Letter of Support request for the National Net Zero Skills Centre of Excellence

To Brett Suddell, Angeline Spooner-Cleary, Christopher D. Mills

Cc Lisa Willis

Brett

Thank you for your e mail. The work you describe sounds as exciting as it is innovative. Please accept this e mail as endorsement and full support for the National Net Zero Skills Centre of Excellence

Kind regards Andrew Thomas

Director of Education, Leisure and Lifelong Learning

Tue 09/10/2023 10:59



Richard Morgan (Innovation & Engagement) <richard.morgan@uwtsd.ac.uk>
National Net Zero Skills Centre of Excellence

To Brett Suddell
Cc Lisa Lucas

Caution: This email originated from outside of the organisation. Do not click, links or open attachments unless you recognise the sender and know the content is safe. If in doubt, contact the IT Service Desk

Dear Brett,
Further to our recent discussions I am writing in support of your proposal for the development of a National Net Zero Skills Centre of Excellence. UWTSD have had the pleasure of working with NPTC for a number of years and can attest to the strong industry focus and professionalism in responding to demands through initiatives such as this. The Innovation and Engagement team at UWTSD see this as very complementary to our own provisions and activities such our Advanced Manufacturing Skills Academy, the Centre of Batch Manufacturing Wales and MADE Cymru, and look forward to working closely together on this and several other areas. This would also align with the UWTSD SFP project that is about to mobilise given that a large focus will be on supporting companies in adopting technologies to obtain net-zero ambitions. We fully support this application for funding and believe it will have a positive impact on the region and its workforce.

Many thanks
Richard
Richard Morgan
Penmaeth Arfdeisi ac Yngysylltu | Head of Innovation & Engagement
Aithrofa Gwyddoniaeth a Chelf Cymru | Wales Institute of Science & Art
Prifysgol Cymru Y Ddrindod Dewi Sant | University of Wales Trinity St David
Adeilad IQ, Heol Y Brenin, Abertawe | IQ Building, Kings Road, Swansea SA1 8EW
Rheffwrdd | Telephone No: 01792 481286 (Meimrol) | Internal: 3286 | Email: richard.morgan@uwtsd.ac.uk

Prifysgol Cymru
Y Ddrindod Dewi Sant
University of Wales
Trinity Saint David

200
1822 - 2022

Welsh Institute
of SCIENCE
& ART
a Chelf Cymru

Quality Standard
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Hygiene
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ISO 29000

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BENEFITS REGISTER

Project Name: Enhanced Advanced Manufacturing Facility Date: Oct-23
 Responsible Officer/Register Owner: Dr Brett Suddell
 This Benefits Register will be reviewed regularly and will form part a standing Agenda on the Project Board.

Note: All the benefits in the Strategic Case and Economic Case must be accounted for within the Benefits Register - this includes the Economic Appraisal for the Preferred Option.

Benefit No:	Benefit Description	Benefit Target	Targeted End Achievement Date	Year Time Value			Data Sources	Activities Required/Critical Dates	Responsible Officer/Who will deliver it	How will it be evidenced	Reporting
				5yrs	10 yrs	15yrs					
<i>(unique no. in this register)</i>	<i>(including enabling project or activity)</i>	<i>Measurable Target - Expected level of change</i>	<i>Specific date when will the benefit be realised</i>	<i>(what benefits will be delivered over the 5yr, 10yr, 15yr period)</i>			<i>(what aspect of the project will give rise to the benefit - to facilitate monitoring)</i>	<i>(to secure the benefit)</i>			
IMPLEMENTATION PHASE											
				5yrs	10 yrs	15yrs					
QUANTITATIVE INDICATORS											
IP1	Land based infrastructure and premises - specialist facilities created	5,000 sq m	2027	100%			Project Accounts Meeting Minutes Contractors Reports Monitoring and Evaluation Reports from independent Consultants	Land acquisitions, planning consents, procurement of construction contractors.	NPTCBC SRO / PM	Copies of Plans & Designs of facility. Works - Certificate of Practical Completion. Photos of completed facility. M&E reports	PDI / PDM Board Minutes & Associated Reports.
IP3	Public sector (SBCD) funding leveraged for the EAMPF Project	£22.5m	2027	100%			SILCG Board approvals, account records, bank statements	City Deal Approval. Terms and Conditions. SILCG Project Board approval	NPTCBC SRO / PM	Claims & Claim documentation	With Claims
IP4	Creation of employment during delivery phase	10 Jobs linked to the construction contracts as a result of the project.	2027	100%			Contractor reports	SILCG approval	NPTCBC SRO / PM	Job descriptions and confirmation of employment confirmation.	Project management reports
OPERATIONAL PHASE											
				5yrs	10 yrs	15yrs					
QUANTITATIVE INDICATORS											
OP1	Gross jobs created by the project	113 Jobs	2033	100%			Job descriptions, employment contracts	Creation of specialist facilities and provision of specialist equipment	NPTCBC SRO / PM	Monitoring of job creation with start up companies and growth	Independent economic impact reports at the programme level. PDM Board Minutes & associated evidence / reports.
OP2	Private sector funding leveraged	£9m	2033	100%			Successful funding awards	Identification and commencement of fundraising activity	NPTCBC SRO / PM	Claims & Claim documentation	With Claims
OP3	50 training Courses per annum delivered through the National Net Zero Skills Centre of Excellence.	500 training courses	2033	100%			Operational Reports. Monitoring and Evaluation reports	Industry led net zero skills pathway developed and delivered.	NPTCBC / SRO / PM / Partners	Monitoring reports	Board meetings SBCD governance reporting
OP4	Number of enterprises accommodated	15 SME's	2033	100%			Reports	Infrastructure/facility completion. Operator procured.	NPTCBC SRO / PM	Lease agreements, term sheets. M & E reports	Board meetings SBCD governance reporting
OP5	Inward investment from public funding	£50m	2033	100%			Successful funding awards	Collaboration between industry, government and academia	NPTCBC SRO / PM	Monitoring of collaboration / collaborative bids	Board meetings SBCD governance reporting
OP6	Individuals trained in net zero related skills training.	3500 individuals	2033	100%			Records from NNZS operator	Net Zero Skills pathway developed and delivered.	NPTCBC SRO / PM / Partners	Operator reporting	Board meetings SBCD governance reporting
OP7	Jobs Accommodated	140	2033	100%			Records from EAMPF operator	Facility completion, and tenants secured.	NPTCBC SRO / PM / Partners	Operator / Company reporting	Board meetings SBCD governance reporting
QUALITATIVE INDICATORS											
OP8	Increased supply chain awareness of Net Zero opportunities		2033	100%			Industry evidence	Project completion	PM / Partners	Stakeholder engagement survey	Independent economic impact reports at the programme level. PDM Board Minutes & associated evidence / reports.
OP9	Increased collaboration between insutry and academia		2033	100%			Industry evidence	Project completion	PM / Partners	Stakeholder engagement survey	Independent economic impact reports at the programme level. PDM Board Minutes & associated evidence / reports.
OP10	Diversification of regional labour market -equipping regional workforce with necessary green economy skills to engage with SBCD activities		2033	100%			Industry evidence	Project completion	PM / Partners	Stakeholder engagement survey	Independent economic impact reports at the programme level. PDM Board Minutes & associated evidence / reports.
OP11	Increased net zero skills development		2033	100%			Training and skills surveys	Project completion	Project partners (collaborating with Skills & Talent lead and academia)	Training and skills surveys	Independent economic impact reports at the programme level. PDM Board Minutes & associated evidence / reports.

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Latest Assessment: 3rd October 2023

Risk Theme	Ref	Title	Date Raised	Category	Owner	Risk Description	Inherent Probability	Inherent Impact	Inherent Rank	Original Control Actions	Review Update/Control Actions	Revised Probability	Revised Impact	Revised Rank	Reported Change	Review Date
Developmental	EAMPF002	Land ownership issues	Oct-23	C3 C6 C11 C14	NPT SRO / PM	Inability to negotiate land agreements in a timely fashion could lead to project slippage and / or increased costs	3	5	High	Detailed project and resource allocation. Early engagement with land owners. Regular progress meetings and project monitoring.						
Financial	EAMPF010	Increasing capital costs	Oct-23	C1 C3 C6 C11 C13	NPT SRO / PM	Further funding could be required i.e unforeseen costs, changing requirements, rising construction sector costs etc.	4	4	High	Effective project management / budget monitoring						
Developmental	EAMPF001	Resource capacity	Oct-23	C6 C10 C11 C14	NPT SRO / PM	Resource capacity of programme / project teams, particularly during the development and delivery phase/increased costs from outsourcing e.g. legal costs, project management	3	3	Medium	Effective project governance / re-deployment if necessary / team working						
Developmental	EAMPF003	Procurement	Oct-23	C3 C6 C11 C14	NPT SRO / PM	Failure to generate interest for operator via tender process, potentially leading to increased costs / extended timescales.	2	4	Medium	Detailed project and resource allocation. Regular progress meetings and project monitoring. Early engagement with procurement team to define specification for building and operator services in earliest possible timeframe.						
Developmental	EAMPF004	Legal	Oct-23	C1 C6 C11 C14	NPT SRO/ Delivery Partners	Cost implications not covered by city deal funds	3	4	Medium	NPT and partners covering additional legal costs/Ensuring timescales are discussed and agreed ahead of time/ regular updates.						
Implementation	EAMPF005	Loss of key members of staff	Oct-23	C6 C10 C11 C14	NPT SRO / PM	Resource capacity of project teams, could lead to time delays, increased costs	3	4	Medium	Effective project governance / re-deployment if necessary / team working						
Implementation	EAMPF006	Project Slippage	Oct-23	C3 C6 C11 C14	NPT SRO/PM	Slippage as a result of project delays, Enhanced AMPF business case, late business case approval, procurement delays or match funding requirements, which could lead to project delay and / or increasing costs.	3	4	Medium	Multidisciplinary team to define scope and undertake mapping of assets and partners. External orgs i.e. external contractor to progress plans. Detailed project and resource allocation. Regular progress meetings and project monitoring.						
Implementation	EAMPF007	Planning delays	Oct-23	C3 C6 C11 C12 C14	NPT SRO / PM	Potential slippage, obstruction or increasing costs due to planning delays or unexpected planning conditions/ changes to planning legislation	3	4	Medium	Effective project management and early communication with the planning authorities.						
Implementation	EAMPF008	Technological advances	Oct-23	C3 C6 C11 C14	NPT SRO / PM / Project Board	Potential cost increases in the long term if equipment needs to be upgraded.	3	3	Medium	Proper engagement with stakeholders to be carried out during development phase. On-going project management / monitoring.						
Operational	EAMPF 009	Failure to achieve outputs / outcomes	Oct-23	C3 C6 C11 C13	NPT SRO / PM	Could lead to clawback of funding and reduced impact of project.	2	4	Medium	A Monitoring and Evaluation Plan will be produced. Effective project management processes / meetings to be employed.						
Financial	EAMPF011	Failure to secure operator / tenants	Oct-23	C3 C6 C11 C13	NPT SRO / PM	On-going revenue responsibilities affecting long term sustainability	2	4	Medium	Effective project management processes / early advertising and engagement with potential tenants/operators.						
Opportunity	EAMPF0013	Skills	Oct-23	C11	NPT SRO / PM	Failure to engage with FE/HE and industry to identify skill gaps required	1	4	Medium	Working with skills providers HE/FE/RLSP to scope the skills academy and assess skills requirements.						

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Swansea Bay City Deal: Supporting Innovation and Low Carbon Growth

Programme Business Case (PBC) Version 4.0



Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council



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Revision History

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Business case sign off

Version	Signed off by	Comments	Date
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Introduction

The Supporting Innovation and Low Carbon Growth (SILCG) programme has been developed to deliver sustainable growth and job creation in the Swansea Bay City Region, with a targeted focus on the Port Talbot Waterfront Enterprise Zone area. It aligns to key priority areas such as UK Industrial Strategy, The Ten Point Plan for a Green Industrial Revolution, Welsh Government's Prosperity for All; The Economic Action Plan and Low Carbon Wales, Wellbeing of Future Generations Act (2015) and supports the Foundational and Circular Economies. The programme aims to create the right environment for innovation and new technologies to support the creation of a decarbonised and innovative economy.

The programme's **vision** is: ***to deliver low carbon, sustainable and inclusive economic growth for the region.***

The programme has evolved since the original 2017 Swansea Bay City Deal, and has been developed in response to a number of key drivers: the two reviews of the Swansea Bay City Deal in 2019, Welsh Government climate change emergency, the macro economic situation, and current strategies in the region, in particular the Port Talbot Waterfront Enterprise Zone Strategic Plan.

The programme is a place-based approach, focused on the Harbourside / Baglan Energy Park area of Port Talbot which will also have a regional, national and UK wide impact. The programme is based on need and opportunity - building on the region's skilled workforce, excellent transport links, a growing RD&I, energy and advanced materials knowledge and expertise base and is within the South Wales Industrial Cluster (SWIC)¹.

The projects are aligned to supporting the green industrial revolution and have been developed and will be delivered in partnership with government, industry and academia. The SILCG programme will promote low carbon, sustainable and inclusive growth for the region through a number of interlinked projects developed in partnership between Neath Port Talbot CBC, Swansea University and University of South Wales. The programme provides a range of specialist facilities to support collaboration and commercialisation of RD&I activities through to scaling up to late TRL levels and SME development and inward investment – supporting knowledge retention in the region. The programme will be a catalyst for further public and private investment, including supporting a green economic recovery post Covid 19.

¹ <https://www.swic.cymru/>

The Programme aims to deliver the following impact over 15 years:

- GVA uplift of approximately £6.2m per annum - £93m over 15 years
- 1,320 jobs created / safeguarded
- £11m minimum direct investment leverage (£5.5m private sector / £5.5m public sector) with planned additional funding leverage from public and private sources.

Programme summary

Project Summary
<p>Technology Centre (TC)</p> <p>A hybrid energy positive building providing a range of high quality, flexible, speculative office and laboratory space to support start-up businesses and indigenous business growth in the energy and renewables sector</p>
<p>SWITCH (South Wales Industrial Transition from Carbon Hub)</p> <p>A purpose-built facility and specialist equipment to support the steel and metals industry and supply chain to improve competitiveness by increasing product capability and reduce carbon emissions to meet legislative requirements.</p> <p>To strengthen collaboration between industry and academia</p>
<p>Hydrogen Stimulus project (H2)</p> <p>To 'link' the Technology Centre to the University of South Wales Hydrogen Centre at Baglan to enable excess renewable electricity from the Technology Centre to produce a clean, carbon-free hydrogen supply to fuel hydrogen vehicles.</p> <p>A demonstrator project to prove commercial viability of hydrogen to fuel</p>
<p>Air Quality Monitoring project (AQMP)</p> <p>To test alternative low-cost sensors to establish whether they provide a greater understanding of air quality and levels of pollution within targeted areas to help inform action plan measures on a local level.</p>

Low Emission Vehicle Charging Infrastructure (LEV)

To develop a Low Emission Vehicle charging strategy for the region to ensure a coordinated approach to decarbonise journeys in the Swansea Bay City Region.

To coordinate funding opportunities

To develop a pilot in the Valleys area e.g. community charging hub, how to address on-street charging, link charging to renewables generation in the Valleys area

Advanced Manufacturing Production Facility (AMPF)

To develop a hybrid building providing a range of production units with open access shared specialist equipment to support start-up companies and indigenous business growth in the innovation and manufacturing sectors, linked to energy and renewables.

A collaborative development between government, industry and academia based on the 'proving factories' concept (late TRL level to MRL level).

Property Development Fund (PDF)

To provide gap funding for bespoke and speculative commercial buildings in the Port Talbot Waterfront Enterprise Zone area to encourage private sector development, with a focus on the energy and renewables sector

This business case is structured in accordance with the Welsh Government's best practice Five Case Model (Better Business Cases), in the context of the wider Swansea Bay City Deal Portfolio and the totality of its contributory programmes (of which there are another eight, led by other regional local authorities). In this sense, it is important not to consider this programme in isolation, but as an investment proposition that focuses on key aspects of the SBCD portfolio as part of a 'bigger picture'.

The following section – the Executive Summary – provides a précis of each of the five cases and is designed to give the reader a quick and thorough overview of the programme, highlighting the key sections of each of the five cases. This is the 'ten-minute read' providing the reader with a 'map' to identify areas of interest and provide a guide to access the more comprehensive analysis in the main body of the document (as detailed in each of the five cases).

Executive Summary

Strategic Case

The strategic drivers at UK, national, regional and local levels shown in the business case are clearly aligned and support the development of proposals focused on low carbon economic growth. In particular:

- The UK and Welsh Government recognises the importance of decarbonisation to ensure economic growth is sustainable;
- There is a clear need to move towards renewable energy sources to increase efficiency and reduce costs, and for the public sector to exemplify this;
- Strategic imperatives to foster innovation and entrepreneurialism in high-value R&D-based opportunities;
- The creation of high-quality jobs is a clear link through all policy levels, as is a desire to provide training and development solutions to upskill existing workers.

The Supporting Innovation and Low Carbon Growth programme is aligned to UK and Welsh Government strategies and policies, in particular UK Industrial Strategy, Ten point plan for a Green Industrial Revolution, Clean Growth Strategy, Climate Change Act, Wellbeing of Future Generations Act (Wales), Economic Action Plan, Low Carbon Wales, A manufacturing future for Wales (consultation).

This programme will contribute to the overarching SBCD portfolio and the SILCG Investment Objectives are aligned to and will contribute towards the delivery of the SBCD portfolio Investment Objectives.

The Case for Change section provides the evidence base for change and the impact of the programme. It provides an overview of the current situation in terms of :

1. Swansea Bay City Region economy
2. Decarbonisation and legislative requirements
3. Manufacturing
4. RD&I environment

The summary section within Table 1.6: Summary of business needs of the Strategic Case demonstrates how the SILCG programme of interlinked projects addresses the business needs of decarbonising and diversifying the economy.

Theme	Existing arrangements	Investment objective	Business needs
Economic performance	<ul style="list-style-type: none"> • SBCR economy underperforming compared to UK: <ul style="list-style-type: none"> ○ GVA 74% of UK average and falling ○ 71% working age population employed (UK: 76%) • Fewer people with higher level qualifications compared to other regions of Wales and the UK. • Reliance on foundational industries for higher value jobs - strong steel industry and the foundation of UK steel industry. • Strong and increasing demand for steel from domestic and export markets, but domestic supply reducing. 	<p>1. To create 1,320 high value added jobs aligned to the green economy through creating the right environment for a resilient, diverse and sustainable regional economy by 2033.</p>	<ul style="list-style-type: none"> • Diversify the economy (industrial and manufacturing base), increase productivity and stimulate recovery by supporting the steel and metals industry. • Support the supply chain associated with the industrial and manufacturing base. • Develop skills in the region to support existing and developing industry, particularly working with the Skills and Talent programme to increase funding for decarbonisation-focused research specialists and work-based learning to ensure there are appropriate skills to support low carbon economy.
	<ul style="list-style-type: none"> • RD&I clusters exist in the region with a growing 		<p>2. To increase the region's GVA by approximately £93m by 2033</p>

Theme	Existing arrangements	Investment objective	Business needs
	<p>number of initiatives.</p> <ul style="list-style-type: none"> • Shortage of high quality, flexible commercial property in SBCR with demonstrated demand. 	<p>through supporting innovation and new product development in science, technology and manufacturing sectors - strengthening industry, academia and government collaboration.</p> <p>3. To secure over £11m in additional investment from public and private sources, and approximately £40m additional leverage from public and private research funding by 2033</p>	<p>of the SBCR steel and metals industry.</p> <ul style="list-style-type: none"> • Support industry, academia and government collaboration through applied research. <p><u>Commercial property:</u></p> <ul style="list-style-type: none"> • Address the cost/value gap with commercial property in the region. • Incentivise development of energy positive buildings. <p><u>RD&I infrastructure:</u></p> <ul style="list-style-type: none"> • Build on existing RD&I initiatives and support maintenance and growth of market share in the steel and metals industry so the UK and SBCR remain leaders in steel innovation, advancing RD&I and decarbonisation. • Address practical needs of RD&I commercialisation through spinouts, high growth startups

Theme	Existing arrangements	Investment objective	Business needs
			<p>and indigenous business growth – providing appropriate infrastructure and collaborative space for industry and academia, including flexible office/laboratory and industrial premises, with room for expansion.</p> <ul style="list-style-type: none"> • Encourage private sector investment in facilities and address the market failure/cost – value gap.
Environmental performance	<ul style="list-style-type: none"> • Strong legislative drivers to reduce GHGs at UK and Wales level. • Wales GHGs driven predominantly by energy generation and industry (particularly the steel industry). • High level of offshored CO₂. • Public sector desire to lead revolution in LEVs - few charging points and existing 	<p>4. To support innovation to influence a shift in the use of high CO₂ energy usage to low CO₂ energy usage in economic activities (industry, commercial buildings and transport) by 2033.</p>	<p><u>General:</u></p> <ul style="list-style-type: none"> • Meet net zero emissions target by 2050; decoupling economic growth from carbon emissions in the region. • Reduce importing of CO₂– diversify the economy and bring economic activity onshore, where possible. • Improve air quality. <p><u>Industry:</u></p>

Theme	Existing arrangements	Investment objective	Business needs
	<p>hydrogen centre.</p> <ul style="list-style-type: none"> • Energy emissions from commercial buildings not being addressed. • SBCR has range of conventional and renewable energy production assets (25% from renewables, 75% fossil fuels). 		<ul style="list-style-type: none"> • Reduce energy demand in industrial processes. • Decarbonise the steel and metals processing and reduce industrial emissions. • Support applied research into alternative low carbon fuel sources and new steel making technologies, considering the global emissions impact. <p><u>Energy:</u></p> <ul style="list-style-type: none"> • Rebalance energy production away from fossil fuels to low-carbon. Ensure the security of supply of zero carbon energy for heating and fuel. <p><u>Vehicles:</u></p> <ul style="list-style-type: none"> • Reduce emissions from public and private vehicles, encouraging the use of low carbon transport, using the public sector to lead by example in reduction of

Theme	Existing arrangements	Investment objective	Business needs
			<p>emissions for public vehicles.</p> <ul style="list-style-type: none"> • Need to increase capacity for low emission vehicle charging across the region. • Demonstrate commercial viability of the renewable generation of hydrogen and build on its use of hydrogen as an alternative to electric vehicles. <p><u>Buildings:</u></p> <ul style="list-style-type: none"> • Reduce energy demand and improve design of commercial buildings. • Investigate low carbon technologies for commercial buildings. • Incentivise new commercial buildings to be low-carbon.

Summary of main programme benefits, risks, constraints and dependencies are shown below:

Benefits	Risks
<ul style="list-style-type: none"> • Productivity gains including from commercialisation of R&D, using uplift in salaries of additional jobs to UK 	<ul style="list-style-type: none"> • Programmes slippage as a result of late business case approval, procurement delays or match funding requirements

<ul style="list-style-type: none"> • Commercialisation of new and improved products • Safeguard and create employment opportunities • More resilient supply chain • Increase academia and industry collaboration and innovation • Clustering impact • Establish the region as a test bed for innovative solutions to societal challenges e.g. decarbonisation of industrial processes including steel an metals industry, air quality, decarbonised economic growth • Reduction in energy demand and production of energy • Lower cost energy for commercial / industrial infrastructure 	<ul style="list-style-type: none"> • Increasing capital costs - further funding could be required i.e., unforeseen costs, changing requirements • Dependence on multiple funding sources • Failure to secure tenants - ongoing revenue responsibilities affecting long term sustainability • External risks such as Covid-19 and Brexit
<p>Constraints</p>	<p>Dependencies</p>
<ul style="list-style-type: none"> • Programme budget based on the fixed funding agreement between NPTCBC and the SBCD • 15-year funding profile to 2033 with a front-loaded delivery within 5 years • Budget must be largely capital investment • Availability of development sites • Planning and development parameters • Capital investment leverage from private sector • Public sector procurement rules • State Aid rules 	<ul style="list-style-type: none"> • Renewable energy projects within the region • SBCD Skills and talent project - combined approach across projects to identify skills and talent development requirements • Strategies and policy drivers: Governance process to ensure a continual review of any new policies and changes that could have a potential impact on programme delivery. • Private sector engagement: Stakeholder management at programme and project level. • Statutory Consents and Planning Approval

Economic Case

Part 1 of the Economic Case provides detail on the development of the SILCG programme – describing how it has not developed from first principles - it has developed organically over time, bringing together projects from the City Deal and the Port Talbot Waterfront Enterprise Zone strategic plan. As a programme the identified projects support economic development, diversification and growth of the economy, respond to climate change and improve air quality – the projects have evolved over time and are aligned to the green economy which is an important pillar of UK and Wales policy. The green economy offers opportunities for the SBCR to develop its emerging cluster of energy and technology related businesses, academic R&D institutions and a longstanding concentration of manufacturing industries, particularly in steel and metals.

The analysis shows that the SILCG programme adds value to the UK overall with an overall NPSV of about £94.7 million and the discounted BCR is 1.6. The table below summarises the conclusions of the revised CBA..

		Programme	TC	SWITCH	H2	AQMP	LEV	AMPF	PDF
A Net Present Social Value	£ million	94.7	18.1	29.3	0.0	0.0	0.0	29.6	17.7
B Public sector cost (or appropriate value for cost)	£ million	127.4	8.2	94.8	-	-	-	15.2	9.1
C Appropriate BCR	Ratio	1.6	2.4	1.3	na	na	na	2.2	2.2
D Significant unmonetisable costs/benefits		Full economic costs of counterfactual: erosion of industry base through lower levels of innovation and decarbonisation	Specific product innovation and outcomes of TC tenants and the impact of the TC on their survival and growth. Benefits included in BCR limited to income and productivity	Full economic costs of counterfactual under which the steel and metals industry and significant jobs are at risk	Not included in BCR calculation	Not included in BCR calculation	Not included in BCR calculation	Specific product innovation and outcomes of AMPF tenants. BCR used limited value of research adopting public sector research income as a proxy, other benefits included tenant income and productivity gain	Specific activities of fund recipient not included. Benefits included limited to income and productivity
E Significant unquantifiable factors		Economic implications to SW existing industry base and supply chain without innovation	Specific activities and products/services of TC tenants not known but strong evidence of demand	Economic implications to SW steel & metals industry of not meeting decarbonisation targets on time	Estimates of energy production, usage and carbon savings not known. Influence as a demonstrator and industry take-up of H2 as a result of this project not known	Estimates of implications for improving policy making and future positive impact on emissions and AQ unknown	Estimates of usage and carbon savings to be determined. Influence as a demonstrator and take-up of LEV as a result of project not known	Specific activities and products/services of AMPF tenants not known but strong evidence of demand	Specifically who, timing and take-up of fund not known but strong evidence of demand and take up
F Risk costs by type and residual optimism bias	£ million	4.7	0.8	2.8	-	-	-	1.1	Not included as budget rather than detailed cost estimate at this stage
G Switching values (for the preferred option only)		na							
H Time horizon and reason		30 years operations for buildings. Asset maintenance & overhaul included where known	Facility operational 2022, operations to 2052	Facility operational 2023, operations to 2052	na	na	na	Facility open in 2024, 5 year programme for providing equipment, operations to 2052	Take-up assumed to be 10% 2021, 30% 2022 and 100% 2023, operations to 2052, c30 year building life

Commercial Case

The Commercial Case sets out the proposed procurement arrangements for delivery of the preferred option, including:

- The proposed procurement strategy and route
- The proposed service requirements and required outputs
- The proposed approach to risk allocation
- The proposed charging mechanisms
- The proposed key contractual arrangements

As lead local authority for the programme, Neath Port Talbot CBC will lead each of these procurements. Neath Port Talbot CBC will therefore be responsible for ensuring compliance with public procurement rules and regulations.

As a public sector organisation Neath Port Talbot CBC has a duty to operate in an open, fair, and transparent way, allowing the market freedom of opportunity to trade with it. Its procedures for procurement are known as 'Contract Procedure Rules'. These are important as they help to:

- Give a legal and auditable framework to its procurement activities;
- Obtain value for money services for the public;
- Ensure the council complies with the law governing the spending of public money;
- Protect its staff and members from undue criticism or allegations of wrongdoing.

The Council also has a legal requirement to comply with EU Procurement Directives (and equivalents post Transition period). These are enforced in UK law through the Public Contracts Regulations 2015. This governs the way in which the public sector procurement process must be conducted for contracts over certain specified thresholds.

Financial Case

The Financial Case sets out the funding requirements for the preferred option and demonstrates overall Programme affordability.

The current investment breakdown is based on forecasted investment as of December 2020, and summarised below:

Investment breakdown at programme level

Expenditure	Year 1 (20/21) (£m)	Year 2 (21/22) (£m)	Year 3 (22/23) (£m)	Year 4 (23/24) (£m)	Year 5 (24/25) (£m)	Year 6 (25/26) (£m)	Year 7 (26/27) (£m)	Total (£m)
Capital	£ 3.00	£ 9.17	£ 8.83	£ 30.85	£ 6.65	£ 0.20	£ -	£ 58.70
Revenue	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -
Total	£ 3.00	£ 9.17	£ 8.83	£ 30.85	£ 6.65	£ 0.20	£ -	£ 58.70
Funding								
Swansea Bay City Deal Grant	£ -	£ 6.12	£ 5.53	£ 29.20	£ 6.65	£ 0.20	£ -	£ 47.70
Public Sector	£ 3.00	£ 2.50	£ -	£ -	£ -	£ -	£ -	£ 5.50
Private Sector	£ -	£ 0.55	£ 3.30	£ 1.65	£ -	£ -	£ -	£ 5.50
Total	£ 3.00	£ 9.17	£ 8.83	£ 30.85	£ 6.65	£ 0.20	£ -	£ 58.70

Investment breakdown at project level

Supporting Innovation & Low Carbon Growth	Budget	City Deal	Funding (£m)					Total	Variance
			NPT	WG	ERDF	Private Sector			
1 Technology Centre	£ 8.50	£ 3.00	£ 1.30	£ 0.50	£ 3.70	£ -	£ 8.50	£ 0	
2 SWITCH	£ 20.00	£ 20.00	£ -	£ -	£ -	£ -	£ 20.00	£ 0	
3 Hydrogen Stimulus	£ 2.00	£ 2.00	£ -	£ -	£ -	£ -	£ 2.00	£ 0	
4 Air Quality Monitoring	£ 0.50	£ 0.50	£ -	£ -	£ -	£ -	£ 0.50	£ 0	
5 Low Emission Vehicles (LEV)	£ 0.50	£ 0.50	£ -	£ -	£ -	£ -	£ 0.50	£ 0	
6 Advanced Manufacturing Production Facility	£ 17.20	£ 17.20	£ -	£ -	£ -	£ -	£ 17.20	£ 0	
7 Property Development Fund	£ 10.00	£ 4.50	£ -	£ -	£ -	£ 5.50	£ 10.00	£ 0	
Total	£ 58.70	£ 47.70	£ 1.30	£ -	£ 3.70	£ 5.50	£ 58.70	£ 0	

As a result of the City Deal investment in specialist facilities and equipment which will improve collaboration between industry, the public sector and academia, it is estimated that the programme of projects will lever in an additional £10 million of private research income and nearly £30 million of public sector research income over 5 years post construction of the specialist facilities, with increased opportunities for clustering and inward investment.

Management Case

The purpose of the Management Case is to put in place the arrangements for the successful delivery of the programme. It provides evidence that the capability and capacity is in place to govern and deliver the programme, and arrangements are in place to manage programme risks.

Formal governance has been established and the SILCG Programme Board has been formally established with agreed Terms of Reference.

The programme will be delivered using proven programme and project management methodologies to ensure the outputs, benefits and outcomes are achieved in a controlled, well managed and visible set of activities. The programme team will be supported by a technical advisory group.

The programme has undergone a number of programme / project assurance reviews in the form of:

- External Peer Review
- Gateway Review – Project Assessment Review (PAR)
- Gateway Review – Critical Friend Review (CFR)

The programme received a Delivery Confidence Assessment of ‘amber’

The programme has on-going engagement with a range of stakeholders including Welsh and UK Governments, industry including Industry Wales, and academia in relation to RD&I and skills.

1.0 Strategic Case

The purpose of the Strategic Case is to make the case for change and demonstrate how the Supporting Innovation and Low Carbon Growth programme aligns with UK, Wales, regional and local strategies and policies as well as other ongoing programmes and projects.

1.1 Strategic Context

This section provides an overview of the lead organisation as well as a review of relevant strategies, policies and other ongoing programmes and projects to demonstrate strategic fit.

1.1.1 Organisational overview

Neath Port Talbot County Borough Council is the lead local authority for the Supporting Innovation and Low Carbon Growth programme, and project lead for the Technology Centre, Air Quality Monitoring project, Low Emission Vehicle Charging Infrastructure, Advanced Manufacturing Production Facility and Property Development Fund.

Neath Port Talbot is located at the centre of the south Wales economy between the cities of Cardiff and Swansea. It benefits from direct access via the M4 corridor with access to a wider catchment area for employment – analysis demonstrates that there is a working age population of 1.4 million, and one million jobs within an hour's drive of the Port Talbot Waterfront Enterprise Zone.

Neath Port Talbot CBC (NPTCBC) was formed in April 1996 following local government reorganisation. It is the 8th most populous in Wales, with a population of approximately 140,000. 17 wards within the local authority area are in the top 10% most deprived in Wales.

NPTCBC has a proven track record of delivering large capital programme and projects, on budget and on time, from a number of different funding sources including:

- PDR Harbour Way: **£111m**
- 21st Century Schools Programme: **£122m**
- Neath Port Talbot Physical Regeneration: **£15m**
- Vibrant & Viable Places: **£35m**

The council also has extensive experience of lead body status for several collaborative regional projects including:

- South West Workways: **£23m**
- Workways+: **£7.5m**

- Engage: **£21m**

Swansea University is project lead for the SWITCH project.

Swansea University (SU) was established in 1920 and in its 100-year history collaboration, training and innovation links with industry are the core DNA of the organisation.

Swansea University is a research-led university and has a proven track record in delivering large scale programmes and projects, from a number of different funding sources including:

- Materials Research Centre at Swansea has pioneered and delivered a range of unique collaborations focused in the advanced materials industrial cluster of South Wales.
- In 1992 Swansea Materials started one of the first three Engineering Doctorate centres in the UK with a focus on steel technology. The EngD has led to significant technology breakthroughs for the university and industry partners. It has also seeded a training escalator which supports skills growth at every level down to school engagement.
- Swansea is one of five UK Innovation and Knowledge centres focused on coatings for renewable energy generation, storage and release - SPECIFIC, which has supported over £50m research and innovation investment in the region to date, working with 20 research partners and more than 100 companies. The focus is on the development and adoption of low-cost PV and other solar technologies integrated into buildings to allow them to function as power stations.
- The £450m science and innovation campus (Bay Campus) opened in 2015 and has enabled significant expansions of the manufacturing research capabilities at Swansea University. Delivered in partnership with Neath Port Talbot CBC.
- The University hosts a UKRI manufacturing hub (SUSTAIN (£10M)) and prosperity partnerships (£5M) with the steel industry which are driving a collaborative approach between the five main UK steel producers to the challenges of decarbonisation and the opportunities for new recyclable steel products.

The **University of South Wales** is project lead for the Hydrogen Stimulus project.

The University of South Wales (USW) has a proven track record in delivering strategic programmes and projects, from a number of different funding sources. The USW track record in delivering hydrogen related projects includes:

- USW has researched low and zero carbon methods of producing hydrogen for over 30 years at its Sustainable Environment Research Centre (SERC) laboratories at its Glyntaff Campus (South Wales).
- Since 2008 its Hydrogen Centre in Baglan has been developing cost-effective hydrogen production and recovery approaches that dramatically lower the carbon footprint of existing industrial processes. The team of scientists and engineers have delivered over £80m worth of industrial projects.

A summary of relevant projects is outlined below:

- Green' Hydrogen Production - In 2008 USW installed the first commercial scale 'green' or renewable hydrogen production facility in Wales at the Hydrogen Centre on Baglan Energy Park. In 2011 the UK's first commercial installation of a PEM electrolyser was installed at the Hydrogen Centre.
- USW Hydrogen Refuelling Station - In 2009, USW (then as the University of Glamorgan) installed the first hydrogen refuelling station in Wales at the Hydrogen Centre (one of the first in the UK).
- Hydrogen Recovery to Decarbonise Steelmaking

1.1.2 Relevant business strategies

The SILCG Programme is aligned to and will directly contribute to deliver the following UK, national (Wales), regional and local strategies and policies:

Table 1.1: Relevant UK strategies and policies

Strategy/ Policy	Imperative	Programme Relevance
UK Industrial Strategy (2017)²	<ul style="list-style-type: none"> • Ideas – the world’s most innovative economy • People – good jobs and greater earning power for all • Infrastructure – a major upgrade to the UK’s infrastructure • Business environment – the best place to start and grow a business • Places – prosperous communities across the UK • Grand Challenge areas - Clean growth 	<ul style="list-style-type: none"> • SILCG programme is aligned to the 5 foundations for a transformed economy: ideas, people, infrastructure, business environment, places. • SILCG is aligned to the Clean Growth Grand Challenge. • SILCG will enhance competitiveness of regional economy by creating a knowledge ecosystem with suitable infrastructure to drive growth. • SILCG will encourage the creation of new businesses to capitalise on the research and development in the region. • SILCG will support Innovation in decarbonisation, energy generation and use, construction techniques and air quality improvement. • SILCG will strengthen the regional economic base through supporting critical industries, while diversifying and developing supplementary industries to reduce reliance on existing manufacturing base. • SILCG will support the use of hydrogen as a clean fuel will accelerate the growth of the green economy. • SILCG will increase productivity and help to close the GVA gap between the region and the rest of Wales and between Wales and the rest of the UK.
Ten point plan for a Green Industrial Revolution³	<ul style="list-style-type: none"> • Build back better • UK global leader in green technologies 	<ul style="list-style-type: none"> • SILCG programme is aligned to the aim to ‘build back better: to invest in making the UK a global leader in green technologies. • SILCG will stimulate the growth of low carbon hydrogen

² <https://www.gov.uk/government/publications/industrial-strategy-building-a-britain-fit-for-the-future>

³ <https://www.gov.uk/government/publications/the-ten-point-plan-for-a-green-industrial-revolution>

Strategy/ Policy	Imperative	Programme Relevance
	<ul style="list-style-type: none"> • Growth of low carbon hydrogen • Shift to zero emission vehicles • Greener buildings 	<ul style="list-style-type: none"> • SILCG will support the ambition to the shift to zero emission vehicles • SILCG will construct greener buildings • SILCG will support green innovation • Port Talbot is identified in the plan as one of the places in the UK pioneering the decarbonisation of transport industry and power
Clean Growth Strategy⁴	<ul style="list-style-type: none"> • Decarbonisation all sectors of UK economy • Low carbon opportunities • Tackle climate change • 	<ul style="list-style-type: none"> • SILCG is aligned to the aim of clean growth i.e. economic growth while reducing greenhouse gases. • Decarbonising all sectors of the UK economy through the 2020s • The SILCG will support low carbon industries • The SILCG will support the BEIS ambition to accelerate the commercialisation of clean energy technologies and investment in smart energy systems.
Climate Change Act⁵	<ul style="list-style-type: none"> • Reduce carbon emissions 	<ul style="list-style-type: none"> • The Climate Change Act is the basis for the UK's approach to committing the Government to reduce emissions by at least 80% of 1990 levels by 2050, with 5 yearly interim targets. • The SILCG is aligned to this Act by transitioning to a low carbon economy.
Clean Air Strategy 2019⁶	<ul style="list-style-type: none"> • Improve air quality 	<ul style="list-style-type: none"> • The DEFRA Clean Air Strategy sets out the comprehensive actions required across all parts of government and society to improve air quality. • The SILCG programme is aligned to this strategy as it will support reduction in

⁴ <https://www.gov.uk/government/publications/clean-growth-strategy>

⁵ <https://www.legislation.gov.uk/ukpga/2008/27>

⁶ <https://www.gov.uk/government/publications/clean-air-strategy-2019>

Strategy/ Policy	Imperative	Programme Relevance
		emissions from industry and transport and monitor air quality.
The Road to Zero⁷	<ul style="list-style-type: none"> • Transition to zero emission road transport • Reduction in emissions from conventional vehicles 	<ul style="list-style-type: none"> • The Road to Zero Strategy outlines the mission to put the UK at the forefront of the design and manufacture of zero emission vehicles. • The target is for all new cars and vans to be zero emission by 2040. • It also aims to reduce emissions from conventional vehicles during the transition. • The SILCG programme aligns to this as it will develop a regional LEV strategy and coordinate funding opportunities / charging points activity to increase the number of charge points in the region. • The strategy states that the UK is well placed to be a global leader in hydrogen and fuel cell powered transportation which aligns to the SILCG programme.

Table 1.2 Relevant national (Wales) strategies and policies

Strategy/ Policy	Imperative	Programme Relevance
Taking Wales Forward 2016 – 2021 (WG)⁸	<ul style="list-style-type: none"> • Prosperous & secure • Deliver more and better jobs 	<ul style="list-style-type: none"> • Taking Wales Forward programme for government sets out how Welsh Government will deliver more and better jobs through a stronger, fairer economy, improve and reform our public services, and build a united, connected and sustainable Wales. • The SILCG programme is aligned to the priority area of 'prosperous and secure' as it will provide the right environment for job creation.
Well Being of Future	<ul style="list-style-type: none"> • Prosperity • Resilience 	<ul style="list-style-type: none"> • The SILCG programme is aligned to the 5 ways of working: long term;

⁷ <https://www.gov.uk/government/publications/reducing-emissions-from-road-transport-road-to-zero-strategy>

⁸ <https://gov.wales/taking-wales-forward>

Strategy/ Policy	Imperative	Programme Relevance
Generations Act 2015 (Welsh Government) ⁹	<ul style="list-style-type: none"> • Equality • Health • Community • Culture & Welsh Language • Globally responsible 	<p>prevention; integration, collaboration and involvement</p> <ul style="list-style-type: none"> • It is aligned to the 7 well-being goals: • A Prosperous Wales – provision of new employment opportunities, high quality jobs, training opportunities, diversification of the economy, re-use of brownfield land. Anticipated spin-out companies will stimulate further private and public investment in the region • A Resilient Wales - Safeguarding of existing, highly-skilled and well-paid jobs, provision of new business premises, with the necessary technological infrastructure to promote diversification and reduce overreliance on traditional industries and public sector employment • A More Equal Wales - the programme includes opportunities accessible to all to reduce societal inequalities • A Healthier Wales - with long-standing evidence demonstrating the positive impact of employment on health and well-being, improving air quality • A Wales of Cohesive Communities - through sustainable, viable employment • A Wales of Vibrant Culture and thriving Welsh Language - with increased employment opportunities supporting the language in the medium and longer term • A Globally Responsible Wales - design and delivery of buildings in line with sustainable development principles; using innovation to decarbonise industry, programme aligned to global needs.

⁹ <https://www.legislation.gov.uk/anaw/2015/2/contents>

Strategy/ Policy	Imperative	Programme Relevance
Prosperity for All: The National Strategy (Taking Wales Forward 2016 – 2021)¹⁰	<ul style="list-style-type: none"> • Deliver more and better jobs • Create a stronger and fairer economy • Build a sustainable Wales 	<p>The SILCG programme is aligned to the priority areas in the following ways:</p> <ul style="list-style-type: none"> • Creating high-value jobs leading to national prosperity • Support green growth to create sustainable jobs for the future. • Encourage a robust talent pipeline, benefitting the region through higher wages and lower levels of underemployment • Provide a focus for inward investment and indigenous business growth through innovation • Providing the right environment for businesses growth / diversification • Leverage world-wide collaboration through research facilities • Delivering wider benefits to the regional community
Prosperity for All: The Economic Action Plan (2017)¹¹	<ul style="list-style-type: none"> • Decarbonisation (public sector to be carbon neutral by 2030); • Innovation, high quality employment and skills development 	<p>The SILCG programme is aligned in the following ways:</p> <ul style="list-style-type: none"> • Aligned to the national thematic sector of High Value Manufacturing • Aligned to a number of areas in the Economic Contract: growth potential and progress in reducing carbon footprint • Aligned to calls to action: decarbonisation; innovation, entrepreneurship and headquarters; high quality employment and skills development; R&D, automation and digitalisation. • Focus on decarbonisation clearly aligns with key aims • Accelerating low-cost energy generation

¹⁰ <https://gov.wales/sites/default/files/publications/2017-10/prosperity-for-all-the-national-strategy.pdf>

¹¹ <https://gov.wales/prosperity-all-economic-action-plan>

Strategy/ Policy	Imperative	Programme Relevance
		<ul style="list-style-type: none"> • Investment in human capital, infrastructure and innovation to address productivity gap • A locus of innovation and research in the Neath Port Talbot region will strengthen the existing local economy and create new sustainable opportunities • Creating quality jobs and delivering industrially-relevant training in future-focused technologies and applications will support people-driven economic growth • Enabling public investment with social purpose, delivering increased value • Supporting public sector to become exemplar and drive green growth
Prosperity for All: Low Carbon Wales (2019) ¹²	<ul style="list-style-type: none"> • Key areas of environmental improvement including industry, transport and waste. • Driving sustainable growth and modern infrastructure. 	<p>The SILCG is aligned in the following ways:</p> <ul style="list-style-type: none"> • Creating high value jobs and innovation in clean growth will support the vision of establishing Wales as one of the best places in the world to live, work and do business; • Deliver research, infrastructure and solutions that are essential to delivering the rapid change needed to hit ambitious targets; • Opportunities to use active building (i.e. energy generating) technologies to pilot a modern construction sector; • Efficient use of resources and reuse of brownfield sites
Innovation Wales Strategy (2014) ¹³	<p>5 key themes</p> <ul style="list-style-type: none"> • Improving collaboration • Promoting a culture of innovation 	<p>Innovation Wales Strategy prioritises low carbon as a key strength on which to build.</p> <p>The SILCG is aligned in the following ways:</p>

¹² https://gov.wales/sites/default/files/publications/2019-06/low-carbon-delivery-plan_1.pdf

¹³ <https://gov.wales/innovation-wales-strategy>

Strategy/ Policy	Imperative	Programme Relevance
	<ul style="list-style-type: none"> • Providing flexible support & finance for innovation • Innovation in Government • Prioritising and creating critical mass 	<ul style="list-style-type: none"> • Leading the way through public sector exemplar investment in a cohesive low carbon strategy for the region; • Improved opportunities for supply chain productivity; • Innovation in decarbonisation will lead to growth of new company clusters in recycling technology, the circular economy, component manufacture and modular construction; • It will also increase the research capacity and capability for the region, paving the way for future growth in other sectors.
A manufacturing future for Wales: a framework for action (2020)¹⁴	<ul style="list-style-type: none"> • Ensuring sustainability of manufacturing post Covid 19 • Green based – decarbonising industry as a priority, embrace the opportunities of a circular economy • Place based – focused on strength of an area • People based – role of education in securing future prosperity 	<ul style="list-style-type: none"> • The SILCG is aligned to the 4 pillars and 10 themes of the framework: The SILCG programme will: <ul style="list-style-type: none"> • Directly support the plans for clean, green growth with focus on decarbonisation and waste utilisation – setting the foundations for a circular economy in a regional eco-system that synergizes benefits and growth; • The cluster expertise in the area will create an ideal location to deliver green innovation through innovators, supply chain, infrastructure and manufacturers across a range of sectors; Academic and industrial partnership will offer opportunities to develop specialist learning and training to ensure a long-term talent pipeline aimed at attractive, high-quality career opportunities with longevity and resilience.
Environment (Wales) Act (2016)¹⁵	<ul style="list-style-type: none"> • Management of natural resources 	<p>The Act requires the planning and management of Wales’ natural resources in a more sustainable and joined-up way. Part 2 (Climate Change) is particularly</p>

¹⁴ <https://gov.wales/sites/default/files/consultations/2020-09/manufacturing-future-wales-consultation-document.pdf>

¹⁵ <https://www.legislation.gov.uk/anaw/2016/3/contents/enacted>

Strategy/ Policy	Imperative	Programme Relevance
	<ul style="list-style-type: none"> Positively impacting climate change Emissions reduction 	<p>relevant to this Programme focusing on reducing emission targets by 2050.</p> <p>The SILCG is aligned in the following way:</p> <ul style="list-style-type: none"> Contribute to emissions reduction by creating solutions for commercialisation that will allow a range of manufacturing sectors to decarbonise; Promote use of renewable energy sources; Develop energy positive construction technologies to reduce emissions from buildings, providing demonstrators to a wider audience.
Commercial Property: Market Analysis and Potential Interventions <small>16</small>	<ul style="list-style-type: none"> Address gaps in supply of commercial property 	<p>The SILCG programme is aligned to this policy in the following way:</p> <ul style="list-style-type: none"> Supports intervention through creation of 900,000 sq ft of new space over a rolling three-year period, providing premises in a new way Creation of this space will support indigenous business and encourage inward investment through delivering a modern, attractive and suitable infrastructure for innovative development
Clean Air Plan for Wales (consultation, 2020) ¹⁷	<ul style="list-style-type: none"> Improve air quality for health, nature & prosperity 	<ul style="list-style-type: none"> The plan aims to improve air quality through air quality modelling and real time monitoring to ensure there is a targeted approach. <p>The SILCG is aligned in the following way:</p> <ul style="list-style-type: none"> The programme will enhance monitoring to better understand how and where impacts on air quality are made; Focus on identifying sources of PM10s and hence identify corrective actions

¹⁶ <https://gov.wales/sites/default/files/publications/2020-08/market-analysis-and-potential-interventions.pdf>

¹⁷ <https://gov.wales/clean-air-plan-wales>

Strategy/ Policy	Imperative	Programme Relevance
Electric Vehicle (EV) charging strategy for Wales (consultation) 18	<ul style="list-style-type: none"> • Draft strategy for EV charging in Wales • Current charging provision in Wales for cars & vans • Future charging needs 	<p>The SILCG is aligned in the following way:</p> <ul style="list-style-type: none"> • Coordinated approach for the region • Mapping current situation, behaviour and future demand in relation to low emission vehicles <p>Aligned to the Wales strategy</p>
Regional Investment in Wales ¹⁹	<ul style="list-style-type: none"> • 4 investment priority areas: • Business productivity & competitiveness • Healthier, fairer and more sustainable communities • Zero carbon economy • Reducing economic inequalities 	<p>The SILCG is aligned in the following way:</p> <ul style="list-style-type: none"> • Creating the right environment for sustainable and inclusive jobs and growth • Opportunities to grow and strengthen productivity and competitiveness of SMEs in green industrial revolution • Opportunities for research and innovation in collaboration with government, industry and academia. • Economic growth and decarbonisation

Table 1.3: Relevant regional and local strategic and policy drivers

Objectives/ Goals	Imperative	Programme Alignment
Swansea Bay City Region Economic Regeneration Plan (2017) ²⁰	<ul style="list-style-type: none"> • Business Growth, retention and specialisation • Skilled and Ambitious for Long-term Success 	<ul style="list-style-type: none"> • Supporting indigenous companies and industries which are economically critical in terms of GVA and employment • Supporting economic diversification through value added jobs • Creating the physical and knowledge-based infrastructure to foster and encourage innovative start-ups, providing support to ensure retention and growth of

¹⁸ <https://gov.wales/sites/default/files/consultations/2020-12/electric-vehicle-charging-strategy-consultation-document.pdf>

¹⁹ <https://gov.wales/regional-investment-wales-framework>

²⁰ <https://www.swansea.gov.uk/swanseabaycityregioneconomicregenerationstrategy>

Objectives/ Goals	Imperative	Programme Alignment
	<ul style="list-style-type: none"> • Maximising Job Creation for all • Knowledge Economy and Innovation • Distinctive places and competitive infrastructure 	<p>new businesses, a 'knowledge economy' where innovation thrives</p> <ul style="list-style-type: none"> • In particular, support early-stage knowledge-intensive firms through incubation and innovation stages • Creating highly skilled and well-paid jobs, developing skills to maximise employment in growth sectors • Removing barriers to employment • Providing infrastructure assets to support business as a regional gateway • Supporting business as a regional gateway, increasing entrepreneurial culture • Through specialised training solutions, deliver a talent pipeline for high-growth sectors • Support the 'internet coast' through next-generation digital infrastructure, creating future energy systems, integrating renewable energy with existing asset base and delivering leading-edge research • Contribute to the key themes: <ul style="list-style-type: none"> ○ embeddedness - existing base of trained labour ○ relatedness - diversifying existing strengths in the area via the metals industry ○ connectedness - already established network of steel and metals companies in the area
Regional Economic Framework²¹	<ul style="list-style-type: none"> • Long term economic development of the region 	<ul style="list-style-type: none"> • The SILCG programme is aligned in the following way: • Addressing the areas of weaknesses / threats – will increase productivity, create employment opportunities, provision of low carbon high quality business infrastructure

²¹ <https://businesswales.gov.wales/mid-wales-and-south-west-wales-economic-frameworks>

Objectives/ Goals	Imperative	Programme Alignment
		<ul style="list-style-type: none"> • Build on the strengths of sectoral strengths in energy, advanced manufacturing and innovation centres. • The SILCG programme is aligned to the SBCR Regional Delivery Plan as this action plan will focus on diversification, energy and renewables sectors.
NPT Council Decarbonisation and Renewable Energy (DARE) Strategy (2020)²²	<ul style="list-style-type: none"> • Response to climate emergency • Reducing carbon emissions • Limiting future climate change 	<ul style="list-style-type: none"> • Maximising the environmental, social and economic benefits of decarbonisation • Clean air for everyone • Focus on strategies to reduce traffic-related poor air quality, industrial sources and nuisance dust • Addressing fuel poverty through accelerating development of active building technologies • Improving community engagement through communications as well as demonstrators – establishing infrastructure to position the region as an exemplar in the field • The SILCG programme supports the key areas of transport, industry, air quality and buildings to underpin the strategy and commitments to decarbonisation
NPTCBC Corporate Plan 2019-2022²³	<ul style="list-style-type: none"> • Developing economy and environment to improve well-being 	<ul style="list-style-type: none"> • Creating opportunities for spin-out companies and further inward investment • Supporting sustainable economic growth through green processes, building resilience
Port Talbot Waterfront Enterprise Zone²⁴	<ul style="list-style-type: none"> • Create diversified, resilient economy building on local strengths in steel, 	<ul style="list-style-type: none"> • Recognising importance to the region of the manufacturing base, supporting its sustainability and clean growth through innovation and decarbonisation • Creating infrastructure and ecosystem needed to deliver a diversified economy

²² <https://www.npt.gov.uk/media/13541/dare-strategy-may-20.pdf?v=20200522162830>

²³ <https://www.NPTCBC.gov.uk/19450>

²⁴ <https://businesswales.gov.wales/enterprisezones/zones/port-talbot-waterfront>

Objectives/ Goals	Imperative	Programme Alignment
	energy and manufacturing	<ul style="list-style-type: none"> • Providing attractive and functional employment sites in the region, which is fundamental to securing investment • Creating (and supporting existing) necessary high value, skilled jobs <p>(PTWEZ letter of support Annex 1.1)</p>

Paris Agreement 2015

In addition to UK and Wales strategies and policies, the programme is also aligned to the Paris Agreement 2015²⁵. The Paris Agreement brings all nations into a common cause to undertake ambitious efforts to combat climate change and adapt to its effects. Renewables, green hydrogen and carbon capture utilisation and storage (CCUS) will be key to task of keeping global warming within 2-degrees if it hopes to hit the target set as part of the Paris Climate Agreement.

Foundational Economy

The programme will support and grow the foundational economy²⁶ by challenging the conventional way of providing business premises, and nurturing an environment / cluster of innovative, state up and growing / diversifying indigenous businesses.

Circular Economy

The SILCG programme is aligned to the circular Economy strategy²⁷ to move towards zero waste by 2050, scrutinise how we use resources, maximise the economic and social opportunities of a more circular economy. The SWITCH project is closely aligned with this strategy.

1.1.3 Links with other relevant initiatives, programmes and projects

At the national (Wales), regional and local level there are a number of complementary initiatives, programmes and projects to which the SILCG programme is aligned and will add value, including:

²⁵ <https://www.un.org/en/climatechange/paris-agreement>

²⁶ <https://businesswales.gov.wales/foundational-economy>

²⁷ <https://gov.wales/circular-economy-strategy>

Table 1.4 Links with other relevant initiatives

Initiative	Relevance to this Programme
Swansea University²⁸	Swansea University is a partner and will deliver the SWITCH project
University of South Wales Hydrogen Centre²⁹	The Hydrogen Centre is a partner in the hydrogen stimulus project.
Active Building Centre³⁰	The Supporting Innovation and Low Carbon Growth programme and the Active Building Centre are aligned in a number of ways and will continue to work together to accelerate market adoption of energy positive and net zero buildings.
Flexis³¹	Port Talbot is a demonstration zone identified in the Flexis programme.
Cardiff University³²	Welsh School of Architecture are advisors for the Technology Centre
University of Wales Trinity St David³³	A partner in the Industrial Futures theme.
Neath Port Talbot Group of Colleges³⁴	A key partner in ensuring the region has the necessary skills to deliver the opportunities in this Programme
SWIC³⁵	The SILCG programme supports the work of SWIC and the projects will deliver some of the targets of SWIC i.e. to decarbonise the south Wales industrial cluster.

The SILCG programme stakeholder engagement plan is detailed in the Management Case.

²⁸ <https://www.swansea.ac.uk/>

²⁹ <http://www.h2wales.org.uk/pages/hydrogen-centre/hydrogen-centre.html>

³⁰ <https://www.activebuildingcentre.com/>

³¹ <https://www.flexis.wales/>

³² <https://www.cardiff.ac.uk/>

³³ <https://www.uwtsd.ac.uk/>

³⁴ <https://www.nptcgroup.ac.uk/>

³⁵ <https://www.swic.cymru/>

1.1.4 Strategic drivers summary

The strategic drivers at UK, national, regional and local levels shown in the business case are clearly aligned and support the development of proposals focused on low carbon economic growth. In particular:

- The UK and Welsh Government recognises the importance of decarbonisation to ensure economic growth is sustainable;
- There is a clear need to move towards renewable energy sources to increase efficiency and reduce costs, and for the public sector to exemplify this;
- Strategic imperatives to foster innovation and entrepreneurialism in high-value R&D-based opportunities;
- The creation of high-quality jobs is a clear link through all policy levels, as is a desire to provide training and development solutions to upskill existing workers.

The overall cohesion of strategic drivers supports the rationale of developing these projects as a programme. Moreover, the catalysing effect of these synergistic projects is anticipated to deliver exponential benefits, developing a base of expertise in a critical field that brings together research and industrial applications with the physical infrastructure that will generate inward investment and start-ups, support the sustainability of indigenous businesses and create a supporting network of training and job opportunities in a talent pipeline. The vision is that collectively, these projects will establish Neath Port Talbot and the region as an ecosystem delivering a diversified and sustainable cluster for innovative low carbon growth.

1.1.5 SILCG programme alignment with the SBCD portfolio

The approved overarching SBCD Portfolio business case provides the principal strategic driver for the SILCG programme and its associated business case, positioning the SILCG as a key contributor to the Swansea Bay City Deal as follows:

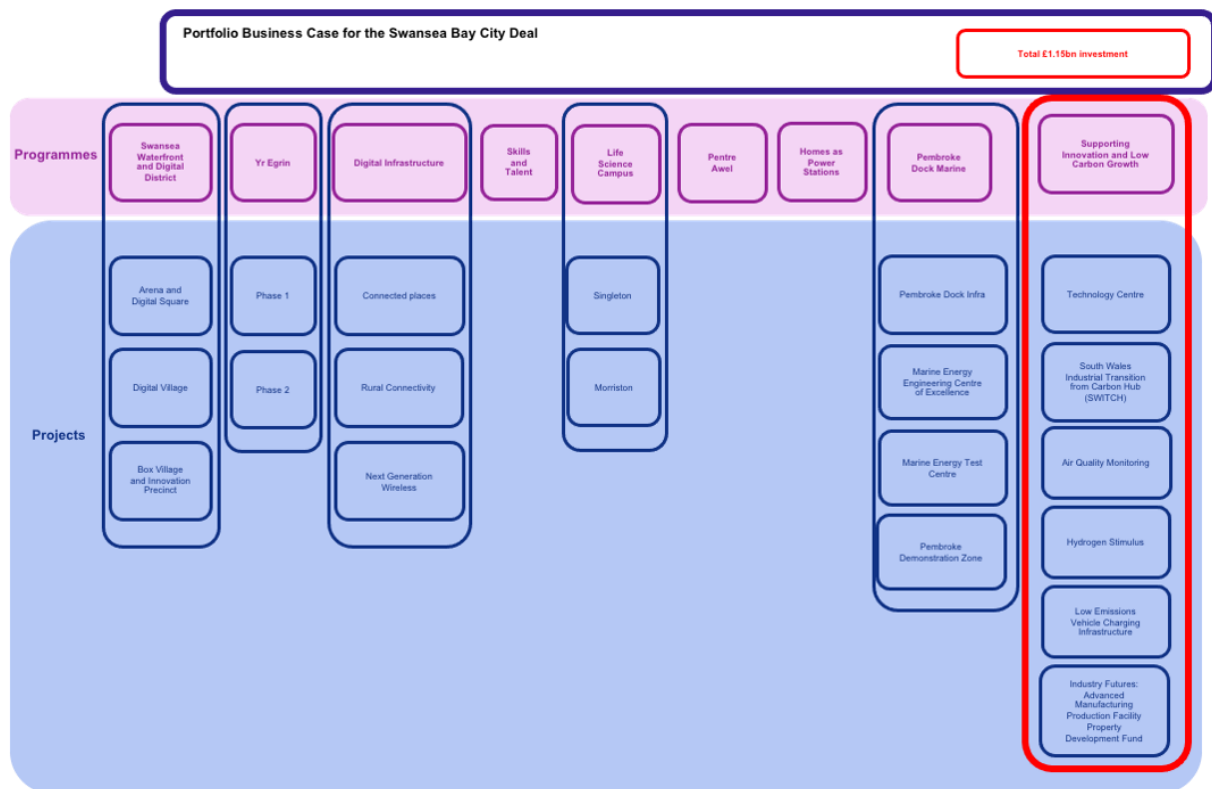


Figure 1.1: Positioning of SILCG in the SBCE

In 2019, the SBCE portfolio also recognised the climate change emergency and the need to focus on the reduction in carbon emissions.

Delivering the aspirations of the Swansea Bay City Deal Portfolio requires positive action to deliver investments in each of the four key themes. The SILCG Programme – the second largest in terms of City Deal investment – will directly deliver against the strategic themes of Energy and Smart Manufacturing as well as contributing to the wider aspirations of the Economic Acceleration theme. This, alongside clearly aligned policy drivers at UK, national, regional and local / organisational levels provide a strong foundation and rationale for the SILCG programme of investment.

1.2 The Case for Change

The Case for Change follows HM Treasury and Welsh Government’s Better Business Cases guidance, establishing a robust case for change with a clear understanding of:

- What we are seeking to achieve – the Investment Objectives
- What is currently happening – the Existing Arrangements
- What is required to close the gap between what is happening now (Existing Arrangements) and what we are seeking to achieve (Investment Objectives) - Business Needs

This section sets out the rationale for the project based on need.

1.2.1 Investment objectives

Investment Objectives form a key element of the 'Case for Change' section of the Strategic Case. The Investment Objectives describe what the delivery organisation, partners and key stakeholders wish to achieve in terms of targeted outcomes. The SILCG Investment Objectives describe the expected outcomes of the programme and are SMART and address the five key reasons for investment:

- Improving economy
- Improving efficiency
- Improving effectiveness
- Statutory compliance
- Re-procurement

SMART measures for each of the SILCG Programme Investment Objectives enable the measurement of the success of the programme and its contribution to the SBCD Portfolio.

Table 1.5 Investment objectives

Theme	Investment objective	Measures
<p>Economic performance</p>	<p>1. To create 1,320 high value added jobs aligned to the green economy through creating the right environment for a resilient, diverse and sustainable regional economy by 2033.</p>	<p>Number of jobs created and safeguarded Number of specialist facilities created Ratio of jobs to capital investment Diversification success rates On shoring opportunities delivered</p>
	<p>2. To increase the region's GVA by approximately £93m by 2033 through supporting innovation and new product development in science, technology and manufacturing sectors - strengthening industry, academia and government collaboration.</p>	<p>Local GVA uplift Measures of new technology developed / commercialisation Examples of testing, proof of concept and scaling opportunities. Number of new innovative products and processes successfully scaled up and commercialised Examples of industry, academia and government collaboration Facilitating collaboration by providing suitable premises:</p> <ul style="list-style-type: none"> - Additional floor space created to meet demand for innovation companies - Numbers of SMEs set up in collaborative facilities
	<p>3. To secure over £11m in additional investment from public and private sources, and approximately £40m (within 5 years) additional leverage from public and private research funding by 2033</p>	<p>Private sector investment leverage Public research investment Private research investment</p>

Theme	Investment objective	Measures
Environmental performance	4. To support innovation to influence a shift in the use of high CO2 energy usage to low CO2 energy usage in economic activities (n (industry, commercial buildings and transport) by 2033.	Levels of carbon emissions from industrial processes reduced Creation of low carbon and energy positive commercial buildings Developed regional charging strategy Increased LEV vehicle charging points Reduction in CO2 per mile travelled in the region Increase in low carbon public sector vehicles Identification of key regional sources of pollution from industry, commercial buildings and transport Improved air quality

It needs to be noted that the above SILCG Investment Objectives are economic and environmental which support the delivery of the current economic portfolio level Investment Objectives of the SBCD portfolio.

1.2.2 Existing arrangements

In order to consider the added value of the SILCG programme, the evidence base for change and the impact of the programme, this section describes the current situation in terms of:

1. Swansea Bay City Region economy
2. Decarbonisation and legislative requirements
3. Manufacturing
4. RD&I environment

1.2.2.1 Swansea Bay City Region economy

The Swansea Bay City Region (SBCR) is a critical driver for the Welsh economy, with a population of 688,000, supporting 302,000 jobs and 22,000 businesses. Figure 1.4 below shows regional productivity per hour is underperforming compared to the UK

average and the Cardiff Capital region over the past two decades³⁶. In 2015, GVA per employee was 74% of the UK average³⁷, down from 77% in 2010 and 90% in 1981³⁸. Only 71% of the working age population is classed as economically active compared to 76% for the UK as a whole³⁹. Skill levels in the region compare poorly to other regions of Wales and the UK, with fewer people with high levels qualifications and many with none at all⁴⁰ and reliance on the larger foundational industries in the region to support the regional economy and provide high value jobs.

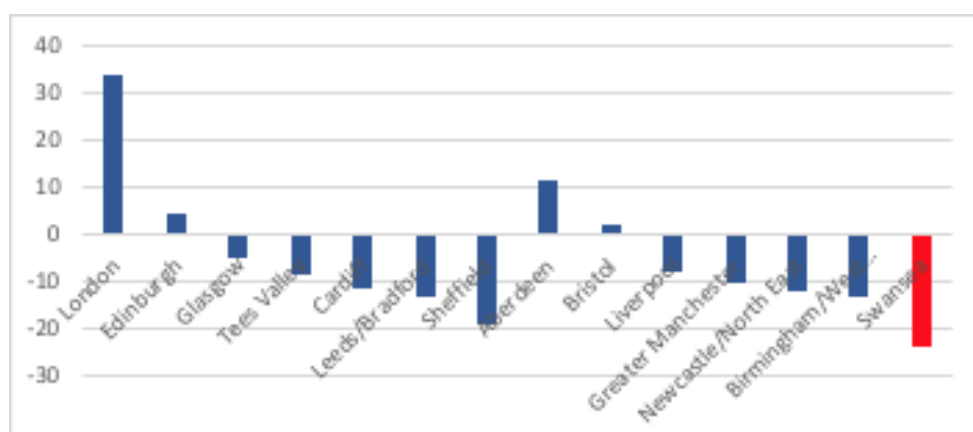


Figure 1.4 – SBCR productivity per hour relative to UK average (2016)

1.2.2.2 Decarbonisation and legislative requirements

This section describes the current situation in relation to greenhouse gas (GHG) emissions in the region, examines key contributors (vehicles, buildings and industry) and their measurement using Air Quality Monitoring (AQM).

Current GHG emissions

2019 legislation requires net zero GHGs in the UK by 2050⁴¹. Six major GHGs are identified in the Climate Change Act, as shown in Figure 1.5.

³⁶ <https://www.walesonline.co.uk/business/business-news/shocking-economic-figures-wales-regions-14260311>

³⁷ Swansea Bay City Region City Deal Heads of Terms

³⁸ Swansea Bay City Region Economic Regeneration Strategy, 2013-2030

³⁹ Data from 2010. Source: Swansea Bay City Region Economic Regeneration Strategy 2013-2030

⁴⁰ Swansea Bay City Region: A City Deal 2016-2035, The Internet Coast

⁴¹ <https://www.legislation.gov.uk/ukxi/2019/1056/contents/made>

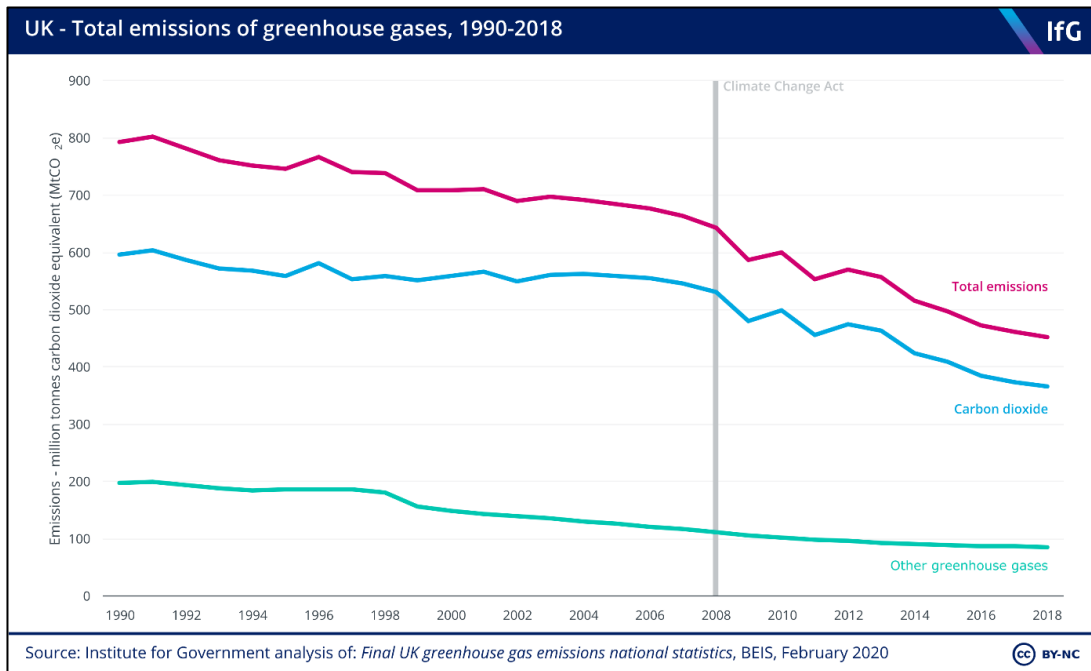


Figure 1.5: UK total emissions of greenhouse gases⁴²

The Environment (Wales) Act 2016 requires GHG emissions in Wales to reduce by at least 80% for 2050 against the 1990 baseline, with a system of interim emission targets and carbon budgets. In 2019, Wales accepted the Committee on Climate Change (CCC) recommendation for a 95% reduction in GHG emissions by 2050 with an ambition to reach net-zero⁴³. In 2020, Welsh Government has since accepted further recommendations made by the Climate Change Committee in a report to Welsh Ministers in December 2020, and will prepare an action plan in 2021 to achieve net zero emissions by 2050⁴⁴.

As shown in Figure 1.6, Wales has a unique GHG emissions profile, driven by a range of factors, including a high share of the UK industry and manufacturing.

⁴² <https://www.instituteforgovernment.org.uk/explainers/net-zero-target#references>

⁴³ <https://gov.wales/wales-accepts-committee-climate-change-95-emissions-reduction-target>

⁴⁴ <https://gov.wales/wales-commits-net-zero-2050-sets-out-ambitions-get-there-sooner>

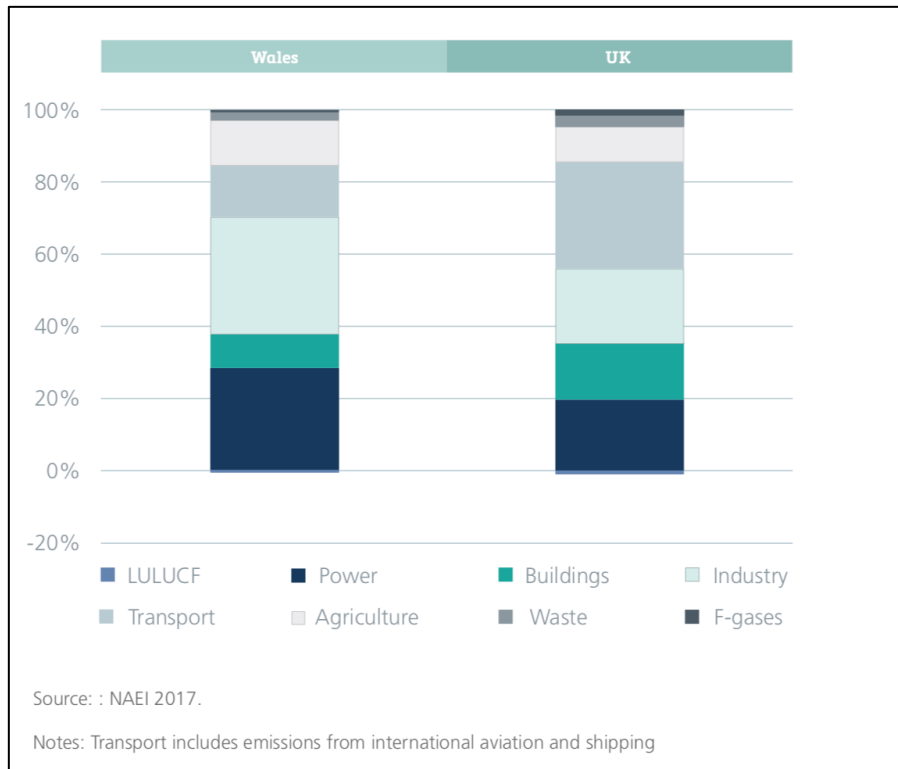


Figure 1.6: Sectoral shares of emissions in Wales and the UK (2015)⁴⁵

The UK is one of the biggest net importers of CO₂ emissions per head⁴⁶ – benefiting from products and ‘offshoring’ industry that has generated emissions elsewhere in the world, from countries with lower labour costs and less stringent pollution regulations. China is the biggest importer of emissions to the UK⁴⁷.

In Wales, production and consumption emissions must be reported at the end of each budgetary period to ensure global responsibility⁹.

Vehicles

Two key low emission vehicle technologies are becoming established:

- Battery electric vehicles – cheap to charge, readily available, supported by a variable level of charging infrastructure and ability to charge at home;
- Hydrogen fuel vehicles – can travel longer distances between fuelling and refuel in approximately 5 mins. Hydrogen clusters exist in Tokyo, California, parts of Germany and Benelux countries. In the UK, clusters are emerging in London,

⁴⁵ <https://gov.wales/sites/default/files/publications/2019-06/industry-sector-emission-pathway-factsheet.pdf>

⁴⁶ <https://www.ons.gov.uk/economy/nationalaccounts/uksectoraccounts/compendium/economicreview/october2019/thedecouplingofeconomicgrowthfromcarbonemissionsukevidence>

⁴⁷ <https://www.ons.gov.uk/news/news/importedemissionsincreaseenvironmentalimpactofukeconomy>

Aberdeen, Birmingham and Liverpool/Manchester, including hydrogen powered passenger cars, vans and buses.

The UK Government's Ten Point Plan for a Green Industrial Revolution details the end of sale of new petrol and diesel cars and vans from 2030. In addition, the Welsh Government's ambition is for the public sector to be carbon neutral by 2030. However, the expected increase in demand required to meet these targets cannot be met. For electric vehicles:

- The number of rapid chargers (43+kW) located near the major road network in the UK needs to increase by 2.5 times by 2030 to meet charging requirements⁴⁸
- The number of fast chargers (22kW) for 'top-up' charging needs to increase ten-fold⁴⁸
- Wales has proportionately fewer chargers than the rest of the UK (3.32% of UK total)⁴⁸
- Demand for public charge points will increase as home charging may not be feasible for certain residential properties.

Worldwide, hydrogen vehicle use is very limited but increasing – approximately 50,000 were in use by the end of 2019. Europe has around 1,000 hydrogen passenger vehicles and an additional 80 buses; although the sector is growing rapidly, with plans for deployment of over 1,000 hydrogen buses over the next three years as vehicle prices fall.

The Welsh Government has recently published its baseline report on hydrogen developments in Wales⁴⁹.

There are 20 hydrogen refuelling points operating in the UK, two located in Wales – one run by the University of South Wales at the Hydrogen Centre on Baglan Energy Park. This was established in 2009 and is the longest running operational hydrogen refuelling station in the UK, operated on a non-commercial basis.

Numbers of public sector low emission vehicles are low, due to cost, lack of available charging infrastructure and limited understanding of fleet suitability to move to low emission vehicles, despite the ambition to achieve carbon neutrality. Natural Resources Wales (NRW)⁵⁰ – a Welsh Government Sponsored Body – has

⁴⁸ Plugging the Gap: An Assessment of Future Demand for Britain's Electric Vehicle Public Charging Network

⁴⁹ <https://gov.wales/sites/default/files/consultations/2021-01/baselining-report-hydrogen-development-in-wales.pdf>

⁵⁰ <https://naturalresources.wales/?lang=en>

demonstrated it could save up to 27% emissions from its fleet and deliver a 5% cost saving through the use of existing low emission technologies¹².

Transport emissions in Wales have remained steady over recent years, as vehicle efficiency has improved, although this has been counteracted by increased travel.

Buildings

Energy demand for buildings creates direct emissions from fossil fuel heating and electricity related emissions from lighting, use of appliances and electric heating. Residential buildings represent the majority of building emissions. The business sector contributes 10% and the public sector, 8%. 96% of building emissions are carbon dioxide.

The Homes as Power Stations (HAPS) project is co-ordinated across the City Region to tackle fuel poverty and decarbonise the regional economy, focused on embedding energy-saving technologies to thousands of homes as part of a smart, low carbon new-build and retrofit programme for residential builds. There is currently no similar programme for commercial buildings.

Commercial property infrastructure

There is currently a well evidenced shortage of high quality, flexible commercial property in the region, demonstrated by:

- Two Welsh Government managed ERDF funded property development funds which are fully committed
- The recently published Commercial Property: Market Analysis and Potential Interventions report⁵¹ confirmed a lack of commercial property to support economic growth in South Wales
- Research supporting the Port Talbot Waterfront Enterprise Zone⁵² strategic plan which examined the 'demand perspective' and evidence of demand and proposed a number of 'potential property interventions' such as a Property Development Fund and commercial and industrial property investments.

The Neath Port Talbot Economic Development team has a 'live demand list' (See Annex 1.2) of companies seeking appropriate commercial property in the area.

⁵¹ <https://gov.wales/commercial-property-market-analysis-and-potential-interventions>

⁵² independent report undertaken by JLL on behalf of the Welsh Government, published in September 2016

Industry

Industrial energy and processing, particularly iron and steel production and petroleum refining are key GHG contributors (see figure 1.6) – predominantly carbon dioxide (95.8%). Port Talbot steelworks represented 50% of Welsh industrial emissions and 16% of total Welsh emissions in 2015 and South Wales is the second largest industrial cluster for emissions within the UK⁵³.

Integrated steelworks using Blast Furnace – Basic Oxygen Steelmaking accounts for 82% of the steel production within the UK, including the Tata Steel site in Port Talbot, with the remainder using Electric Arc Furnace⁵⁴. Blast furnaces require carbon-based raw materials as a reductant and energy source, dominated by coal and coke (77.8%). Iron making accounts for the largest share of direct emissions (1.1 - 1.8 tonne CO₂/tonne hot rolled coil from blast furnace)⁵⁴ with indirect emissions from generation of electricity associated with the process. Overall, integrated steel plants create around 2.2 tonnes of CO₂ per tonne of steel⁵⁴.



Figure 1.7: Location of large point-source industrial CO₂ emissions in Wales 2015

Air quality monitoring

Local authority Air Quality Action Plans (AQAP) aim to improve air quality and focus resources on priority areas. AQM takes place through several fixed 'continuous monitoring sites' which provide high quality data but are expensive and resource

⁵³ <https://idric.org>

⁵⁴ <https://www.gov.uk/government/publications/industrial-decarbonisation-and-energy-efficiency-roadmaps-to-2050>

intensive to operate. *Current* accredited low-cost options available (approved by DEFRA) only monitor for a limited number of contaminants.

Energy production

The SBCR has conventional and renewable energy production assets – Neath Port Talbot is the local authority area with the highest total renewable energy capacity (358 MW) and the highest level of renewable energy capacity at an estimated 1122Gwh, including:

- Marine Energy: e.g. the South Pembrokeshire Demonstration Zone
- Wind Power Generation (region-wide)
- Solar Power Systems (e.g. Saron/Ammanford and Baglan)
- Fresh Water Micro Generation systems
- Over £1.5bn of biomass projects in Port Talbot and Milford Haven
- Pembroke Power Station (2000MW – sufficient electricity for 1 million homes)
- The LNG plants (South Hook and Dragon) meeting circa 20-25% of the UK's needs plus the refining capacity at Valero

While fossil fuel power stations create carbon dioxide emissions, renewable energy is intermittent and demand does not always match supply varying considerably by time of day and season.

As shown in Figure 1.8, only 25% of all the electricity generated in Wales in 2018 was from renewable sources. Wales generates twice as much electricity as it consumes, the remainder being exported to other parts in the UK and the wider European electricity network⁵⁵.

The creation of energy from fossil fuel power stations leads to carbon dioxide emissions and the demand for electricity is expected to continue to grow over time with increasing use of low emission vehicles and electric heating for buildings.

⁵⁵ <https://gov.wales/sites/default/files/publications/2019-10/energy-generation-in-wales-2018.pdf>

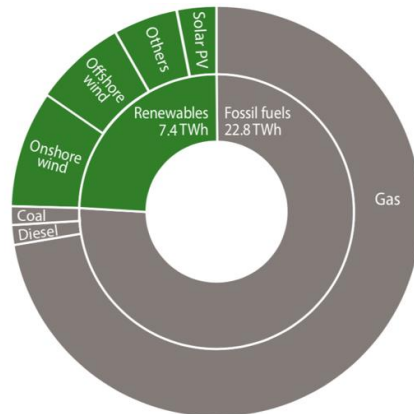


Figure 1.8: Electricity generation in Wales by source (2018)⁵⁵

1.2.2.3 Manufacturing

MAKE UK, which represents the UK manufacturing community, reported on the current state of the manufacturing sector in June 2020. It stated that manufacturing has continually reinvented itself in order to adapt to the many factors and forces which drive change (source: A manufacturing future for Wales: a framework for action)⁵⁶.

One of the main manufacturing opportunities in South Wales is in the established steel and metals industries. This section therefore examines the extent of this industry in the region, the impact on the regional and UK economy and describes smart manufacturing approaches being pursued in relation to these industries.

There is a diverse range of steel and metal producers, suppliers and customers within the SBCR, critical to the UK, national, regional and local economies.

The UK steel industry directly contributes £1.6 billion to the economy, employs 31,900 people in production facilities, downstream processing and rolling and distribution businesses and supports 52,300 jobs through its supply chains and local communities⁵⁷ contributing £3.9 billion. The steel and metals industry in South Wales is the foundation of this economy, comprising:

- Tata Steel – the largest steel producer in the UK – with four facilities in Wales, employing over 5,000 people in the SBCR at the Port Talbot integrated steel works and steel packaging operation within Llanelli. Every job at Tata Steel supports another 1.22 within the region⁵⁸
- Celsa Steel and Liberty Steel with large operations in Cardiff and Newport

⁵⁶ <https://gov.wales/sites/default/files/consultations/2020-09/manufacturing-future-wales-consultation-document.pdf>

⁵⁷ <https://www.makeuk.org/insights/publications/new-deal-for-steel>

⁵⁸ <https://wer.cardiffuniversitypress.org/articles/abstract/10.18573/j.2012.10440/>

- Internationally recognised metal producers and SMEs: Timet, a titanium manufacturer supplying one-fifth of the world’s titanium; Sandvik Osprey, a global leader in the production of gas atomised metal powders; Wall Colmonoy & Weartech, producers of cobalt-based alloys; Vale, one of the largest refineries in Europe producing high purity nickel and subproducts; and Darlow Lloyd, specialising in waste management and asset recycling

Figure 1.9 shows the associated average salary in the steel industry is 28% higher than the national average and 46% higher in Wales and Yorkshire and Humberside – areas of high socio-economic deprivation.

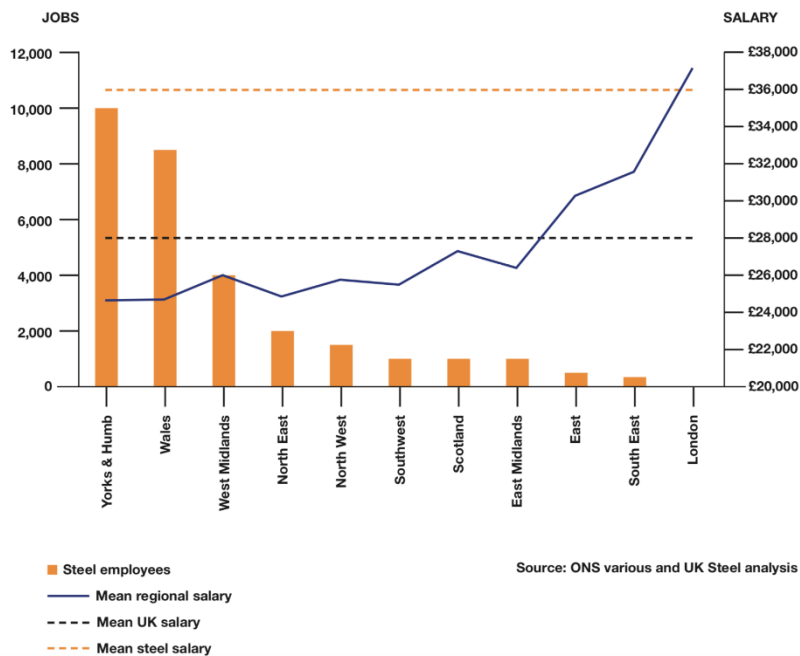


Figure 1.9: UK steel employment by region, average regional and steel salary⁵⁷

There are six steel producing companies in the UK with associated downstream processing, rolling and distribution businesses, producing 7.3 million tonnes of crude steel which was further processed into a finished product, such as strip, plate and wire rod.

Steel is endlessly recyclable, versatile, cost effective, ubiquitous and critical to a diverse industrial economy, with supply chain linkages into major downstream manufacturing sectors such as automotive, aerospace, rail, construction, energy, packaging and machinery.

Market sectors are transforming to improve performance and reduce carbon emissions. UK steel producers are striving to develop and supply higher-value steel –

for example, the construction sector is developing low-impact energy efficient housing and the automotive sector is reducing vehicle weight and moving towards electrification.

UK finished steel demand forecast was 11 million tonnes in 2030⁵⁹, split by market sector, with construction and automotive being dominant areas (see Figure 1.10).

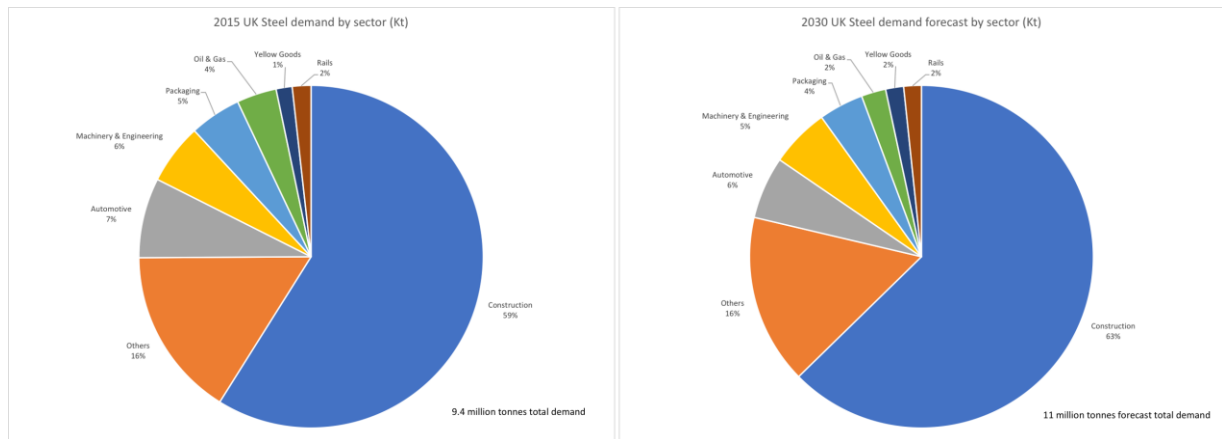
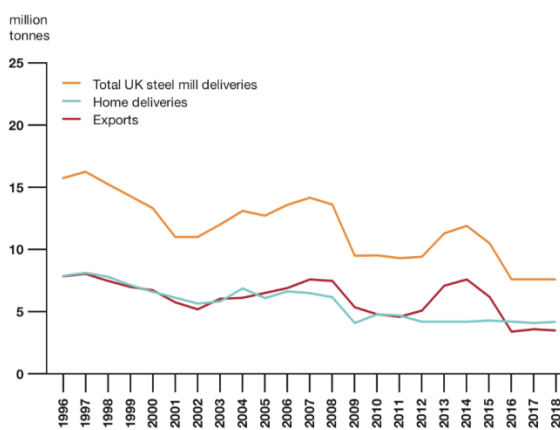


Figure 1.10: Forecast finished UK steel demand by sector⁵⁹

Note: 'Others' includes appliances, light and commercial vehicles, ships, rolling stock, process equipment and internal combustion engines

While UK demand for steel continues to increase, there has been a steady decline in home and export deliveries (see Figure 1.11 below).

UK steel mill home and export deliveries 1996 - 2018



UK steel requirement 2010 - 2018

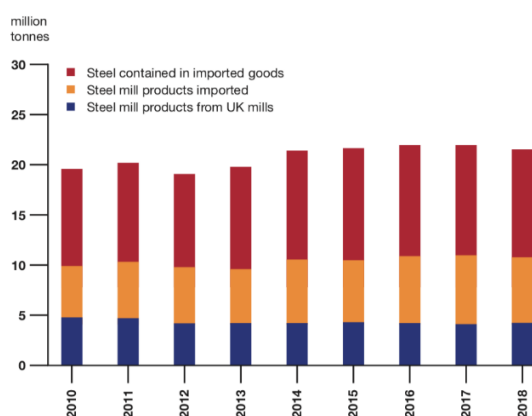


Figure 1.11: UK steel mill product supply into the UK market and level of exports⁶⁰

⁵⁹ <https://www.gov.uk/government/publications/uk-steel-industry-future-market-opportunities>

⁶⁰ <https://www.makeuk.org/insights/publications/uk-steel-key-statistics-guide-2019>

1.2.2.4 RD&I environment

RD&I clusters exist around Baglan Energy Park, Harbourside, Swansea University Science and Innovation Bay Campus and University of Wales Trinity St David Waterfront Innovation Quarter Campus in SA1, Swansea. The region has a growing number of RD&I initiatives and Centres of Excellence led by the local universities - Swansea (SU), Cardiff (CU), South Wales (USW) and Trinity St David (UWTSD), including:

- Hydrogen Research and Demonstration Centre, Baglan Energy Park (USW)
- Flexible Integrated Energy Systems FLEXIS (CU)
- Sustainable Product Engineering Centre for Functional Innovative Coatings SPECIFIC (SU)
- Steel and Metals Institute SaMI (SU)
- Advanced imaging of Materials Centre AIM (SU)
- Energy Safety Research Institute ESRI (SU)
- Innovative Manufacturing Processing and Numerical Techniques IMPACT (SU)
- TWI Technology Centre, Harbourside (Private sector)
- Gas Turbine Research Centre, Margam (CU)
- Wales Centre for Advanced Batch Manufacture (UWTSD)
- Construction Wales Innovation Centre CWIC (UWTSD)

The existing research development and innovation landscape is associated with developing manufacturing capability for next generation low carbon steel products and energy systems and applications, in addition to innovation in a number of other sectors including advanced manufacturing, ICT, hydrogen, life-science, medical engineering and transport.

In describing the research landscape, the concept of Technology Readiness Levels (TRLs)⁶¹, describes maturity of research in the translation of science into a new commercially proven product and process.

Across the UK, a number of research development and technology institutes work closely with the steel market sectors including:

- Advanced Materials Research Centre (AMRC) in Sheffield (part of the High Value Manufacturing Catapult) with a focus on close to market (high TRL) advanced manufacturing using multiple materials. It also has a dedicated aerospace facility in North Wales working with Airbus

⁶¹ originally a concept developed by NASA and described in Annex 1.3

- Henry Royce Institute centred at the University of Manchester and Sheffield specialising in early-stage advanced materials research across multiple sectors such as aerospace and infrastructure
- The Warwick Manufacturing Group (also part of the High Value Manufacturing Catapult) and the embedded Advanced Steel Research Centre focusing on the application of steel, aluminium and advanced composites in automotive and novel sensors used in challenging industrial environments to gather data and improve materials processing.

Several focused metals related research centres have been established in Swansea University:

- **Sustainable Product Engineering Centre for Innovative Functional Industrial Coatings (SPECIFIC)** – an academic and industrial applied research consortium with more than 50 partners from academia, industry, and government and an innovation and knowledge centre at Swansea University and facilities at the Baglan Energy Park in Port Talbot, which:
 - provides a strong linkage into the construction sector researching development of functional coated steel and glass products from fundamental science to full-scale building demonstrations, to reduce energy consumption and carbon emission in buildings
 - has successfully created a focused research and innovation ecosystem, through the co-location of industrial and academic experts with equipment capability that enables the transition from fundamental research
- **Materials Advanced Characterisation Centre (MACH)** – Based at Swansea University Bay Campus, enabling fundamental research (TRL 1-3) into developing next generation alloys for industrial applications and 3D printing through small scale rapid alloy prototyping (RAP) and computer simulations
- **Steel and Metals Institute (SaMI)** – funded through private and public research projects and collaborating with steel and metal producers, suppliers and end users with industrial research staff co-located within the facility – SaMI includes equipment to simulate through chain process for steel alloy development, with capability to test and analyse a new product's characteristics and integrity. It provides an initial level of capability to simulate and test in extreme environments for low carbon steel making research and enabling fundamental alloy development research (TRL 1-3) to be proven at pilot scale (TRL 4-7) before being trialled within industry. SaMI is temporarily housed at Swansea University Singleton campus in a building that requires significant investment to be fit for purpose

The UK commitment to reduce carbon emissions is driving research to reduce carbon emissions, centred around energy systems and applications, including carbon capture utilisation and storage (CCUS):

- **Hydrogen Centre**, led by the University of South Wales, is the first of its kind in Wales and located at Baglan Energy Park in Port Talbot. The aim of the centre is to demonstrate the viability of producing hydrogen from a range of renewable energy sources and the evaluation of using hydrogen as a medium of energy storage
- The **Energy Safety Research Institute (ESRI)** housed at Swansea University bay campus focusing on new technological solutions for energy, with research including next generation energy distribution and the creation of high value products for industrial carbon emissions
- **Flexible Integrated Energy Systems (FLEXIS)** – a consortium of academic and industrial partners developing flexible energy systems, led by Cardiff University with Swansea University and the University of South Wales as lead partners. FLEXIS models energy production, usage/flows and deployment of data to explore improved efficiency, storage and alternative fuel use. Modelling and capturing carbon emissions determine net emissions reduction and assess potential implementation of carbon capture and CO₂ storage techniques⁶². A demonstration area stretches from Tata Steel to Swansea University's Bay Campus, the Swansea SA1 development, incorporating Neath (Figure 1.12)



Figure 1.12 FLEXIS demonstration area

- In 2020 the **South Wales Industrial Cluster (SWIC)**⁶³ formed. SWIC brings together a range of the key industrial groups across the region spanning metals, petrochemicals and other energy intensive materials processes with a mission to support industrial decarbonisation. SWIC has formed with initial support from

⁶² <http://www.flexis.wales/demonstration-area/>

⁶³ <https://www.swic.cymru/>

FLEXIS and is shaping both a collaborative R and I programme and industrial deployment options ranging from hydrogen fuel switching to carbon capture and conversion. The region's strong industrial base is catalysing an emerging research and Innovation sector. This shift is demonstrated through Swansea's higher education institutions' investment priorities:

- Swansea University's £450m Science and Innovation Bay Campus, opened in September 2015 and the largest educational investment in Europe in recent years
- University of Wales Trinity St David's investment of £300m in a 'Waterfront Innovation Quarter Campus' at Swansea's SA1 Waterfront
- A growing range of research and development initiatives in the region, building on its experience in high quality steel production. Some facilities are located at the universities others are clustered in the Port Talbot Waterfront Enterprise Zone (PTWEZ), established in March 2016 as one of eight officially designated Enterprise Zones in Wales and shown in Figure 1.13 below

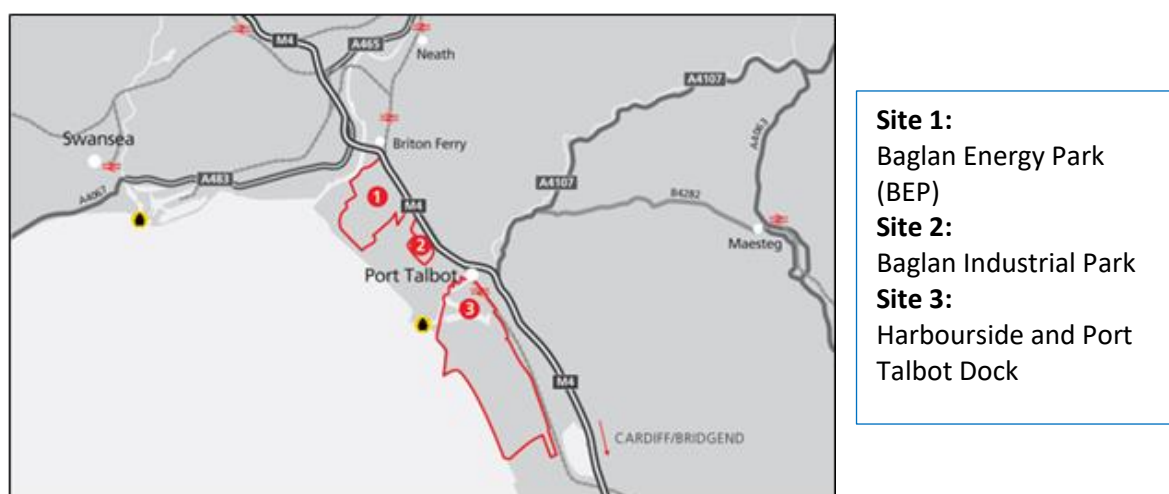


Figure 1.13: Port Talbot Waterfront Enterprise Zone

Across these areas, innovation clusters are emerging, including the research centres detailed above, creating high value jobs (for example at the Harbourside R&D Village tenant-base where all the jobs are paid more than the Welsh average, and 90% are above the UK average)⁶⁴.

- **Baglan Energy Park:** Home to Baglan Bay Innovation Centre, a 39,000 sq ft facility built over four floors, that provides 32 incubator units and communal meeting rooms for innovative, high-tech and sustainable technology led businesses to grow and is already 97% let. A range of high-profile

⁶⁴ Based on primary data gathered by NPTCBC

companies including GE Energy, Hi Lex Cable Systems and Montagne Jeunesse are also located on the site. In addition, the Renewable Hydrogen Research and Demonstration Centre and SPECIFIC.

- **Harbourside R&D Village:** Fully let and includes leading global innovators such as Tata Steel and TWI UK Ltd. Also, land has been identified for a proposed new education campus planned by Neath Port Talbot Group of Colleges.

1.2.3 Business needs

The Business Needs represent the gap between the desired outcomes (Investment Objectives) and the Existing Arrangements expressed as problems with the status quo and opportunities for change.

To reflect the problems and opportunities associated with the Existing Arrangements, this section is structured against the headings from the Existing Arrangements section:

1. Swansea Bay City Region economy
2. Decarbonisation and legislative requirements
3. Manufacturing
4. RD&I environment

1.2.3.1 Swansea Bay City Region economy

The Welsh Government Economic Action Plan identifies increasing productivity and diversification as key to economic growth. The steel industry is well established in the SBCR and a major contributor to GVA, jobs and the local economy, but overall, the productivity of the region is underperforming, with GVA at 74% of the UK average and decreasing over time.

The region needs targeted investment to arrest the decline in economic performance. The development of the region's research, development and innovation sectors to develop clustering opportunities is critical to future proofing the economy and harnessing the opportunities of the Green Industrial Revolution. A key opportunity is to build on the existing industry and steel production in the region, but in doing so, diversify the industrial and manufacturing base and support the associated supply chain. Doing more of the same will not work. – there is a need to drive change, meet modern demands and standards, including increasingly stringent environmental standards, to cement the region's future for steel expertise, RD&I, energy and renewables sectors and to create and safeguard jobs.

Productivity gains and boosting the region's economic competitiveness can be achieved through existing companies, start-up companies and inward investment. Key growth sectors are energy, renewables, advanced manufacturing, high value engineering, ICT, financial and business services, and tourism.

Overall, there is an over reliance on the foundational industries to support the economy and provide high value jobs. Economic diversity is increasingly important as are skills – there are too few people with high-level qualifications and many with none at all – all of which contributes to a lack of innovators and entrepreneurs in the region. There is an evidenced need for appropriate infrastructure to support economic growth and economic diversification.

Economic business needs are to:

- Diversify the economy (industrial and manufacturing base), increase productivity and stimulate recovery by supporting the steel and metals industry and the decarbonisation of industry
- Support the supply chain associated with the industrial and manufacturing base
- Develop skills in the region to support existing and developing industry

1.2.3.2 Decarbonisation and legislative requirements

GHG emissions

UK and Welsh Governments have ambitious GHG emissions targets. Achieving them regionally and nationally will be a significant challenge. The SBCR already has a significant proportion of renewable energy sources; however, meeting net zero emissions by 2050 requires acceleration of the transition to low carbon energy production while de-coupling economic growth (and the heavy industries present in the SBCR) from increased carbon emissions.

Government is committed to accounting for all carbon – including 'imported' or 'off-shored' carbon emissions – so 'on-shoring' of industry and its emissions is desirable, as this supports the economy and enables greater control over overall emissions.

Business needs in relation to GHGs are:

- To meet net zero emissions target by 2050; de-coupling economic growth from carbon emissions in the region; and
- Reduce importing of CO₂ – diversify the economy and bring economic activity onshore, where possible to improve air quality.

Vehicles

Energy demand for transport remains high and incentives are insufficient to challenge the status quo – Internal Combustion Engine (ICE) vehicles are too convenient, easy and cheap compared to their low-carbon equivalents. Addressing this requires a catalyst for change. The Welsh Government’s ambition is for the public sector to be a leader in implementing low carbon technologies. The public sector has an opportunity to provide the foundations for change by prioritising low-carbon vehicles, for its fleet.

This requires investment in extending vehicle charging infrastructure in SBCR and supporting the ‘proof of concept’ of promising new low carbon technologies, such as hydrogen powered vehicles, which have significant potential benefits (such as quicker ‘charging’ and a much greater range) and could complement more established electric vehicle technologies.

Business needs in relation to vehicles are to:

- Reduce energy demand for transport by providing alternative fuel sources
- Reduce emissions from transport – public and private vehicles by encouraging the use of low carbon transport by using the public sector to lead by example in reduction of emissions for public vehicles
- Increase capacity for low emission vehicle charging across the region through infrastructure coordination
- Demonstrate the commercial viability of the renewable generation of hydrogen and build on its use as an alternative to electric vehicles

Buildings

Buildings are major sources of GHGs – the largest emitters being private dwellings. However, given that the HAPS project within the SBCR portfolio is already addressing low carbon domestic properties, there is also a need to consider the significant (18%) emissions from commercial and public sector properties and seek opportunities to reduce energy demand from these buildings and improve design in commercial buildings.

Again, the public sector can act as a catalyst for change by being an early adopter of new technologies and where possible, incentivising incorporation of low-carbon technologies in new build commercial buildings in the SBCR.

Business needs in relation to buildings are to:

- Reduce energy demand and improve design of commercial buildings
- Investigate low carbon technologies for commercial buildings
- Incentivise new commercial buildings to be low-carbon

Commercial property infrastructure

Public sector cuts and a lack of private sector investment in the region due to the 'cost/value gap' have led to underdevelopment of commercial property infrastructure. This lack of commercial property means that the needs of companies actively seeking appropriate property are not being met.

In addressing the cost/value gap and supporting the development of commercial property infrastructure, there is a clear opportunity to incentivise any new developments to adhere to innovative energy positive construction principles being developed by this programme.

Business needs in relation to commercial property infrastructure are to:

- Address the cost/value gap with commercial property in the region
- Incentivise development of energy positive buildings

Industry

There is a need to secure a low carbon competitive industrial base including the development of a true circular economy, and a reduction in carbon emissions.

The industry sector accounted for 29% of Welsh emissions in 2016. Industrial emissions in Wales are dominated by iron and steel production (11% of Welsh emissions in 2016), and petroleum refining (4.9%). Wider industry including manufacturing and construction (2.8%), cement, gas production and distribution, operation of machinery, minerals and mining, chemical production, paper and pulp and the manufacture and processing of food and drink also account for a significant proportion of emissions. A significant majority of industrial emissions arise from a cluster of operations in the South Wales corridor, dominated by the production of steel and oil refining.

There is a need for government, industry and academia to work together to develop the best approaches to achieve decarbonisation in the short, medium and long term. This includes consideration of technologies such as hydrogen and carbon capture utilisation and storage.

Business needs in relation to industry are to:

- Reduce energy demand in industrial processes
- Decarbonise the steel and metals processing and reduce industrial emissions
- Support applied research into alternative low carbon fuel sources and new steel making technologies, considering the global emissions impact
- Collaborative approach – government, industry and academia

Air quality monitoring

Demonstrating improvements in GHG performance requires high quality data. While some data are available for Air Quality Monitoring (AQM) they are insufficiently granular and extensive to provide an accurate picture of the status quo and potential improvements. New lower cost technology is emerging that could be deployed using existing street furniture (such as lamp posts) to increase the coverage of monitoring and measure a wider range of GHGs.

Emerging sensor technology will generate more granular local data and help to identify specific sources and level of pollutants and support the evaluation of the effectiveness of mitigation measures. Higher quality data will enable robust demonstration of improvements delivered by the SILCG programme, as the projects are delivered. A clear business need is therefore to invest in low-cost, mobile AQM sensors to be able to satisfactorily demonstrate improvement.

Business needs in relation to air quality monitoring are to:

- Obtain real time, granular data to address air quality issues and implement mitigation measures
- Adopt emerging technologies for low-cost sensor monitoring to offer greater flexibility in location, volume of monitoring and the number of pollutants that can be monitored

Energy production

A key business need described above, is to support the transition to low-carbon transport, buildings and industry. The SILCG programme needs to promote the re-balancing of energy production from fossil fuels to low carbon, alongside low-carbon transport.

Hydrogen is set to play a major role in the decarbonisation of industry, buildings, the energy sector and transport. - however, this relies on the energy used to either create hydrogen or electrical charge being generated in a low-carbon manner.

In December 2020, the Welsh Government published its hydrogen sector consultation 'A pathway and next steps for developing the hydrogen energy sector in Wales'⁶⁵. The SILCG programme will respond to the need to develop the hydrogen sector.

⁶⁵ <https://gov.wales/developing-hydrogen-energy-sector-wales>

Business needs in relation to energy production are to:

- Rebalance energy production away from fossil fuels to low-carbon
- Ensure the security of supply of zero carbon energy for heating and fuel

1.2.3.3 Manufacturing

There is a need to develop clean growth ‘mini clusters’ and net zero industry clusters. The South Wales Industrial Cluster (SWIC) has recently been awarded funding from UKRI to develop a net zero industrial cluster in South Wales, which includes Port Talbot⁶⁶. The SILCG programme will support the delivery of the net zero industrial cluster with its interlinked programme of projects.

The UK steel industry is a major contributor to the UK economy and South Wales and the SBCR are core to that economy. Over the past 20 years, despite increasing demand for steel and steel products in the UK, UK suppliers have not been able to fully satisfy this demand (and export demand), losing market share to foreign suppliers.

Safeguarding the steel industry in the UK and SBCR therefore requires improved competitiveness – meeting customers’ evolving needs for innovative steel products. In the wider global steel market, there is strong competition for steel and metal products and the UK’s opportunity to be competitive is through innovation – creating higher quality steel and metal products; reducing costs and increasing their range of applications and reducing carbon emissions from their processing (given steel and metal production is a major source of GHG emissions, innovation in steel production and processing could provide very significant improvements to GHG emissions in the SBCR). The SBCR is well placed to drive this innovation, building on the heritage of steel production and skills in the region alongside the support available from the region’s universities and research institutions.

Developments in manufacturing will support and develop indigenous businesses – and as described above – will be delivered through research and innovation and collaboration between government, industry and academia.

Business needs in relation to manufacturing are to:

- Maintain and improve the competitiveness of the SBCR steel and metals industry
- Support industry, academia and government collaboration through applied research

⁶⁶ <https://www.ukri.org/news/ukri-announces-winners-of-industrial-cluster-competition/>

1.2.3.4 RD&I environment

There is a need to further develop the region's RD&I sectors to support economic growth and diversification, in particular in the Clean Growth sectors including energy and renewables.

The range of regional assets as detailed in the Existing Arrangements section demonstrates the potential of the region's applied research output in relation to ICT, advanced manufacturing and life sciences. The key to turning this applied research into economic growth is through commercialisation of research and spin-outs. There is a need to facilitate the spin out and product development supported by flexible commercial / laboratory and industrial premises from incubator to manufacturing at scale.

An established, cohesive and multidisciplinary research base is in place for steels and metals in the SBCR, with collaborations between government, industry and academia through Swansea University's research centres including SPECIFIC, MACH and SaMI. Their research supports the local and national steel industry to remain competitive through innovation in products and processes and seeking decarbonisation opportunities. However, these collaborations require support to thrive – they are constrained by lack of space, researchers, equipment and unsuitable infrastructure:

- Although high quality research and innovation is present within the region, the research community from which impact can be delivered is relatively small⁶⁷.
- Current applied research capability is constrained by low grade infrastructure and lack of available space for expansion
- People, including co-located industrial staff already exceeding available capacity with design layout and space impacting on the ability to collaborate effectively
- Current equipment capability insufficient to meet research needs.

Addressing these problems would improve the quality and scope of metals research and the associated output with opportunities to investigate such areas as:

- Alternative low carbon fuel sources for steelmaking
- Improve scrap segregation and utilisation while meeting quality requirements
- Use of societal waste as a fuel source in the steelmaking process
- Improve product capability through alloy development and late-stage product development, integrating approaches that will accelerate development stage

⁶⁷ https://www.hefcw.ac.uk/documents/policy_areas/research/reid-review-en.pdf

Energy research in the region taking place through the Hydrogen Centre, ESRI, FLEXIS, Baglan Bay Energy Park and Harbourside R&D Village, support low-carbon energy and can investigate opportunities including:

- Development of renewable hydrogen production, energy storage and usage in vehicles
- Next generation energy distribution
- Carbon capture utilisation and storage

The range of regional research and innovation assets demonstrates the potential of SBCR's applied research output. Turning this into productive economic activity requires research to be commercialised and spun out into new companies, which relies on strong links between academia and research through physical co-location and collaboration.

Incubation, early-laboratory and real-world living-laboratory facilities and proving factories are key components of successful innovation ecosystems around the world. Demand is increasing for these capabilities, with 30 enquires from companies within the last 12 months, requiring 12,350 m² of business space and outstrips limited supply. As of 2016, Swansea had four incubators according to official research conducted by the Department for Business, Energy and Industrial Strategy. However, with the exception of TechHub, each is either creative-industry or health-focussed and not in a position to support spin-outs and potential high-growth start-ups in the targeted areas such as energy, renewables, and smart manufacturing. In addition, co-located commercial office space and laboratory facilities are only available at the fully let R&D Village at Harbourside.

Data from the South Wales Property Development Fund (PDF) – one of two European Regional Development Funds to stimulate private sector investment – show a cost/value gap across the region of 55%. The Harbourside and Brunel Park development at the Energy Park would not have been built without public sector investment of 45% of each project's building costs, despite both projects achieving full occupancy rates. Moreover, since withdrawal of the PDF no further commercial developments of this kind have come forward.

Lack of funding for specialism and skills developments – particularly in relation to decarbonisation, which needs to be addressed in collaboration with the Skills and Talent Project within the SBCD portfolio.

This has already been recognised by UK Government with the establishment of the Green Jobs Skills Taskforce⁶⁸

There is therefore a need to meet these demands for co-located commercial office, laboratory and incubator space and continue to provide and increase numbers of appropriately skilled researchers to use them.

Business needs in relation to RD&I infrastructure are to:

- Build on strong existing RD&I initiatives fostering collaboration between government, industry and academia
- Support maintenance and growth of market share in the steel and metals industry by ensuring the UK and SBCR remain leaders in steel innovation, advancing RD&I and decarbonisation
- Address the practical needs of RD&I that support commercialisation through spinouts, high growth start ups and indigenous business growth – providing appropriate infrastructure and collaborative space for industry and academia, including flexible office/laboratory and industrial premises, with room for expansion
- Encourage private sector investment in facilities and address the market failure/cost – value gap
- Work with the Skills and Talent programme, RLSP and other skills and training providers to map skills gaps and secure funding for decarbonisation-focused development of research specialists and work-based learning to ensure there are appropriate skills to support low carbon economy and the Green Industrial Revolution.

⁶⁸ <https://www.gov.uk/government/news/uk-government-launches-taskforce-to-support-drive-for-2-million-green-jobs-by-2030>

1.2.4 Business needs summary

Table 1.6: Summary of business needs

Theme	Existing arrangements	Investment objective	Business needs
Economic performance	<ul style="list-style-type: none"> SBCR economy underperforming compared to UK: <ul style="list-style-type: none"> GVA 74% of UK average and falling 71% working age population employed (UK: 76%) Fewer people with higher level qualifications compared to other regions of Wales and the UK. Reliance on foundational industries for higher value jobs - strong steel industry and the foundation of UK steel industry. Strong and increasing demand for steel from domestic and export markets, but domestic supply reducing. 	<p>1. To create 1,320 high value added jobs aligned to the green economy through creating the right environment for a resilient, diverse and sustainable regional economy by 2033.</p>	<ul style="list-style-type: none"> Diversify the economy (industrial and manufacturing base), increase productivity and stimulate recovery by supporting the steel and metals industry. Support the supply chain associated with the industrial and manufacturing base. Develop skills in the region to support existing and developing industry, particularly working with the Skills and Talent programme to increase funding for decarbonisation-focused research specialists and work-based learning to ensure there are appropriate skills to support low carbon economy.
	<ul style="list-style-type: none"> RD&I clusters exist in the region with a growing number of initiatives. 	<p>2. To increase the region's GVA by approximately £93m by 2033 through supporting</p>	<p><u>Manufacturing:</u></p> <ul style="list-style-type: none"> Maintain and improve the competitiveness of the SBCR steel and metals industry.

Theme	Existing arrangements	Investment objective	Business needs
	<ul style="list-style-type: none"> Shortage of high quality, flexible commercial property in SBCR with demonstrated demand. 	<p>innovation and new product development in science, technology and manufacturing sectors - strengthening industry, academia and government collaboration.</p> <p>3. To secure over £11m in additional investment from public and private sources, and approximately £40m (within 5 years) additional leverage from public and private research funding by 2033</p>	<ul style="list-style-type: none"> Support industry, academia and government collaboration through applied research. <p><u>Commercial property:</u></p> <ul style="list-style-type: none"> Address the cost/value gap with commercial property in the region. Incentivise development of energy positive buildings. <p><u>RD&I infrastructure:</u></p> <ul style="list-style-type: none"> Build on existing RD&I initiatives and support maintenance and growth of market share in the steel and metals industry so the UK and SBCR remain leaders in steel innovation, advancing RD&I and decarbonisation. Address practical needs of RD&I commercialisation through spinouts, high growth start ups and indigenous business growth – providing appropriate infrastructure and collaborative space for industry and academia, including flexible office/laboratory and industrial premises, with room for expansion. Encourage private sector investment in facilities and address the market failure/cost – value gap.

Theme	Existing arrangements	Investment objective	Business needs
Environmental performance	<ul style="list-style-type: none"> • Strong legislative drivers to reduce GHGs at UK and Wales level. • Wales GHGs driven predominantly by energy generation and industry (particularly the steel industry). • High level of offshored CO₂. • Public sector desire to lead revolution in LEVs - few charging points and existing hydrogen centre. • Energy emissions from commercial buildings not being addressed. • SBCR has range of conventional and renewable energy production assets (25% from renewables, 75% fossil fuels). 	<p>4. To support innovation to influence a shift in the use of high CO₂ energy usage to low CO₂ energy usage in economic activities (industry, commercial buildings and transport) by 2033.</p>	<p><u>General:</u></p> <ul style="list-style-type: none"> • Meet net zero emissions target by 2050; de-coupling economic growth from carbon emissions in the region. • Reduce importing of CO₂– diversify the economy and bring economic activity onshore, where possible. • Improve air quality. <p><u>Industry:</u></p> <ul style="list-style-type: none"> • Reduce energy demand in industrial processes. • Decarbonise the steel and metals processing and reduce industrial emissions. • Support applied research into alternative low carbon fuel sources and new steel making technologies, considering the global emissions impact. <p><u>Energy:</u></p> <ul style="list-style-type: none"> • Rebalance energy production away from fossil fuels to low-carbon Ensure the security of supply of zero carbon energy for heating and fuel. <p><u>Vehicles:</u></p>

Theme	Existing arrangements	Investment objective	Business needs
			<ul style="list-style-type: none"> • Reduce emissions from public and private vehicles, encouraging the use of low carbon transport, using the public sector to lead by example in reduction of emissions for public vehicles. • Need to increase capacity for low emission vehicle charging across the region. • Demonstrate commercial viability of the renewable generation of hydrogen and build on its use of hydrogen as an alternative to electric vehicles. <p><u>Buildings:</u></p> <ul style="list-style-type: none"> • Reduce energy demand and improve design of commercial buildings. • Investigate low carbon technologies for commercial buildings. • Incentivise new commercial buildings to be low-carbon.

1.3 Potential Project Scope

1.3.1 Potential business scope and key service requirements

This section of the Strategic Case starts the process of considering the potential scope of the programme based on the changes required to satisfy the identified business needs and deliver the Investment Objectives (outcomes). The maximum value of the SILCG programme comes from the synergies between projects and how each project contributes to the Business Needs as detailed above.

Table 1.7 Potential scope and services

Investment Objective	Potential business scope & key service requirements
<p>IO1 – To create 1,320 high value added jobs aligned to the green economy through creating the right environment for a resilient, diverse and sustainable regional economy by 2033</p>	<ul style="list-style-type: none"> • Investment in the development of high quality, flexible, specialist commercial and industrial premises to support research, commercialisation and collaboration. • Provide infrastructure and support at each stage of the life cycle of a business to enable diversification in research, spin-outs, start-ups, growth companies and inward investment. • Develop clustering opportunities. • Establish an open access facility to work with a range of industrial partners.
<p>IO2 - To increase the region’s GVA by approximately £93m by 2033 through supporting innovation and new product development in science, technology and manufacturing sectors - strengthening industry, academia and government collaboration.</p>	<ul style="list-style-type: none"> • Investment in the development of high quality, flexible, specialist commercial and industrial premises to support research, commercialisation and collaboration. • Ensuring skills and training match the opportunities emerging from the green economy. • Ensure appropriate infrastructure to support R&D, prototype, commercialisation, business growth.
<p>IO3 - To secure over £11m in additional investment from public and private sources, and approximately £40m (within 5 years) additional leverage from public and private research funding by 2033</p>	<ul style="list-style-type: none"> • Investment in the development of high quality, flexible, specialist commercial and industrial premises to support research, commercialisation and collaboration. • Establish an open access facility to work with a range of industrial partners.

Investment Objective	Potential business scope & key service requirements
	<ul style="list-style-type: none"> Strengthen collaboration between government, industry and academia to secure private and private investment and research funding.
IO4 - To support innovation to influence a shift in the use of high CO₂ energy usage to low CO₂ energy usage in economic activities (industry, commercial buildings and transport) by 2033.	<ul style="list-style-type: none"> Providing proof of concept in decarbonisation interventions for industry, transport, buildings and economic growth. Increasing RD&I in steel and metals to support competitiveness and decarbonisation targets. Interventions to mitigate climate change and reduce carbon emissions in transport, commercial buildings and industry.

1.3.2 Main benefits

Table 1.8: Summary of main benefits

Investment objectives	Main benefits criteria by stakeholder group	Benefit classification	Stakeholder
SILCG IO1	<ul style="list-style-type: none"> Productivity gains including from commercialisation of R&D, using uplift in salaries of additional jobs to UK Commercialisation of new and improved products 	CRB	SBCR WG UKG Industry Academia Community Wider society
SILCG IO2	<ul style="list-style-type: none"> Productivity gain, based on uplift in salaries of additional jobs to UK Rental income Safeguard and create employment opportunities 	CRB	
	<ul style="list-style-type: none"> More resilient supply chain Build on existing strengths 	CRB CRB NCRB NCRB	
SILCG IO3	<ul style="list-style-type: none"> Income related to industry collaboration and training Value of research, based on funding attracted from public funding sources Increase academia and industry collaboration and innovation Clustering impact 	CRB NCRB NCRB NCRB	

Investment objectives	Main benefits criteria by stakeholder group	Benefit classification	Stakeholder
	<ul style="list-style-type: none"> Establish the region as a test bed for innovative solutions to societal challenges e.g. air quality, decarbonised economic growth 	NCRB	Wider society
SILCG IO4	<ul style="list-style-type: none"> Reduction in energy demand and production of energy Reduction in CO₂ Research income for waste utilisation and low carbon processes. (Research income for new and improved projects not included to avoid double counting) Establish the region as a test bed for decarbonising economic growth Lower cost energy for commercial / industrial infrastructure Improved air quality 	NCRB NCRB CRB NCRB CRB	SBCR WG UKG Industry Academia Community Wider society

1.3.3 Main risks

Table 1.9: Summary of main risks

Risk Description	Mitigation
Developmental	
Resource capacity Resource capacity of programme / project teams, particularly during the development phase	Effective project governance / re-deployment if necessary / team working.
Procurement Failure to generate interest via tender process, potentially leading to increased costs / extended timescales - all projects	Detailed programme and resource allocation. Regular progress meetings and project monitoring.

Risk Description	Mitigation
Implementation	
<p>Programme slippage Slippage as a result of late business case approval, procurement delays or match funding requirements, which could lead to programme delay and / or increasing costs</p>	<p>Detailed programme and resource allocation. Regular progress meetings and project monitoring.</p>
<p>Planning delays Potential slippage, obstruction or increasing costs due to planning delays or unexpected planning conditions/ changes to planning legislation</p>	<p>Effective programme management and early communication with the planning authorities. Pre-application consultation initiated.</p>
<p>Land ownership issues Inability to negotiate land agreements in a timely fashion could lead to programme slippage and / or increased costs</p>	<p>Detailed programme and resource allocation. Early engagement with land owners. Regular progress meetings and project monitoring.</p>
<p>Technological advances Potential cost increases in the long term if equipment needs to be upgraded</p>	<p>Proper engagement with stakeholders to be carried out during development phase. On-going project management / monitoring.</p>
<p>Brexit New regulatory requirements could delay progress / increase costs</p>	<p>Close monitoring of political developments, together with regular progress meetings and effective programme management.</p>
<p>Covid 19 Delays due to potential staff shortages,</p>	<p>Close monitoring of developments, resource reallocation, effective programme management and progress meetings.</p>

Risk Description	Mitigation
procurement delays, lack of capacity from construction companies, supply chain difficulties, increasing costs, programme delays	C19 economic impact assessment closely monitored (Annex 1.4)
Operational	
Loss of key members of staff Resource capacity of programme / project teams, could lead to time delays, increased costs	Effective project governance / re-deployment if necessary / team working
Failure to achieve outputs / outcomes Could lead to clawback of funding and reduced impact of programme / projects.	A Monitoring and Evaluation Plan will be produced. Effective project management processes / meetings to be employed.
Financial	
Increasing capital costs Further funding could be required i.e., unforeseen costs, changing requirements, Covid etc.	Effective programme management / budget monitoring.
Dependence on multiple funding sources Further funding may be required if not all sources are secured.	Effective programme management / budget monitoring.
Short term WG and other funding sources	Effective programme management / budget monitoring.

Risk Description	Mitigation
Further funding may be required if not all sources are secured.	
Failure to secure tenants On-going revenue responsibilities affecting long term sustainability	Effective programme management processes / early advertising and engagement with potential tenants.

SILCG programme risk register is at Annex 5.4

Constraints and dependencies

1.3.4.1 Constraints

The constraints that have been placed on the programme are detailed below:

- Programme budget based on the fixed funding agreement between NPTCBC and the SBCD
- 15-year funding profile with a front-loaded delivery within 5 years
- Budget must be largely capital investment
- Availability of development sites
- Planning and development parameters
- Capital investment leverage from private sector

Each project within the programme has an agreed capital budget and delivery timeframe. Proven programme / project management methodologies will be implemented to ensure delivery within budget and management of change process. In addition, NPTCBC will be responsible for ensuring that the specified procurement route is implemented for each project.

Analysis of suitable development sites has been completed with suitable plots identified for each project. Any further constraints highlighted during design phase will be managed through the programme / project governance process. Also, the provision of public funding assistance to leverage private sector development has already been demonstrated as a successful model within the region.

1.3.4.2 Dependencies

In addition to creating synergy opportunities, the programme will ensure management of any inter-dependencies between the projects. An overview of these synergy

opportunities and inter-dependencies are shown in Annex 1.5. The key inter-dependencies are identified below:

- **Technology Centre and Hydrogen stimulus project:** *Excess energy from the Technology Centre will provide hydrogen fuel for vehicles. In addition, the Hydrogen Centre will be used to balance electricity supply and demand for the Technology Centre, reducing any demand from the grid.*
- **Scale up facilities for spin outs and further expansion and growth from innovation activities**

There are also a number of external dependencies outside the programme environment:

- **Renewable energy projects within the region:** *A stakeholder engagement plan has been developed to ensure alignment between the SILCG programme and other initiatives, programmes and projects in the region.*
- **SBCD Skills and talent project:** Combined approach across projects to identify skills and talent development requirements, building on existing platforms within the region. *Funding opportunities to be developed through SBCD skills and talent project*
- **Strategies and policy drivers:** Governance process to ensure a continual review of any new policies and changes that could have a potential impact on programme delivery.
- **Private sector engagement:** Stakeholder management at programme and project level.

2.0 Economic Case

2.1 Introduction

The Economic Case identifies the proposal that delivers best public value and should apply the principles of the Green Book Business Case Guidance.

The SILCG programme has developed organically over time, bringing together projects from the City Deal and the Port Talbot Waterfront Enterprise Zone strategic plan. As a programme the identified projects support economic development, diversification and growth of the economy, respond to climate change and improve air quality – the projects have evolved over time and are aligned to the green economy which is an important pillar of UK and Wales policy. The green economy offers opportunities for the SBCR to develop its emerging cluster of energy and technology related businesses, academic R&D institutions and a longstanding concentration of manufacturing industries, particularly in steel and metals.

Following a meeting with the Welsh Government Economist and the PoMO in December 2020, it was agreed that the SILCG Economic Case would provide a timeline detailing the development of the programme, providing evidence at key decision points. This Economic Case focuses on why and how the selected projects contribute to the programme:

- **Part 1** of the process is answering the question: is this the right proposal? In this case, we have explained the answer to that question through a careful examination of the development of the SILCG programme, project selection, project options and the mix and linkages of the projects that form the preferred way forward for the programme
- **Part 2** answers the question: is the proposal value for money? This is explained through mapping of benefits, an explanation of what information and evidence about the project benefits is available and undertaking CBA (with the caution that not all projects have been developed to a stage where individual project CBA can be undertaken)

2.2 Part 1: Proposal Rationale

2.2.1 Rationale for selection, options and a preferred way forward

Part 1 of the Economic Case, typically identifies a short-list from a long-list, using the 'options framework', identifying solutions for different categories of choice: *scope*, *service solution*, *service delivery*, *implementation* and *funding* – considering less – to

more ambitious options for each category and qualitatively assessing them using standard Critical Success Factors (CSFs)⁶⁹, to identify a preferred way forward.

2.2.2 Developing the proposal

For a programme, the solutions identified in the options framework are the ‘projects’ which make up the programme and the output of the options framework is a short-list of potential projects where a more ambitious programme has a greater number of complex projects and a less ambitious programme, fewer, simpler projects.

The organic development of the SILCG programme means that projects have not been selected through a single ‘point-in-time’ comparison of different versions of a programme, aiming to meet the same objectives and assessed against Critical Success Factors, but started with the Swansea Bay City Economic Regeneration Strategy (2013) and subsequently the City Deal. This led to iterative development of the programme in terms of sector focus and intended outcomes and responded to the shifting focus of government policy. This has seen the constituent projects develop over time – some being deleted, changed or merged as the programme developed. Each identified project has (or will) undergo a project-level options analysis to determine a preferred way forward within the scope of that project.

The following **Critical Success Factors**⁷⁰ were used during the the programme development:

⁶⁹ Standard CSFs are set out in the Green Book Business Case Guidance: strategic fit, value for money, supply side capability and capacity, affordability and achievability – they should normally be used alongside the agreed investment objectives when undertaking qualitative assessment in the economic case (e.g. ‘strategic fit’ is how well an option is likely to deliver the investment objectives/outcomes)






⁷⁰

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/938046/The_Green_Book_2020.pdf

Key Critical Success Factors	Description
Strategic fit and meets business needs	Alignment of the SILCG Programme with the key UKG, WG and regional policies and strategies including UK Industrial Strategy, WG Prosperity for All, WFGA and the SBCR Economic Regeneration Strategy. Meets the Programme's 4 agreed investment objectives related business needs and service requirements;
Potential value for money	Optimisation of VfM through an integrated Programme of economic and environmental projects to achieve the required benefits.
Supplier capacity and capability	Viable and compliant route to procurement for the effective delivery of all the Programme
Potential affordability	Affordable solution within the parameters of funding availability and constraints for the Programme partners
Potential achieveability	Ability to provide robust and effective management arrangements for the delivery of the Programme

The overall development timeline and key stages in the development of the SILCG programme are shown in Figure 2.1, below shows the chronology of development of the SILCG Programme from its origins over a period of approximately 2 years.

Key to figure 2.1.

- 'Actors' (those involved in the process) are displayed in: 
- Key actions are described in: 
- Key documents are described in: 
- Further detail of agreements or outcomes are described in: 
- Future decision points are represented with: 

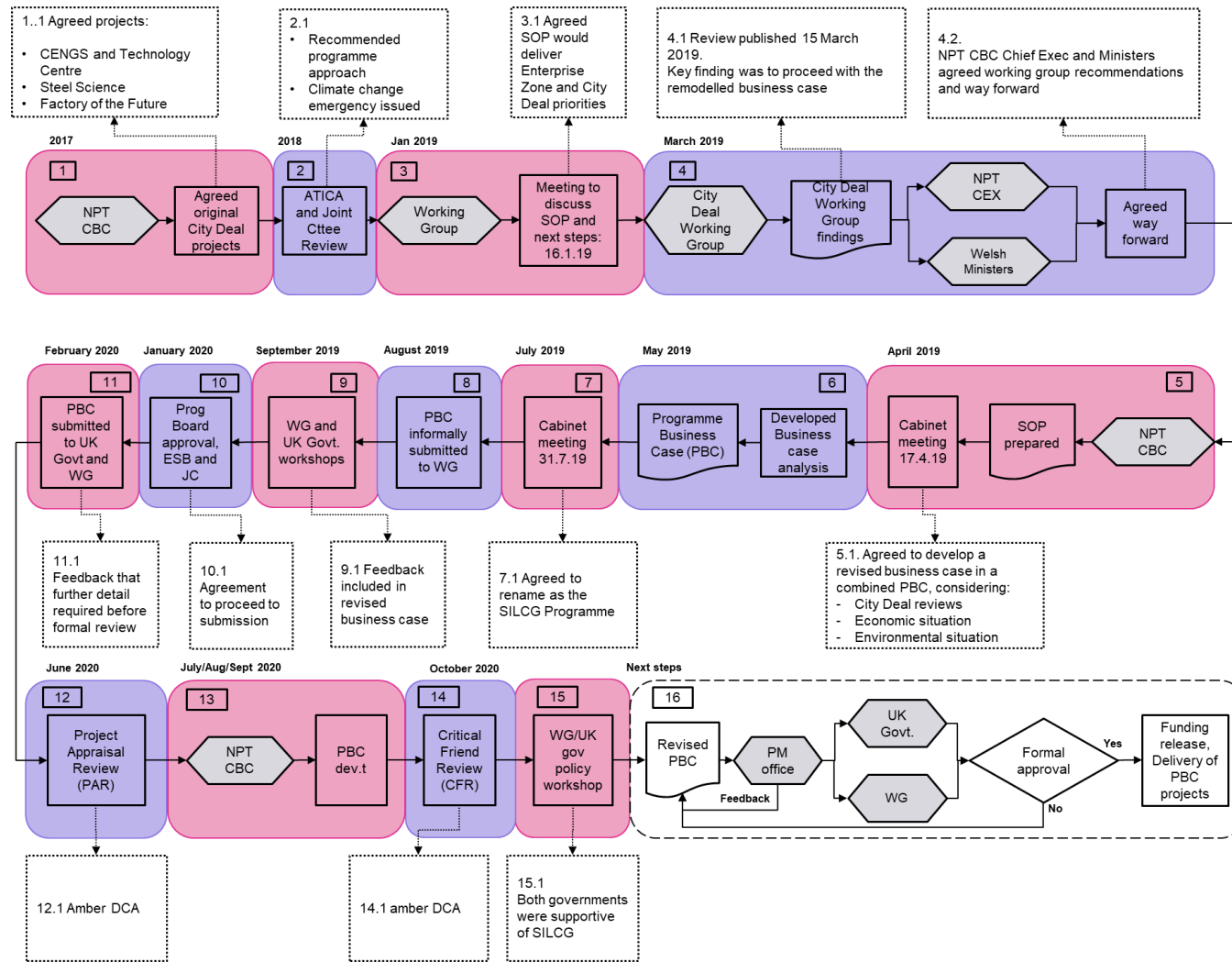


Figure 2.1: Overall development timeline and key stages of the SILCG programme

Figure 2.1 has numbered boxes for each time period and should be read from box 1 to box 12. Each box shows the key developments and outcomes within that period. These are described in further detail in table 2.1 below:

Table 2.1: Key development and outcomes within each time period

Box	Activity/outcome description
1	In 2017 the origins to the SILCG Programme were developed in 2018-19 as 'City Deal' (CD) projects and City Deal Heads of Terms were agreed (March 2017).
1.1	The original agreed City Deal projects were: CENGs and Technology Centre, Steel Science and Factory of the Future. Neath Port Talbot CBC was appointed as the Local Authority lead.
2.	In January 2019 Actica Consulting Ltd was commissioned by the Welsh and UK Governments to undertake a joint Government review of the arrangements of the Swansea Bay City Deal programme. Link to Actica Consulting Ltd review: https://www.gov.uk/government/publications/swansea-bay-city-deal-independent-review
2.1	A number of recommendations emerged, one of the seven Actica recommendations was Recommendation 6 - <i>The SB CD should be managed as a portfolio not as a set of predetermined and immutable projects.</i> https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/786210/Actica Consulting Swansea Bay City Deal Independent Review Report.pdf
3	In January 2019 , the City Deal reviews prompted NPTCBC to establish a working group to consider the current projects and how they may evolve to align to the review recommendations, the WG climate change emergency, the macro economic situation and current strategies in the region, in particular the Port Talbot Waterfront Enterprise Zone Strategic Plan.
3.1	On 16.1.19, the NPTCBC working group agreed a Strategic Outline Programme (SOP) business case would be developed for both PTWEZ and CD projects. See Annex 2.1 (SILCG SOP)
4	In March 2019 a NPTCBC City Deal Working Group was convened to review the current position; in particular, the constituent projects.

Box	Activity/outcome description
4.1	<p>The internal City Deal Joint Committee Review to review the governance arrangements of the SBCD.</p> <p>Link to Joint Committee internal review: https://www.swanseabaycitydeal.wales/media/1413/20190314-sbcd-final-report.pdf</p> <p>The City Deal Review published its findings 15.3.19 and concluded to proceed with the remodelled business case. See NPTCBC Cabinet report 17/04/2019 (paras 26 and 28):</p> <p>http://moderngov.neath-porttalbot.gov.uk/documents/s46130/Swansea%20Bay%20City%20Deal.pdf</p>
4.2	<p>Review findings were discussed with NPT Chief Executive and Welsh Minsiters and the proposed approach was agreed. This is noted in NPTCBC Cabinet report 17/04/2019 (paras 26 and 28):</p> <p>http://moderngov.neath-porttalbot.gov.uk/documents/s46130/Swansea%20Bay%20City%20Deal.pdf</p> <p>and in para 4, NPTCBC Cabinet Report 31/07/2019:</p> <p>http://moderngov.neath-porttalbot.gov.uk/ieListDocuments.aspx?CId=158&MId=8692&Ver=4</p>
5	<p>In April 2019, NPTCBC developed an initial draft of the SOP to address the recommendations. Alongside this, officials considered how new developments should be incorporated – the prevailing economic and environmental situation (prompted by Welsh Government’s increasing focus on the environment).</p>
5.1	<p>NPT Cabinet agreed the developing PBC should consider these issues alongside the existing PTWEZ and CD proposals in one combined PBC on 17 April 2019:</p> <p>http://moderngov.neath-porttalbot.gov.uk/documents/s46130/Swansea%20Bay%20City%20Deal.pdf</p>
6	<p>In May 2019, officials further developed the SOP (now referred to as the ‘SILCG Programme Business Case’)</p>

Box	Activity/outcome description
7	In July 2019 , NPT Cabinet met to discuss the PBC
7.1	On 31 July 2019 NPT Cabinet approved the further development of the SILCG PBC and agreed this should be called the ‘Supporting Innovation and Low Carbon Growth’ Programme (SILCG)
8	In August 2019 the OBC was submitted to WG/UKG for informal review
9	In September 2019, workshops were held with WG and UK Government to discuss and agree the approach to SILCG
9.1	Key agreements and feedback from these workshops were: See workshop notes and feedback See Annex 2.2 WG/UKG SILCG workshop notes / feedback
10	In January 2020 , the SBCD ESB, Programme Board and Joint Committee considered the draft PBC
10.1	The SBCD ESB, Programme Board and Joint Committee endorsed the SILCG business case and agreed for it to proceed to formal submission to WG and UK Governments. SBCD Joint Committee 28/01/2020: https://democracy.swansea.gov.uk/ieListDocuments.aspx?CId=664&MId=8794&Ver=4&LLL=0
11	In February 2020 , the draft PBC was submitted to WG and UK government for formal consideration.
11.1	Feedback from WG indicated that further detail on the projects within the SILCG programme was required. The SBCD programme needed to action review recommendations before further business cases would be reviewed. Reference: Helen Davies WG MS Teams meeting with NPTCBC and PMO
12	In June 2020 , the SILCG programme underwent a Project Appraisal Review (PAR) The National Steel Innovation Centre (NSIC) project was refocused and the project name was changed to SWITCH. This was formalised at the first SILCG Programme Board meeting.

Box	Activity/outcome description
12.1	The PAR resulted in an 'amber' DCA and seven recommendations. See Management Case Annex 5.7 - PAR report
13	In July – September 2020 , NPTCBC further developed the PBC, particularly concentraing on providing evidence to support the economic case for the agreed programme of projects.
14	In October 2020, the SILCG Programme was subject to a formal Critical Friend Review (CFR) in accordance with Gateway Review procedures.
14.1	The CFR resulted in an 'amber' DCA with four recommendations See Management Case Annex 5.8 - CFR report
15	In November 2020, the revised PBC was shared with WG and UKG and a workshop was held with WG and UKG to provide informal feedback / advice on the updated PBC.
15.1	Key feedback was that both governments were supportive of the SILCG.
16	Next steps: Since the CFR, NPTCBC has continued to develop the PBC, focusing on strengthening the supporting economic justification. The next steps will comprise agreeing the updated PBC with the UK Government and Welsh Government. Formal approval of the PBC will result in funding release and subsequent delivery of PBC projects. If the proposal is rejected (e.g. to be amended prior to re-submission), it will return to NPTCBC for further development before being presented again.

2.2.3 Assessment of project options

In addition to selecting the projects described above, each individual project has undergone an analysis of alternatives to determine the preferred way forward. Table 2.2 summarises the projects.

Table 2.2: Summary of projects in the programme

Project	Description	Outcome and Timing
Technology Centre (TC)	2,500 sqm office and laboratory facilities in a demonstrator energy positive building. Target SMEs in energy & renewables sector.	Preferred way forward established September 2020
SWITCH	Applied Research Centre for the RD&I steel and metals sector.	Preferred way forward established September 2020
Hydrogen stimulus project (H2)	H2 Centre infrastructure improvements to increase H2 production, procurement of hydrogen vehicles as demonstrators and an electrical link between SBTC and H2 Centre.	Preferred way forward established September 2020
Air quality monitoring project (AQMP)	Test and deploy a network of low-cost air quality monitoring sensors.	Preferred way forward established September 2020
Low emission vehicle charging infrastructure (LEV)	Development of a low emission vehicle charging strategy, coordination of funding opportunities for roll out of charging points, and case study.	Preferred way forward established December 2020
Advanced Manufacturing Production Facility (AMPF)	4,000 sqm facility based on 'proving factory' concept with testing and other specialist equipment. Target SMEs in energy & renewables sector.	Preferred way forward established October 2020
Property Development Fund (PDF)	Investment fund providing grant funding of up to 45% to support property developer / investor-occupier development on PTWEZ. Estimated at 6,000sqm.	Preferred way forward established September 2020

2.2.4 Linkages, mix and positioning of the projects within the SILCG programme

2.2.4.1 Linkages and interrelationships

Figure 2.2 shows the SILCG programme in terms of each project's inputs and their inter-relationships which demonstrates their synergies in terms of project activities. For example, the Advanced Manufacturing Production Facility provides 'proving factory' concept accommodation and R&D facilities for tenants who will be undertaking proof of concept and prototyping new products in the facility - late TRL level to MRL level. The Technology Centre, whilst housing tenants engaged in R&D and testing activities, is also a proof of concept / testing facility itself, in that the building is planned to be energy positive. SWITCH will directly enable R&D, testing and scale up in industry sectors of concentration in the region. The clustering of activity will help to stimulate demand and with it, potential network and knowledge sharing benefits.

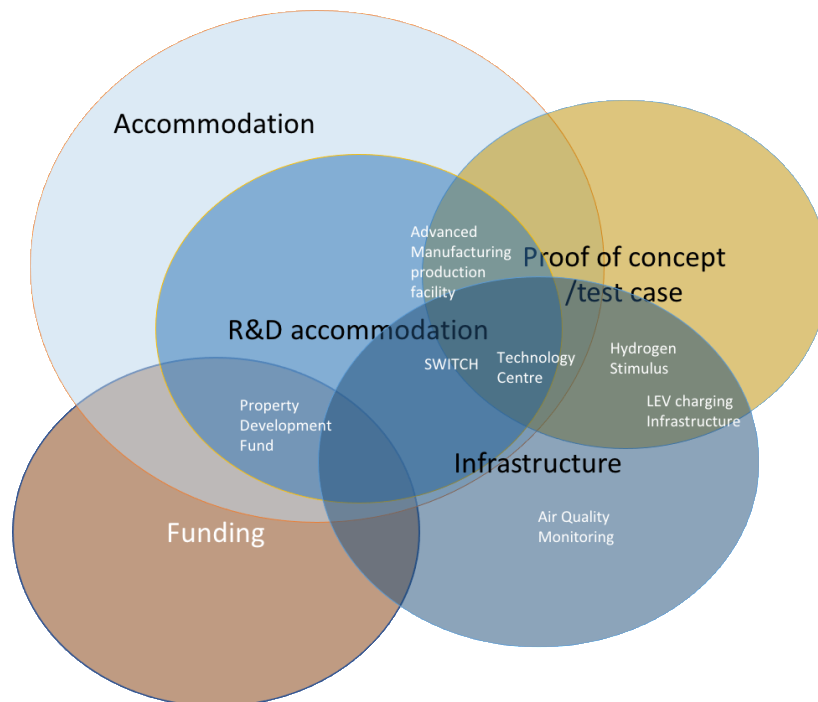


Figure 2.2: Interrelationship of the SILCG programme

2.2.4.2 Project mix and positioning

The SILCG programme includes a diverse range of projects in terms of mix and positioning.

Figure 2.3 shows the mix of projects across two dimensions:

- The X axis shows the level of innovation, with early stages of technological readiness (TRL) to the left and established technologies (MRL) to the right. This shows the level of risk associated with each project, from a technology perspective
- The Y axis shows the type of activity of the project, whether it is funding actual R&D activities, or whether it is providing bespoke R&D facilities or accommodation/infrastructure that is applicable to a range of industry sectors

The programme is balanced and comprises a diverse mix of projects, with at least one project in each quadrant. The Property Development Fund for example, facilitating widely applicable and established support to industry (top right quadrant), while the hydrogen stimulus programme (bottom left-hand quadrant) R&D focused and at an earlier TRL stage.

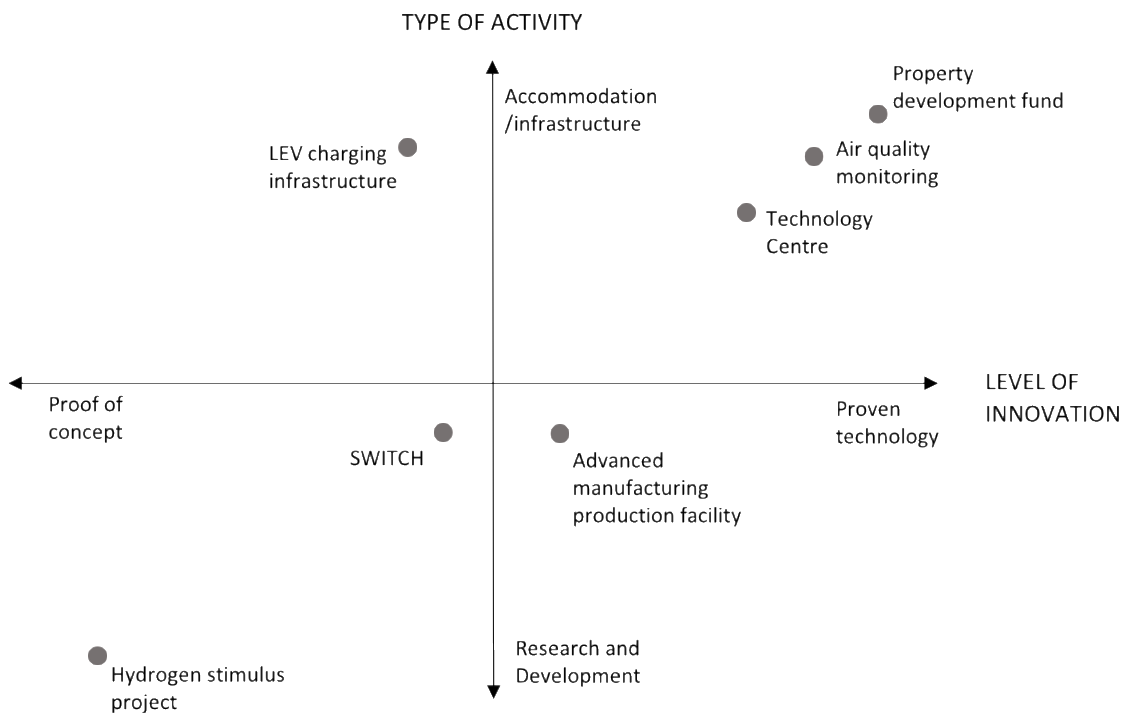


Figure 2.3: SILCG programme mix and positioning of projects

2.3 Part 2: Examining Value for Money

2.3.1 Approach to part 2 of the Economic Case

Part 2 of the Economic Case examines the value for money of the programme. It explains the application of CBA to the programme including the calculation of the Benefit Cost Ratio (BCR). It takes into account that the projects are developing

separately and not all activities and specific quantified outputs monetised through cost benefit analysis, are available.

The programme BCR calculation focuses on the larger projects with greater capital costs, where the benefits have been able to be quantified and monetised. The smaller projects – H2, AQMP and LEV – have not been included in the BCR calculation; however, their benefits – which together account for 6% of the total City Deal ask – are assessed qualitatively in considering the overall value for money of the SILCG programme.

The programme BCR analysis calculation clearly presents:

- Presentation of which costs have been included,
- Which outputs have been quantified outputs
- How benefits have been monetised, interpreting the results and conclusions with respect to overall value for money.

Part 2 is primarily undertaken with respect to the economic impact to the UK as a whole and the BCR refers to UK and includes consideration of Place Impact (section 2.3.9) in response to the latest update of the Green Book in November 2020.

2.3.2 The programme counterfactual

The counterfactual reflects the situation if the programme and its relevant projects did not go ahead in the business as usual (BAU) position, which has future cost/benefit implications.

The Strategic Case explains trends in the regional economy and in environmental considerations and legislation. The SILCG combines the objectives of meeting both economic performance and environmental objectives. The implications of not taking forward projects to support these mutual objectives could be severe.

The existing industrial base is at risk if businesses do not embrace innovation to remain competitive; while if decarbonisation efforts do not materialise, zero carbon targets will not be met. The programme will safeguard business and thousands of jobs in transport and metals and their corresponding supply chains and develop and test new technology and growth sector opportunities in line with the Green Industrial Revolution policy areas.

The counterfactual and the CBA, following Green Book guidelines considers the UK as a whole. For example, a firm relocating from Surrey to Swansea Bay, represents no difference from a UK perspective and simply displaces activity from one region to

another. There are differences, for example if there is a far stronger enabling environment for the business to grow in one region vs another, lower operating costs etc but that is not explicitly captured. Note the clustering argument is made above. Hence what is considered to be additional to the UK in terms of economic activity and other benefits as measured through CBA, is not the same as that for Swansea Bay and the additional benefits and impacts, could be much higher.

Specifically, for the CBA, project specific assumptions for the counterfactual have been adopted, as set out in the following table.

Table 2.3 Implications of business as usual for each project under the SILCG programme

	Counterfactual
Technology Centre	<p>Land remains undeveloped. Tenants would either not exist due to lack of suitable facilities and support; or occupy other buildings in the UK or abroad, with higher emissions footprints, and may have poorer business performance outcomes.</p> <p>No proof of concept of energy positive commercial building.</p>
SWITCH	<p>Local steel industry becomes vulnerable as it fails to meet carbon emissions targets. Potential offshoring of steel industry with impact to local jobs and global carbon emissions (given the need then to ship steel back to the UK).</p> <p>The existing research organisations and projects would continue for a limited period involving some upgrade of facilities in order to keep them operational.</p> <p>Equipment acquired through the closure of other facilities would remain unutilised.</p>
Hydrogen stimulus project	<p>The existing H2 Centre remains close to capacity with inability to broaden offerings and demonstrate viability of charging vehicles via excess PV electricity generation.</p> <p>NPT Council would procure new diesel vehicles in the usual way, with resulting CO2 and pollutant emissions.</p>

	Counterfactual
Air quality monitoring project	Continued use of current network of expensive and resource intensive monitoring equipment without ability to collect localised data with implications for policy making and effectiveness.
Low emission vehicle charging infrastructure	Take up of electric vehicles in the region would remain slow and may miss roll out targets. Carbon and other pollution emissions would remain higher. Lack of coordination of charging infrastructure.
Advanced Manufacturing Production Facility	Tenants would either not exist due to lack of suitable facilities and support; or occupy other buildings elsewhere with higher emissions footprints, and may have poorer business performance outcomes.
Property Development Fund	Fewer companies invest in the PTWEZ. Developers are less active in this market due to the cost / value gap issues and low rental yield.

2.3.3 Project Maturity

Table 2.4 shows the status of each project within the programme.

The programme-level CBA draws on information for each project which is more developed for some than others.

Table 2.4 Project status

Project	Project status
Technology Centre	Construction started.
SWITCH	OBC submitted for CFR in September 2020. Building specification workshops to commenced.
Hydrogen stimulus project	Technical discussions started.
Air quality monitoring project	Sensors purchased. Communications plan developed, 15 sensors deployed for calibration.
Low emission vehicle charging infrastructure	Procurement specification in development.

Project	Project status
Advanced Manufacturing Production Facility	Building specification workshops commenced supported by Industry Wales. Procurement specification in development for operator.
Property Development Fund	Scheme guidance developed. Procurement specification in development.

2.3.4 Programme costs and phasing

Table 2.5 shows the total, capital and operational costs over a 30-year operational life (or 2053 whichever the sooner) as well as when the project is expected to be operational. The SILCG City Deal programme capital contribution is £47.7 million with a total estimated programme capital cost of £58.7 million. The four largest projects are the Technology Centre, SWITCH, Advanced Manufacturing Production Facility and the Property Development Fund, which account for 94% of the City Deal spend.

Table 2.5 Programme costs (undiscounted) and phasing

Project	Asset ownership & operations	Total capital cost £m	City deal contribution £m	Operational costs £m	Operational Start
Technology Centre	NPT own and manage	8.5	3.0	6.2	End 2021
SWITCH	NPT own, Swansea University manage	20.0	20.0	156.7	Oct 2023
Hydrogen stimulus project	NPT own the project including TC, link and vehicles USW procure and own the equipment and manage the hydrogen centre	2.0	2.0	Not included	Sept 2022

Project	Asset ownership & operations	Total capital cost £m	City deal contribution £m	Operational costs £m	Operational Start
Air quality monitoring project	NPT own and manage	0.5	0.5	Not included	Sept 2021
Low emission vehicle charging infrastructure	NPT own and manage	0.5	0.5	Not included	July 2022
Advanced Manufacturing Production Facility	NPT own. NPT procure operator	17.2	17.2	14.5	Early 2025
Property Development Fund	NPT to manage fund. Private Sector to contribute at least 55% City Deal provides max. 45% Project applicant owns asset	10.0	4.5	8.8	April 2021
TOTAL		58.7	47.7	186.2	

Note: SWITCH appears to have a relatively high operational cost but this is somewhat misleading as the majority of SWITCH operational costs are covered by revenue funding for the research projects undertaken

2.3.5 Mapping programme benefits

Figure 2.4 shows a theory of change map for the SILCG programme. The diagram can be read bottom up and top down to understand the linkages and influences between projects and ultimate programme objectives.

Reading the diagram bottom up explains how projects will target 'enabling changes' to drive benefits and achieve the programme objectives, including sponsoring and facilitating research activities and industrial innovation, mandating energy efficient building standards, and implementing affordable rental policies.

These changes are expected to lead to a series of intermediate benefits, many of which can be quantified and monetised, which then lead to end benefits (delivering the investment objectives of the programme), all of which can be categorised under improvements to either environmental or economic performance within the region.

For example, the Advanced Manufacturing Production Facility, by fostering research activities and industrial innovation and by offering space at affordable rents with open access specialist equipment, will provide affordable and suitable premises for companies that will develop and deliver new products and processes in reducing industrial energy demand, carbon emissions and pollutants. The affordable space and funded equipment will also improve the prospects of companies to survive and grow, magnifying the potential impacts of their innovations. Company growth and survival will support diversification of the local economy as well as potentially supporting/safeguarding the existing industry base.

Reading the diagram top-down, improved economic performance relies on onshoring activity, diversification i.e. greater activity in new industry sectors, as well as and safeguarding the existing industrial base. Greater activity in new industrial sectors is driven by greater adoption of innovation and better company survival and growth rates. Improved company survival and growth rates is driven by affordable accommodation and commitment to early adoption. Affordable and suitable accommodation to rent is driven by City Deal investments in the Technology Centre and Advanced Manufacturing Production Facility.

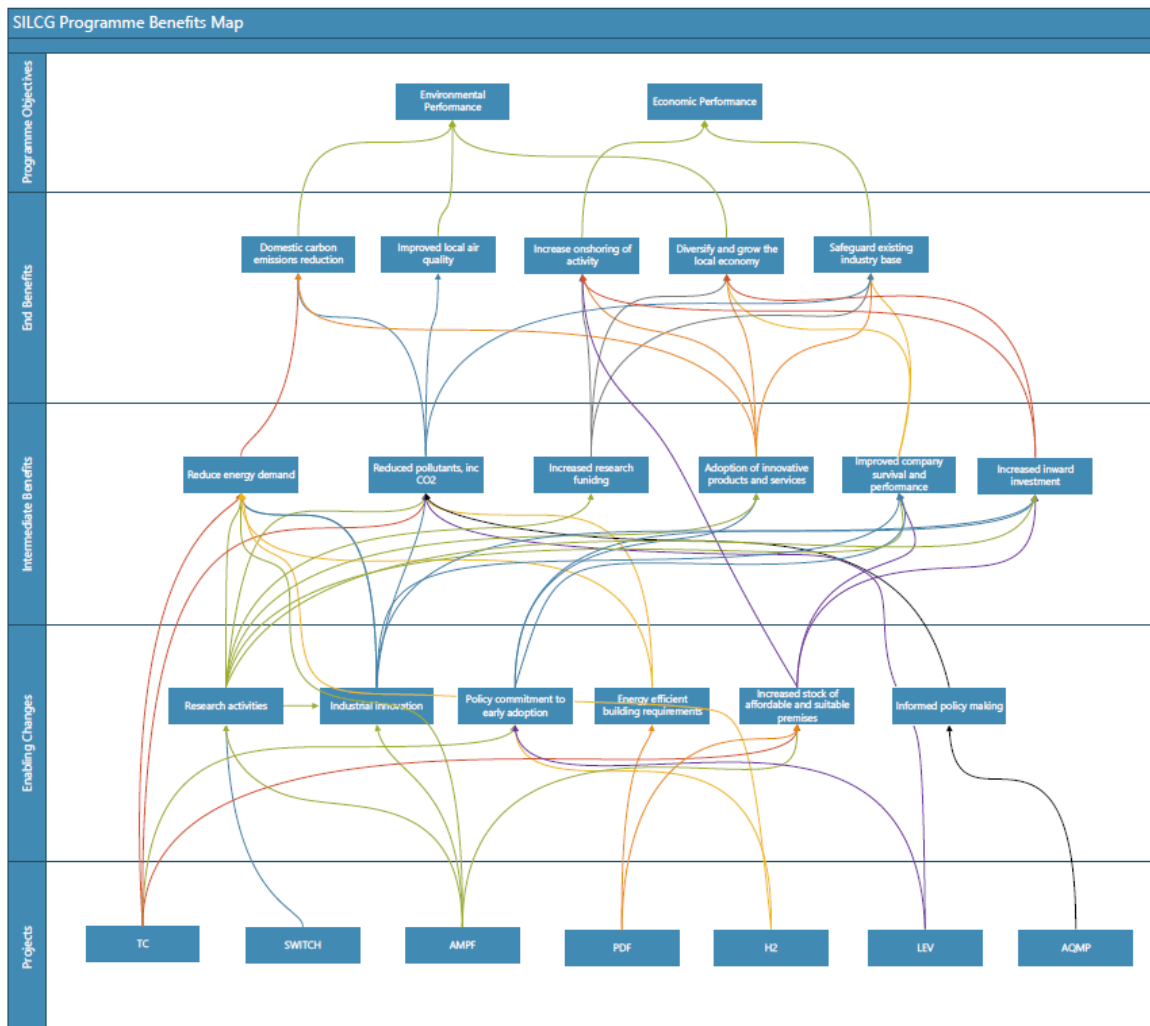


Figure 2.4: Mapping SILCG projects and benefits

2.3.6 Key programme outcomes and benefits

2.3.6.1 End benefits

The end benefits of the SILCG programme include:

- reduction in carbon emissions
- improved air quality
- greater onshoring of activity
- greater diversification of the local economy
- safeguarding existing local industrial base with corresponding improvement in overall environmental and economic performance

There are also indirect benefits of strengthening the green economy and innovation cluster which may attract further investment and economic activity in the SBCR that

are intended outcomes of the programme but are notoriously difficult to predict or quantify at this stage.

End benefits and their attribution to the SILCG programme would only be possible – to any degree of certainty – after the projects have been implemented and operating for several years. At this stage, it is more feasible to focus on the intermediate or more direct benefits that arise from the individual projects whilst acknowledging that this approach is unlikely to be able to reflect all the benefits that arise from the synergy of the projects and the programme as a whole.

For the purpose of the BCR calculation, programme benefits are assessed with respect to the UK as a whole and benefits accruing to SBCR may be greater (and contribute to levelling up). Additional economic activity in SBCR is not counted as a benefit for the purpose of BCR calculation, if it is simply displacing activity from other UK regions.

With reference to figure 2.4, mapping projects and benefits, **six key intermediate benefits** have been identified and valued / monetised where possible:

Reduced energy demand from the grid

The **Technology Centre** is designed as an energy positive building and strict energy efficiency standards for the other facilities including SWITCH, the Advanced Manufacturing Production Facility and the Property Development Fund will also likely reduce the demand for energy from the grid compared to what would happen otherwise. Upgrading the commercial property stock to meet higher standards through policy measures or commercial take-up of the ideas tested in the Technology Centre would also reduce the demand for energy.

The Technology Centre reduction in energy demand to zero from the grid has been estimated by comparison with the energy use in kWh of a standard commercial building. The value of reduction in energy demand to zero is about £5,000 per 1,000sqm or about £25,000 per year for the Technology Centre. Annex 2.3 presents assumptions and details of the calculations.

Other facilities will encourage the use of energy efficient solutions. However, reduction in energy demand for other facilities is not included in the monetised calculation since the reduction in energy use is not sufficiently known at this stage.

Further reductions in energy demand from the SILCG programme could occur indirectly through energy saving products and processes being developed in the

various facilities and taken up by the market. These potential benefits are not included since they cannot be estimated at this stage.

Reducing emissions (including CO₂)

The reduction in carbon emissions from reduced energy demand in the **Technology Centre** is calculated using the relevant values for traded and non-traded carbon in accordance with Supplementary Green Book guidance. The value is about £2,500 per 1,000sqm, about £10,000 per year for the Technology Centre. Annex 2.3 presents assumptions and details of the calculations.

The **Hydrogen Stimulus Project** will reduce carbon emissions via the substitution of diesel fuel use by council and other vehicles with hydrogen power generated from excess renewable energy generation at the Technology Centre. The magnitude of these emissions reductions is not currently quantifiable for the benefits analysis, but will become so as additional project details are confirmed.

The **Low Emission Vehicle project** will directly reduce carbon emissions but the estimated reduction in CO₂ is not sufficiently documented to date and it is not included in the valuation of benefits.

Research and business activities to reduce emissions are supported throughout the programme through providing affordable and suitable accommodation to firms engaged in the green economy as well as an applied research facility for the steel and metals sector, the largest employer and arguably most important economic sub-sector. All of these activities support emissions reductions but any measurement of benefits can only be intermediary benefits at this stage as the eventual impact on emissions will depend on the specific research and business activities undertaken and so whilst reducing emissions is an end goal or ultimate benefit, at present there is insufficient information to quantify or monetise most of the eventual emission reduction impacts.

Increased research funding

Greater collaboration of academia and industry through **SWITCH** and the research focus on decarbonisation will attract research funding. This is estimated at about £6.5 million per year.

The **AMPF** operator is also expected to support tenants in attracting research funding from a range of sources including UKRI Industrial Strategy Challenge Fund and other UK government funding such as the Strength in Places Fund and the Industrial Energy Transformation Fund. This is estimated at about £0.5 million per year, excluding contributions from the private sector.

Commercialisation and take-up of new products and services

R&D, innovation, scaling-up and other prototype and testing which ultimately may lead to the take-up of new products and services, particularly in the green economy is central to the SILCG programme.

All projects except the Property Development Fund contribute to this benefit either directly or indirectly. Direct testing or scale up of activity and measuring its impact is only part of the story. It is the take-up and commercialisation of products and services by the market which is where the true value of R&D and innovation and is realised.

The **Technology Centre, SWITCH** and the **Advanced Manufacturing Production Facility** will accommodate businesses that are engaged in these activities.

SWITCH has undergone a detailed CBA in which the value of the potential commercialisation of the activity going on inside the building and its attribution has been calculated. This benefit valuation method for SWITCH was used for research and development of new and improved products and included: assessing the success rates of research and development projects; and estimating marginal uplift in the market value of new and improved products for different market segments over a reasonable time period. Even taking into account that only about 10% of the value could be attributed to SWITCH, the annual value was about £2 million, growing to about £6 million over the life of the project.

Whilst R&D, and testing are critical to the take up of innovation, estimating the rate or value of take up is very difficult at the early stages of a project, indeed, often it is only possible once the project has been implemented and in delivery phase.

The 3 smaller decarbonisation projects have identified uses as test-beds and aim to encourage adoption of new technology:

- The **Hydrogen Stimulus Project** will test viability and commercial application through Neath Port Talbot running vehicles using the technology
- The **Technology Centre** will provide a test case for an energy positive building, and also has test-bed and early adoption policies to facilitate commercialisation of tenant products and processes
- The **LEV charging infrastructure project** will encourage the take-up of LEV across the region

However, the eventual take up and attribution to the SILCG programme is not possible to predict at this stage and so the benefits of these projects are not monetised and excluded from the BCR calculation.

Demand for Business Accommodation, Business Survival and Performance

All of the facilities included in the SILCG programme that provide suitable and affordable accommodation, as well as other services including equipment, test-bed and early adoption etc will help target Spin Outs and SMEs to survive. That is not to say they all will, but that their success rate is likely to be higher and with the commercialisation of innovation undertaken within the facilities, businesses will have a greater chance to perform better, to grow and expand.

Target sectors have been identified for the Technology Centre, and the Advanced Manufacturing Production Facility will be managed by a procured operator who will also access research and innovation funding opportunities such as from Innovate UK. For these facilities which will be let to tenants, the estimated rental income from the tenant is adopted as a benefit.

For the **Technology Centre and the Advanced Manufacturing Production Facility** facilities, there is strong evidence of demand for accommodation. Estimates of productivity gains, number of additional jobs to the UK and uplift in salary is based on evidence from:

- Monitoring of existing facility projects and companies in the local area as provided by Neath Port Talbot CBC including evidence from the companies themselves on salaries compared to average salaries, for detailed assumptions – see Annex 2.4⁷¹
- Evidence from the Baglan Bay Innovation Centre where about 40% of the floorspace is occupied by university spin outs and 82% is occupied by companies classified as RD&I (43%) and product development/technology (7%), ICT (14%), energy and life sciences (17%) – see Annex 2.5
- Analysis of the Neath Port Talbot CBC enquiries database where total floorspace demand was some 6,500sqm for enquiries for less than 400sqm whilst 55% of total enquiries by floorspace was from organisations classified as RDI, Innovation Manufacturing or Energy – see Annex 2.5

The estimated productivity gain is based on the number of additional jobs to the UK (about 80% of those accommodated based on the evidence above from Baglan Bay Innovation Centre) and the salary uplift about £10,700 a year. Since the target firms in the facilities are Spin Outs and SMEs in RDI and it is anticipated that there will be

⁷¹ Actual salary information is confidential. The uplift is based on data from existing companies in NPT and their reported salaries

considerable turnover in the facility as companies achieve success, grow and then move to larger premises, the salary uplift is assumed for the time period of the project.

Inward Investment

Inward investment is anticipated as a result of the greater scale, reputation for and attractiveness of the green economy cluster. The Property Development Fund could be used for companies wishing to locate to the UK and SBCR. These target companies in high-tech, innovation sectors will have greater productivity, and demand from firms in sectors including RD&I, innovation, manufacturing and energy accounted for a significant number of enquiries to Neath Port Talbot CBC for accommodation.

Based on Neath Port Talbot CBC monitoring of existing facilities, 50% of jobs accommodated are assumed to be additional and the same salary uplift of about £10,700 is adopted. The uplift is adopted for 15 years after the fund is taken up. It is possible, particularly given the target companies / sectors that a greater number of the jobs are additional, in which case the estimated benefits included would be a lower bound estimate of actual. The estimated rental income is adopted as a cash releasing benefit to the owner for the PDF.

2.3.7 Monetised cost benefit analysis and BCR calculation

2.3.7.1 Key assumptions

The Cost Benefit Analysis is undertaken in constant prices and for the buildings projects includes construction period and 30-year operational life of the facility or 2053 whichever earlier. Costs and benefits are included in the year in which they occur and discounted at the social discount rate of 3.5% according to Green Book guidelines. Detailed assumptions for each individual project are included in Annex 2.4.

As explained in section 2.3.1, the BCR calculation includes the four larger projects only, the Technology Centre, SWITCH, AMPF and PDF.

Table 2.6: Quantification and monetisation of project outcomes and benefits for BCR calculation

Project	Benefits included	Type of Benefit
TC	Reduction in energy demand and production of energy	Non-cash releasing to wider society
	Reduction in CO ₂	Non-cash releasing to wider society

Project	Benefits included	Type of Benefit
	Rental income	Cash releasing to wider society (since operator will be procured)
	Productivity gains including from commercialisation of R&D, using uplift in salaries of additional jobs to UK	Non-cash releasing to wider society
SWITCH	Commercialisation of new and improved products	Cash releasing to wider society
	Research income for waste utilisation and low carbon processes. (Research income for new and improved projects not included to avoid double counting)	Cash releasing to project proponent
	Income related to industry collaboration and training	Cash releasing to project proponent
	Note counterfactual included the cost of the existing facility remaining for a short period	Cash releasing to project proponent
AMPF	Rental income	Cash releasing to wider society (since the operator will be private sector)
	Productivity gains including through commercialisation of R&D, based on uplift in salaries of additional jobs to UK	Non-cash releasing to wider society
	Value of research, based on funding attracted from public funding sources	Non-cash releasing to wider society
PDF	Rental income /avoided income if owner occupier	Cash releasing to wider society
	Productivity gain, based on uplift in salaries of additional jobs to UK	Non-cash releasing to wider society

Table 2.7: Results of the monetised CBA, BCR calculation

	Programme vs Counterfactual	
	Undiscounted	Discounted
Costs in the Appraisal of Public Value		

		Programme vs Counterfactual	
		Undiscounted	Discounted
1. Total Direct Public Costs (to originating organisation)		101.3	71.9
1.1	Capital	44.7	41.1
1.2	Revenue	56.6	30.8
2. Total Indirect Public Costs (to wider public sector)		98.8	55.5
2.1	Capital	11.0	10.3
2.2	Revenue	87.8	45.2
3. Wider Social Costs		42.8	23.0
3.1	Capital	-	-
3.2	Revenue	42.8	23.0
4. Total Risk Costs		5.0	4.7
4.1	Optimism bias	5.0	4.7
4.2	Estimated or measured risk	-	-
5. Total of Costs		247.9	155.1
Benefits in Appraisal of Public Value		-	-
6. Total Direct Public Sector Benefits		137.9	77.5
6.1	Cash releasing benefits (CRB)	137.9	77.5
6.2	Non-cash releasing benefits (NCRB)	-	-
7. Total Indirect Public Sector Benefits		-	-
7.1	Cash releasing benefits (CRB)	-	-
7.2	Non-cash releasing benefits (NCRB)	-	-
8. Wider Social Costs		315.9	172.3
8.1	Cash releasing benefits (CRB)	152.6	76.3
8.2	Non-cash releasing benefits (NCRB)	163.3	96.1

	Programme vs Counterfactual	
	Undiscounted	Discounted
9. Total Value of Benefits	453.8	249.8
Net Public Value	205.8	94.7
Benefit Cost Ratio	1.8	1.6

2.3.7.2 Interpretation of results

Table 2.7 shows the overall results for the programme, and details of these calculations are shown in Annex 2.6.

The analysis shows that the SILCG programme adds value to the UK overall with an overall NPSV of about £95 million and the discounted BCR is 1.6. The programme delivers a positive NPSV overall, and there are also extensive qualitative benefits which should arise from the programme which would benefit society as a whole. All results are presented relative to the counterfactual.

All of the individual projects i.e., Technology Centre, SWITCH, Advanced Manufacturing Production Facility and the Property Development Fund have positive NPSVs and BCRs. The method adopted for the monetisation of benefits in the SWITCH project was the most sophisticated, as for this facility, it was possible to identify the types of research projects that would be undertaken, their relative success and commercialisation, as well as detailed assessment of the types of research and other income that might be attracted to the facility. The other large projects rely on rental income and broader estimates of productivity gains using additional job and salary uplift-based estimates, which may not fully capture the value of test-bed, research activity and commercialisation of products that are targeted for tenants of the Technology Centre and Advanced Manufacturing Production Facility in particular. The monetised benefit estimates for these facilities might thus be considered a lower bound estimation.

For the three smaller projects; Hydrogen Stimulus Project, Low Emission Vehicle and Air Quality Monitoring Project, some details of project outcomes are yet to be developed and thus they have not been included in the BCR as their benefits have not been quantified or monetised. However, there are numerous unquantified benefits of these projects. These include the potential for improved and more effective policy making in the case of the AQMP to a clear demonstration of the viability of the use of excess renewable energy generation to decarbonise transport for the hydrogen stimulus project.

The overall programme and the projects together deliver potential benefit in research, prototyping and testing, scale up and commercialisation of innovation and low carbon products and processes that could be adopted at scale elsewhere. However, these benefits are difficult to capture in BCR type calculations and are considered together with other qualitative considerations below.

2.3.8 Qualitative considerations

At the programme-level, additional qualitative benefits should be considered, which will likely never be quantifiable or monetisable, but which will result in value and advantage for the SBCR and for the UK, which cannot be disregarded:

- Programme completion is likely to achieve notable clustering and reputational benefits for South Wales as an area of sustainable and low carbon innovation
- SWITCH may help establish the area as a global leader in low-carbon and energy efficient steel manufacturing, reversing the current risk of business losses due to increasing environmental regulations and potentially leading to additional business opportunities in the future
- Supported by the Technology Centre and Advanced Manufacturing Production Facility, and developments arising from the Property Development Fund, the programme should serve to create a valuable innovation and high technology cluster within the Port Talbot Waterfront Enterprise Zone and wider City Region by demonstrating the growth and success of new and existing businesses within these developments
- Successful demonstration of new and innovative technologies and concepts within the programme will also deliver considerable qualitative value

Proof of concept and demonstration projects are necessarily hard to complete, but it is important for the public sector to take on this role in order to facilitate downstream successful rollouts of these projects by the private sector thereafter. For example, while the use of hydrogen is in its infancy it is difficult to establish a commercially viable proposal for private sector investment. However, proof of concept demonstrations, like the Hydrogen Stimulus Project which will use of excess photovoltaic energy converted to hydrogen for low carbon vehicle fuel, can establish the parameters for successful subsequent private sector investments. As this demonstration will only be possible via the provision of excess renewable energy generation from the energy positive Technology Centre, it is the bundling of projects within the programme that will enable this demonstration to occur.

2.3.9 Place Based Analysis

2.3.9.1 *Positioning and enhancing the green economy cluster*

SILCG projects cater for a range of different potential growth targets of the green economy growth cluster in the Enterprise Zone and the SBCR supporting the development of the South Wales Industrial Cluster as a whole:

- The Technology Centre (TC) will be located on Baglan Bay Energy Park and will target SMEs and spin outs in the research, development and innovation sector with a focus on energy and renewables
- The Hydrogen Stimulus Project will help to position the Hydrogen Centre with its innovative approach to absorbing excess energy and the Technology Centre's innovative approach as an energy positive building
- The Advanced Manufacturing Production Facility which will be located on Harbourside, in the Port Talbot Waterfront Enterprise Zone also targets SMEs and spin outs providing a 'proving factory' facility

There is evidence of demand for the Technology Centre and Advanced Manufacturing Production Facility (AMPF) from two main sources:

- The experience of the Baglan Bay Innovation Centre a c2000sqm facility which currently has 94% occupancy and accommodates research and development, ICT, energy and other small businesses. Some 40% of floorspace is occupied by university spinouts. See Annex 2.5
- Evidence from the Neath Port Talbot CBC business enquiry database, which tracks the status of enquiries to Neath Port Talbot for business accommodation and land. Analysis of the data from December 2019 to December 2020 (see Annex 2.5) suggests a wide range of sizes and types of accommodation are sought. Enquiries for businesses looking for less than 400sqm was about 6500sqm in total of which only about 33% was recorded as completed and 20% of which was not satisfied due to a lack of suitable accommodation. In an unprecedented year such as 2020, with COVID 19 and the uncertainty over the implementation of Brexit, the analysis supports the demand and potential occupation of the facilities

The Property Development Fund which will also be targeted within the Port Talbot Waterfront Enterprise Zone, targets larger size established companies and inward investment with accommodation requirements for larger premises. These may be companies from outside the region and support the target for inward investment, either other UK companies seeking relocation or expansion or from overseas.

SWITCH responds directly to the needs and requirements of the steel and metals sector in boosting R&D activity and scaling up of product developments, responding to regulatory and policy directives for decarbonising steel production and meeting environmental targets. Further details of demand is shown in Annex 2.5.

By targeting different segments of demand in terms of industry sector, size and other requirements the SILCG accommodation will support the acceleration of low-carbon

target growth sectors in the SBCR in line with government and regional policy. The smaller demonstration projects provide focus and support branding of the SBCR as an innovative cluster for the green recovery.

2.3.9.2 Jobs in Neath Port Talbot and SBCR

The four large projects in the SILCG programme together are estimated to accommodate about 900 jobs of which about two thirds are estimated to be additional to the UK. Evidence-based estimates of the number of jobs additional to the SBCR are not available but it is reasonable to assume that the additional number to the SBCR would be considerably higher. These jobs would all be considered to be in innovation sectors or directly supporting innovation in key sectors for the low carbon / green economy cluster including R&D, alternative energy, renewables, information, communication and technology and advanced manufacturing.

Putting the 900 jobs in context (see Annex 2.7), in 2019:

- Total employment in Neath Port Talbot is about 50,000; 900 jobs is about 2% (accommodated, not additional)
- Employment in manufacturing is 9,000 (10%), with about 5,700 (16%) in manufacturing of metals and metal products
- Employment in information and communication is about 700
- Employment in professional, scientific and technical activities is about 1,250

Whilst 900 jobs are not going to change the overall employment profile of Neath Port Talbot or SBCR, for the relevant subsectors and in supporting the innovation and low carbon / green economy agenda, they make a reasonable contribution to Neath Port Talbot.

Neath Port Talbot has an employment diversity index of 0.84, whilst SBCR has a diversity index of 0.86 compared to Wales, 0.88 and GB 0.90. Whilst the direct impact of SILCG on overall diversity and the levelling up agenda will not be large, what is important is the contribution they make to the cluster – and the potential further take-up, reputational benefit and future business development and inward investment they contribute towards.

The SILCG programme has a far greater reach and potential impact than the immediate direct jobs impact. The SILCG programme provides a range of projects, providing test-beds for innovative products and processes, applied R&D to support decarbonisation of the steel and metals sector to support existing businesses and supply chains. It also provides accommodation and support to businesses of different

scales and types covering the spectrum of new start-up businesses to larger inward investors and at the same time increasing the brand and reputation of the SBCR as an emerging low carbon/green economy cluster.

2.3.10 Summary and Conclusions

Table 2.8: Key Findings

		Programme	TC	SWITCH	H2	AQMP	LEV	AMPF	PDF
A Net Present Social Value	£ million	94.7	18.1	29.3	0.0	0.0	0.0	29.6	17.7
B Public sector cost (or appropriate value for cost)	£ million	127.4	8.2	94.8	-	-	-	15.2	9.1
C Appropriate BCR	Ratio	1.6	2.4	1.3	na	na	na	2.2	2.2
D Significant unmonetisable costs/benefits		Full economic costs of counterfactual: erosion of industry base through lower levels of innovation and decarbonisation	Specific product innovation and outcomes of TC tenants and the impact of the TC on their survival and growth. Benefits included in BCR limited to income and productivity	Full economic costs of counterfactual under which the steel and metals industry and significant jobs are at risk	Not included in BCR calculation	Not included in BCR calculation	Not included in BCR calculation	Specific product innovation and outcomes of AMPF tenants. BCR used limited value of research adopting public sector research income as a proxy, other benefits included tenant income and productivity gain	Specific activities of fund recipient not included. Benefits included limited to income and productivity
E Significant unquantifiable factors		Economic implications to SW existing industry base and supply chain without innovation	Specific activities and products/services of TC tenants not known but strong evidence of demand	Economic implications to SW steel & metals industry of not meeting decarbonisation targets on time	Estimates of energy production, usage and carbon savings not known. Influence as a demonstrator and industry take-up of H2 as a result of this project not known	Estimates of implications for improving policy making and future positive impact on emissions and AQ unknown	Estimates of usage and carbon savings to be determined. Influence as a demonstrator and take-up of LEV as a result of project not known	Specific activities and products/services of AMPF tenants not known but strong evidence of demand	Specifically who, timing and take-up of fund not known but strong evidence of demand and take up
F Risk costs by type and residual optimism bias	£ million	4.7	0.8	2.8	-	-	-	1.1	Not included as budget rather than detailed cost estimate at this stage
G Switching values (for the preferred option only)		na							
H Time horizon and reason		30 years operations for buildings. Asset maintenance & overhaul included where known	Facility operational 2022, operations to 2052	Facility operational 2023, operations to 2052	na	na	na	Facility open in 2024, 5 year programme for providing equipment, operations to 2052	Take-up assumed to be 10% 2021, 30% 2022 and 100% 2023, operations to 2052, c30 year building life

2.4 Going Forward

The Economic Case for the SILCG is a living document and as the projects mature, further information may be developed that can be used in the Economic Case, in particular in identifying, quantifying and monetising benefits.

As the programme develops and the projects mature, it may be possible to further expand on the place-based analysis and the potential benefits that arise through the SILCG programme to the low-carbon / green economy economic cluster in SBCR.

3.0 Commercial Case

3.1 Introduction

The Commercial Case sets out the proposed procurement arrangements for delivery of the preferred option, including:

- The proposed procurement strategy and route
- The proposed service requirements and required outputs
- The proposed approach to risk allocation
- The proposed charging mechanisms
- The proposed key contractual arrangements

3.2 Procurement Strategy and Route

The preferred option as specified at the end of the Economic Case comprises seven projects which all involve procurements. The procurement route for each of these projects is set out in the table below:

Table 3.1: Proposed approach to project procurement

Project	Procurement route
Technology Centre	South West Wales Regional Contractors Framework (SWWRCF). 2 stage design and build contract. Contract already procured and awarded to Morgan Sindall.
SWITCH	South West Wales Regional Contractors Framework (SWWRCF). 2 stage design and build contract. Specification at early stages of development. Specialist equipment to be procured by Swansea University in line with Neath Port Talbot CBC Contract Procedure Rules (CPR) (aligned to Public Contracts Regulations 2015).

Project	Procurement route
Air Quality Monitoring Project	Procurement already taken place for sensors.
Hydrogen Stimulus Project	<p>Specialist equipment to be procured by USW in line with Neath Port Talbot CBC Contract Procedure Rules (CPR) (aligned to Public Contracts Regulations 2015).</p> <p>Technical discussions commenced.</p>
LEV Charging Infrastructure	<p>Consultancy to be procured to develop strategy in line with Neath Port Talbot CBC Contract Procedure Rules (CPR) (aligned to Public Contracts Regulations 2015).</p> <p>Vehicles to be procured in line with Neath Port Talbot CBC Contract Procedure Rules (CPR) (aligned to Public Contracts Regulations 2015).</p>
Advanced Manufacturing Production Facility	<p>South West Wales Regional Contractors Framework (SWWRCF).</p> <p>2 stage design and build contract.</p> <p>Operator to be procured via competitive tendering process.</p> <p>Tender specification being developed with support from Industry Wales.</p>
Property Development Fund	<p>Fund to be advertised via business engagement routes. .</p> <p>Industry awareness sessions to be held.</p>

As lead local authority for the programme, Neath Port Talbot CBC will lead each of these procurements. Neath Port Talbot CBC will therefore be responsible for ensuring compliance with public procurement rules and regulations. The procurement strategy will be aligned to Circular and Foundational Economy principles.

As a public sector organisation Neath Port Talbot CBC has a duty to operate in an open, fair, and transparent way, allowing the market freedom of opportunity to trade with it. Its procedures for procurement are known as 'Contract Procedure Rules'. These are important as they help to:

- Give a legal and auditable framework to its procurement activities;
- Obtain value for money services for the public;
- Ensure the council complies with the law governing the spending of public money;
- Protect its staff and members from undue criticism or allegations of wrongdoing.

The Council also has a legal requirement to comply with EU Procurement Directives (and equivalents post Transition period). These are enforced in UK law through the Public Contracts Regulations 2015. This governs the way in which the public sector procurement process must be conducted for contracts over certain specified thresholds.

The current thresholds are revised every two years. As of January 2020, these thresholds are £189,330 for Supplies and Services, and £4,733,252 for Works contracts.

The regulations are based on the following principles:

- Contracts that exceed the thresholds must be advertised in the Official Journal of the European Union (OJEU) - now known as 'Find a Tender' so that all interested parties in member states have an equal opportunity to submit tenders;
- All enquiries must receive equal treatment in order to eliminate discrimination on the grounds of nationality of the contractor or the origin of the supplies, services or works; and
- All supplier selection, tendering and award procedures must involve the application of objective and transparent criteria.

Public Procurement post Brexit – Neath Port Talbot CBC will ensure all programme procurement complies with revised public procurement laws following the end of the Transition period. (*Green Paper: Transforming public procurement*)⁷²

⁷² <https://www.gov.uk/government/consultations/green-paper-transforming-public-procurement>

3.2.1 Community benefits

The Council and its partners will work in partnership with appointed contractors and their supply chain to deliver 'targeted recruitment and training' outputs as a 'core' requirement of tenders to support the delivery of social, economic and environmental objectives. This involves encouraging:

- Training and the recruitment of the economically inactive by offering apprenticeship;
- Traineeships or work experience opportunities;
- Maximising opportunities for SMEs to tender or bid for sub-contract opportunities;
- Adopting measures to ensure prompt and fair payment terms;
- Encouraging environmental initiatives;
- Engaging with Third Sector organisations; and
- Supporting educational and community initiatives.

In addition, there are collaborative arrangements to coordinate the delivery of community benefits. This leads to adult employability initiatives such as Workways+ and Communities for Work working closely together with organisations such as the local authorities, Department of Work and Pensions, the Further Education sector to identify opportunities to support disadvantaged individuals and help them tackle barriers to employment.

Community Benefits will be monitored during the lifetime of the project.

3.2.2 Swansea Bay City Deal procurement principles

The SILCG programme will align to the Swansea Bay City Deal procurement principles.

The SILCG procurement strategy will address the SBCD 5 Procurement Principles:

1. Be Innovative
2. Have an open, fair and legally compliant procurement process
3. Maximise Community Benefits from each contract
4. Use Ethical Employment Practices
5. Promote the City Deal

3.2.3 Procurement plan

The indicative programme implementation plan (Gantt chart) is included at Annex 5.2. This plan indicates planned and indicative procurement dates shown in the table below.

Table 3.2: Proposed procurement plan

Project component	Procurement design date	Procurement date
Technology Centre – construction	-	Contract awarded
SWITCH – construction	Q2 2021	Q1 2022
SWITCH – equipment	Q2 2021	Q1 2022
Hydrogen Stimulus project – equipment	Q3 2021	Q4 2021
Air Quality Monitoring project – equipment	-	Contract awarded
LEV charging infrastructure – consultant	Q2 2021	Q3 2021
Advanced Manufacturing Production Facility – construction	Q3 2021	Q2 2022
Advanced Manufacturing Production Facility – equipment	Q3 2021	Q2 2022
Property Development Fund – scheme launch	Q1 2021	Q2 2021

3.3 Service Requirements and Outputs

Table 3.3: Service streams and required outputs

Project component	Expected Outputs
Technology Centre	Construction of an energy positive hybrid commercial building (2500 m2)
SWITCH	Specialised open access facility created to enhance applied research for steel & metals industry (4000 m2)
	Provision of specialised equipment to enhance research for steel & metals industry

Project component	Expected Outputs
Hydrogen Stimulus Project	Increase the capacity for hydrogen production at the Hydrogen Centre at Baglan Energy Park
Air Quality Monitoring Project	Procurement & installation of 70 sensors in and around the Port Talbot Air Quality Management Area (AQMA)
LEV Charging Infrastructure	Regional strategy for LEV charging
Advanced Manufacturing Production Facility	Specialist hybrid facility providing a range of industrial / production units with pilot line and office space. (4000 m2)
	Provision of open access specialist equipment advised by industry with academia input
Property Development Fund	Property Development Fund targeted on the Port Talbot Waterfront Enterprise Zone (expected premises created 6000 m2)

3.4 Risk Allocation

Service risks for this programme vary by procurement.

The procurement of the infrastructure projects and specialist equipment all entail standard contract risks.

The procurement of the LEV charging infrastructure consultant entails standard consultancy procurement risks.

Standard lease documentation will be agreed with Swansea University for the SWITCH facility.

Memorandum of Understanding (MoU) will be agreed between Neath Port Talbot CBC and Swansea University in relation to the SWITCH facility agreeing outputs, outcomes and impacts to be delivered.

Memorandum of Understanding (MoU) will be agreed between Neath Port Talbot CBC and University of South Wales in relation to the Hydrogen Stimulus project agreeing outputs, outcomes and impacts to be delivered.

3.5 Charging Mechanism

Appropriate payment mechanisms will be devised as part of each procurement design period.

3.6 Key Contractual Arrangements

Contract terms will be devised as part of each procurement design period.

The Technology Centre, SWITCH and Advanced Manufacturing Production Facility would all be NEC3 Engineering and Construction contracts

3.6.1 Personnel implications

It is anticipated that TUPE⁷³ regulation will not apply to this investment. This is because the programme is not expected to have any impact on the employment of existing staff. The proposed operating model for the programme is outlined in the Management Case and does not include the transfer of any staff.

3.6.2 Accountancy treatment

Assets generated though the life of the Programme will be accounted for and held on the balance sheet of the of Neath Port Talbot County Borough Council. All Local Authorities will account for assets in line with the relevant legislation and regulatory accounting standards.

⁷³ Transfer of Undertakings (Protection of Employment) Regulations 1981

4.0 Financial Case

4.1 Introduction

The Financial Case sets out the funding requirements for the preferred option and demonstrates overall Programme affordability.

4.2 SILCG Investment Summary

The SBCD partnership, through the Smart Manufacturing 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 Supporting Innovation and Low Carbon Growth (SILCG) Programme is a pivotal part of this intervention to deliver low carbon, sustainable and inclusive economic growth for the region through a programme of interlinked projects.

The current investment breakdown presented in Table 4.1. below is based on forecasted investment as of December 2020:

Table 4.1. SILCG investment breakdown

Expenditure	Year 1 (20/21) (£m)	Year 2 (21/22) (£m)	Year 3 (22/23) (£m)	Year 4 (23/24) (£m)	Year 5 (24/25) (£m)	Year 6 (25/26) (£m)	Year 7 (26/27) (£m)	Total (£m)
Capital	£ 3.00	£ 9.17	£ 8.83	£ 30.85	£ 6.65	£ 0.20	£ -	£ 58.70
Revenue	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -
Total	£ 3.00	£ 9.17	£ 8.83	£ 30.85	£ 6.65	£ 0.20	£ -	£ 58.70
Funding								
Swansea Bay City Deal Grant	£ -	£ 6.12	£ 5.53	£ 29.20	£ 6.65	£ 0.20	£ -	£ 47.70
Public Sector	£ 3.00	£ 2.50	£ -	£ -	£ -	£ -	£ -	£ 5.50
Private Sector	£ -	£ 0.55	£ 3.30	£ 1.65	£ -	£ -	£ -	£ 5.50
Total	£ 3.00	£ 9.17	£ 8.83	£ 30.85	£ 6.65	£ 0.20	£ -	£ 58.70

Table 4.2. SILCG Project level breakdown

Supporting Innovation & Low Carbon Growth	Funding (£m)							Total	Variance
	Budget	City Deal	NPT	WG	ERDF	Private Sector			
1 Technology Centre	£ 8.50	£ 3.00	£ 1.30	£ 0.50	£ 3.70	£ -	£ -	£ 8.50	£ 0
2 SWITCH	£ 20.00	£ 20.00	£ -	£ -	£ -	£ -	£ -	£ 20.00	£ 0
3 Hydrogen Stimulus	£ 2.00	£ 2.00	£ -	£ -	£ -	£ -	£ -	£ 2.00	£ 0
4 Air Quality Monitoring	£ 0.50	£ 0.50	£ -	£ -	£ -	£ -	£ -	£ 0.50	£ 0
5 Low Emission Vehicles (LEV)	£ 0.50	£ 0.50	£ -	£ -	£ -	£ -	£ -	£ 0.50	£ 0
6 Advanced Manufacturing Production Facility	£ 17.20	£ 17.20	£ -	£ -	£ -	£ -	£ -	£ 17.20	£ 0
7 Property Development Fund	£ 10.00	£ 4.50	£ -	£ -	£ -	£ 5.50	£ -	£ 10.00	£ 0
Total	£ 58.70	£ 47.70	£ 1.30	£ -	£ 3.70	£ 5.50	£ -	£ 58.70	£ 0

These figures are the current financial investment forecast which the SILCG programme is currently projecting and are set within the approved revised portfolio update. Funding elements are subject to change as the programme evolves. On the successful approval of the programme business case the Accountable Body will release Government funding to the SILCG programme up to the value of the agreed programme allocation.

It is the aim of the SBCD that all projects and 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 fifteen-year period.

The SILCG programme has been allocated £53m by the SBCD Programme, this however, was reduced to £47.7m on the approval of a revised programme business case. This is an initial estimate and may evolve over the course of the programme as technologies 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 £47.7m. City Deal Grant is awarded to Programmes over a fifteen-year term up to a maximum of the allocated value.
- **Public sector** investment consists of investment from local authorities and other public funded and public service organisations. Public sector investment will also consist of specific European grant funding.
- **Private sector** investment includes regional investment from local and national private sector partners.

4.3 SILCG Programme Income and Expenditure Summary

The UK and Welsh Government capital grant contribution to the SILCG programme is awarded over a fifteen-year period and currently forecasted at £47.7m. 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. Neath Port Talbot County Borough Council as the Programme Lead Authority is responsible for managing the operational cashflows in respect of the Programme. Therefore, subsequently accountable for managing inherent risks and the funding gap recognised.

The Programme expenditure profile is presented in Table 4.2 below with further financial appraisal on the expenditure forecasts at Programme level detailed in Annex 4.1.

Table 4.2: Annual income and expenditure analysis

Programme Spend Forecast																		
Capital/Revenue	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Total	
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	Total	
Capital Expenditure				3.00	9.17	8.83	30.85	6.65	0.20	-								58.70
Revenue Expenditure																		-
Total	-	-	-	3.00	9.17	8.83	30.85	6.65	0.20	-	-	-	-	-	-	-	-	58.70

Programme Funding Forecast																		
Funding Breakdown - Total																		
City Deal Grant Award					6.12	5.53	29.20	6.65	0.20	-	-							47.70
Total	-	-	-	-	6.12	5.53	29.20	6.65	0.20	-	-	-	-	-	-	-	-	47.70
Public Sector:																		
Neath Port Talbot Council				0.50	0.80	-	-	-	-	-	-	-	-	-	-	-	-	1.30
Welsh Government Grant				0.50														0.50
WEFO				3.70														3.70
Total	-	-	-	4.70	0.80	-	-	-	-	-	-	-	-	-	-	-	-	5.50
Swansea Bay City Deal:																		
Private Sector:																		
Industry Providers and Private Developers					0.55	3.30	1.65											5.50
Total	-	-	-	-	0.55	3.30	1.65	-	-	-	-	-	-	-	-	-	-	5.50
Total	-	-	-	4.70	7.47	8.83	30.85	6.65	0.20	-	-	-	-	-	-	-	-	58.70

4.3.1 Investment leverage

One of the benefits of City Deal is the ability to lever additional public and private sector investment and to work with existing government funded initiatives and industry partnerships.

As a result of the City Deal investment in specialist facilities and equipment which will improve collaboration between industry, the public sector and academia, it is estimated that the SILCG programme of projects will lever in an additional £10 million of private research income and nearly £30 million of public sector research income over 5 years post construction of the specialist facilities, with increased opportunities for clustering and inward investment.

Table 4.3: Investment leverage over 5 years post construction

Investment Leverage	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28
	£	£	£	£	£
Private research	1,849,852	1,896,099	1,943,501	1,992,089	2,041,891
Public research	5,248,235	5,507,905	5,984,513	6,121,625	6,512,166
Total	7,098,087	7,504,004	7,928,014	8,113,714	8,554,057

The programme of projects in the SILCG programme present significant potential for the leverage of further funds. The relevance of the low carbon aims of the programme to national policy suggest that a broad range of further grant funding and potential private investment can be induced as a direct result. In particular, the UK Government's Ten Point Plan for a Green Industrial Revolution highlights a number of areas of alignment with the SILCG programme including:

- Driving the Growth of Low Carbon Hydrogen
- Accelerating the Shift to Zero Emission Vehicles
- Green Public Transport
- Greener Buildings
- Investing in Carbon Capture, Usage and Storage

These low carbon growth opportunities are included in the Energy White Paper 'Powering our net zero future'. Further detail of funding programmes to support these policy measures will emerge.

The SILCG programme will seek to secure funding from the following low carbon funding programmes⁷⁴, and seek to secure additional private sector investment:

- UKRI Industrial Strategy Challenge Fund (ISCF) - Clean Growth Challenge
- Industrial Decarbonisation Fund
- Manufacturing made smarter
- Prospering from the Energy Revolution
- Transforming Foundation Industries

UK Government Funding⁷⁵:

- Net zero hydrogen fund
- Clean Steel Fund
- Strength in Places Fund
- Industrial Energy Transformation Fund (IETF)

4.4 City Deal Funding Profile

The release of funds from the Accountable Body will follow one of two funding routes. This is determined on a programme / project basis, dependant on whether funding is being released to a regional programme / project or a Local Authority programme / project. The flow of funding is shown in Figure 4.2. below:

⁷⁴<https://www.ukri.org/our-work/our-main-funds/industrial-strategy-challenge-fund/clean-growth/>

⁷⁵ <https://www.gov.uk/apply-funding-innovation>

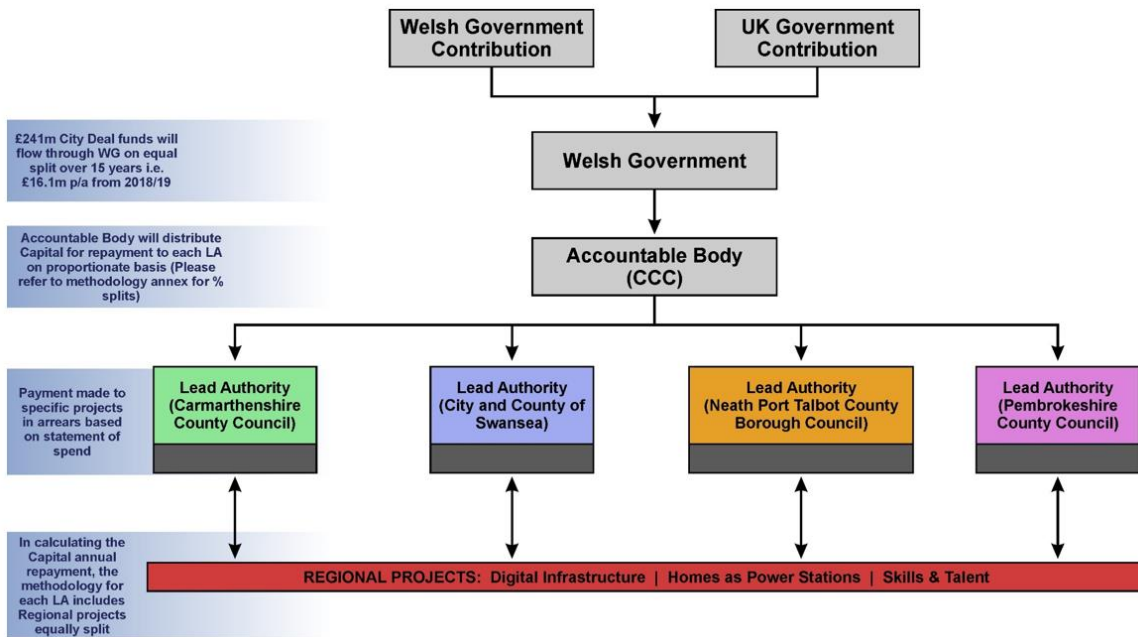


Figure 4.2: City Deal funding flow

4.4.1 Borrowing

NPTCBC is responsible for borrowing to provide funding to support delivery of the SILCG Programme. 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.

All borrowing will be conducted in line with the principles of the Prudential Code and Treasury Management Policy and Strategy set by the local authority. When further details of the investments required for the Programme are known, a full business case appraisal will be completed and submitted to the relevant local authority governance boards/committees for approval before submission to the Joint Committee. These full business cases will include the detailed funding proposals and requirements of the local authority.

4.4.2 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.

4.4.3 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.

4.4.4 Retention of National Non-Domestic Rates

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

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

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

4.5 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 fifteen-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.

4.6 Accounting Treatment of Programme Transactions

4.6.1 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 delivery lead, in this case Neath Port Talbot County Borough Council.

All income and expenditure will be accounted for in line with the relevant legislation and regulatory accounting standards. This will be managed through the accounts and management systems of NPTCBC. Account preparation will be conducted on an accruals basis.

4.6.2 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 requirement by the Programme will be actively managed locally by NPTCBC. The Welsh Government recognises that the four regional 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.

4.6.3 Balance sheet accounting

Assets generated through the life of the Programme will be accounted for and held on the balance sheet of the of Neath Port Talbot County Borough Council. All Local Authorities will account for assets in line with the relevant legislation and regulatory accounting standards.

4.6.4 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.

Developments will be accounted for in the most tax efficient manner, with specialist advice commissioned to support where necessary

4.7 Financial Risk Management and Assurance

4.7.1 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.

4.7.2 Financial issues, dependencies and interdependencies

The project 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.

4.7.3 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 Project Lead Authority and project 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 Project Lead Authority will undertake an independent review and report findings to the Project Lead Authority and Project 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.

4.7.4 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.

5.0 Management Case

5.1 Introduction

The purpose of the Management Case is to put in place the arrangements for the successful delivery of the programme. It provides evidence that the capability and capacity is in place to govern and deliver the programme, and arrangements are in place to manage programme risks.

5.2 Programme and Project Management Governance Arrangements

The programme will be delivered using proven programme and project management methodologies to ensure the outputs, benefits and outcomes are achieved in a controlled, well managed and visible set of activities.

The implementation strategy embraces the principles of programme and project management based on proven standards and quality management in line with Managing Successful Programmes (MSP) and Projects IN Controlled Environments (PRINCE2) project management methodologies.

5.2.1 Programme framework

The SILCG programme governance arrangements detailed in the structure below. Each project has its own project team and governance arrangements which align to and provide regular reports to the SILCG governance as detailed below :

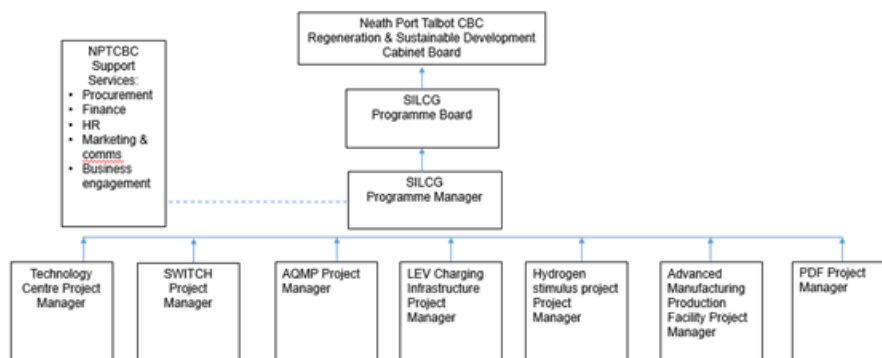


Figure 5.1: SILCG programme governance

5.2.2 SILCG programme board

The SILCG Programme Board governs and oversees the SILCG Programme and reports directly to each of the partner governance structures and the SBCD governance arrangements as per the structure below.

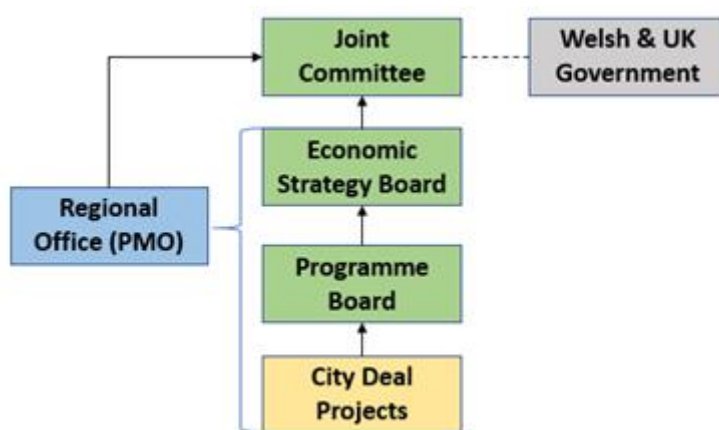


Figure 5.2: City Deal governance structure

The SILCG Programme Board is chaired by the Programme SRO and includes representatives from each of the project partners and the SBCD Portfolio Management Office.

The Board is responsible for:

- Overall strategic decision making and programme leadership,
- The approval of project timescales and plans,
- The approval of key procurements and recruitments,
- Overall project and budget monitoring,
- The allocation of funds between key project components,
- Approval of any major changes to the project,
- Ensuring that benefits are realised (as per the plans set out below),
- Project assurance and post-project evaluation (as per the plans set out below).

Programme Board membership is as set out below:

Table 5.1: SILCG Programme Board membership

Organisation	Name	Role
Neath Port Talbot CBC	Nicola Pearce	Director – Environment and Regeneration Project SRO
Neath Port Talbot CBC	Simon Brennan	Head of Property & Regeneration
Neath Port Talbot CBC	Lisa Willis	European & Strategic Funding Manager Project Manager

Organisation	Name	Role
Neath Port Talbot CBC	Julia Lewis	Strategic Funding Officer Project Coordinator
Swansea University	Dave Worsley	SWITCH
Swansea University	Miles Willis	SWITCH
University of South Wales	Jon Maddy	Hydrogen stimulus project
Swansea Bay City Deal PoMO	Jonathan Burnes	SBCD Portfolio Director

The SILCG Programme Board Terms of Reference are included in Annex 5.1.

5.2.3 Programme SRO

The SRO is accountable for the programme, and for ensuring that it meets its objectives and delivers the expected benefits

5.2.4 Programme team

A Programme Manager will be appointed following the approval of the business case

The Programme Manager will liaise with the project managers for each of the seven interlinked projects, and will drive forward the delivery of the programme and ensure progress towards outputs, outcomes and impacts and linkages to other developments in the region.

5.2.5 Support services

Support services for the programme including HR, legal, procurement will be provided by Neath Port Talbot CBC

5.2.6 Programme plan

The programme plan / implementation plan will be used to control and track progress and delivery of the programme and resulting outputs, outcomes and impact. It describes how, when and by whom a specific project activity, milestone or target will be achieved.

Programme Plan Gantt chart with project Gantt charts is at Annex 5.2

The programme plan summary with key milestones for the next six months is below:

Table 5.2: SILCG programme key milestones

Activity	Milestone	Status
Business case approval	Q2 2021	Under review
Recruitment of Programme Manager	Q2 2021	In progress
Air Quality Sensor installation	Q2 2021	In progress
PDF procurement	Q1 2021	Planned
SWITCH building and equipment specification workshops	Q2 2021	In progress
Advanced Manufacturing Production Facility building specification workshops	Q2 2021	In progress
Hydrogen link technical workshops	Q1 2021	In progress
Low Emission Vehicle strategy procurement	Q2 2021	In development

5.2.7 Outputs, outcomes and impact

Table 5.3 below shows in detail each project's outputs, outcomes and impacts which deliver the SILCG Programme Investment Objectives and programme level impact which will be monitored and reported on.

Table 5.3 Project outputs

Output	Outcome	Impact
Technology Centre		
Construction of an energy positive hybrid commercial building (2500m ²)	High quality hybrid commercial premises to meet the need and demand for commercial premises to support economic growth.	Support the diversification of the economy by creating an environment where RD&I and ICT businesses can develop and grow
	Living demonstrator for energy positive commercial mixed-use facility	Supporting shift to energy positive commercial buildings - supporting the Green industrial revolution
	Jobs created (construction)	

Output	Outcome	Impact
	Jobs created / safeguarded (RD&I and ICT sectors) - start-up companies and indigenous business growth. Cluster approach.	Create cluster of RD&I and ICT businesses in the region leading to higher value-added jobs
SWITCH		
Specialised open access facility created to enhance research for steel & metals industry	Establishment of a national applied research centre to support investment in the steel and metals sector.	Increased investment by UK based steel and metal processors and users to reduce carbon emissions
Provision of specialised equipment to enhance research for steel & metals industry		Diversification of the steel & metals industry / foundation industries / circular economy
	Jobs created / safeguarded RD&I in the steel & metals industry supply chain in South Wales and UK	More competitive steel & metals industry in South Wales and UK
	Jobs accommodated	More competitive steel & metals industry in South Wales and UK
	Jobs created (construction)	
Hydrogen Stimulus		
Increase the capacity for hydrogen production at the Hydrogen Centre at Baglan Energy Park	Route map 'spring board' to commercialisation of hydrogen	Economic stimulus leading to further investment in hydrogen and job creation in the green economy
	Route map to increasing the use of hydrogen as fuel.	Complementary hydrogen developments in line with the Welsh hydrogen pathway plan.
Air Quality		
Procurement & installation of 70 sensors in and around the Port Talbot Air Quality Management Area (AQMA)	Pilot project to trial low cost, mobile sensors. Evaluate and validate the sensors with field tests	Proof of concept for low cost, mobile sensors. Industry investment and job creation potential.
	Daily analysis of data with independent quality assurance and quality control	Improved air quality for the area

Output	Outcome	Impact
	Source apportionment of identified pollution to inform selection, implementation and effectiveness of air quality mitigation and intervention measures	Improved mitigation measures and real time mitigation
LEV		
Regional strategy for LEV charging	Coordinated regional approach to decarbonise journeys in the region	Work towards improving the LEV charging infrastructure needs of the region / inc in no. of charge points
	Coordinate funding opportunities	Investment leverage from public and private sector
Advanced Manufacturing Production Facility		
Specialist hybrid facility providing a range of industrial / production units with pilot line and office space.	Hybrid production facility to meet the needs of start-ups and indigenous business growth in the innovation and manufacturing sectors / proving factory concept established	Support the diversification of the economy by providing facilities and a cluster approach for the innovation and manufacturing sector.
Provision of open access specialist equipment advised by industry with academia input	Premises created	Investment leverage (ISCF, UKRI etc)
	Jobs accommodated	
	Jobs created construction	
	Jobs created / safeguarded	
PDF		
Property Development Fund targeted on the Port Talbot Waterfront Enterprise Zone	Premises created	Diversification of the economy and economic growth.
	Jobs created / safeguarded	
	Jobs accommodated	
	Private Sector investment (£m)	
SILCG Programme		
		Jobs created / safeguarded (15 yrs) Green Economy

5.2.7.1 Additional Investment Leverage Opportunities

One of the benefits of City Deal is the ability to lever additional public and private sector investment and to work with existing government funded initiatives and industry partnerships.

The programme of projects in the SILCG programme present significant potential for the leverage of further funds. The relevance of the low carbon aims of the programme to national policy suggest that a broad range of further grant funding and potential private investment can be induced as a direct result. In particular, the UK Government's Ten Point Plan for a Green Industrial Revolution highlights a number of areas of alignment with the SILCG programme including:

- Driving the Growth of Low Carbon Hydrogen
- Accelerating the Shift to Zero Emission Vehicles
- Green Public Transport
- Greener Buildings
- Investing in Carbon Capture, Usage and Storage

These low carbon growth opportunities are included in the Energy White Paper 'Powering our net zero future'. Further detail of funding programmes to support these policy measures will emerge.

The SILCG programme will seek to secure funding from the following low carbon funding programmes, and seek to secure additional private sector investment:

- UKRI Industrial Strategy Challenge Fund (ISCF) - Clean Growth Challenge
- Industrial Decarbonisation Fund
- Manufacturing made smarter
- Prospering from the Energy Revolution
- Transforming Foundation Industries

Source: <https://www.ukri.org/our-work/our-main-funds/industrial-strategy-challenge-fund/clean-growth/>

UK Government Funding:

- Net zero hydrogen fund
- Clean Steel Fund
- Strength in Places Fund
- Industrial Energy Transformation Fund (IETF)

Source: <https://www.gov.uk/apply-funding-innovation>

5.3 Use of Specialist Advisors

Specialist advice has been used for the development of the business case, however the SRO and SILCG Programme Board retain ownership of the business case and its development.

The programme will use specialist advisors in the following areas.

Table 5.4 Programme specialist advisors

Category	Specialist Advice
Business case development	Value People Ltd
Financial	Neath Port Talbot CBC, Financial Services
Legal	Neath Port Talbot CBC, Legal Services
Technical	Swansea University
	University of South Wales
	Vortex IoT
Programme / project management	Neath Port Talbot CBC, European & Strategic Funding Team
	Project Manager to be appointed
Programme / project assurance	Welsh Government Integrated Assurance Hub

5.3.1 Technical Advisory Group

A Technical Advisory Group (TAG) will be established to provide impartial advice to the programme team and partners. The group will include industry experts, academia, government, and utility companies.

The TAG will also consider skills for the green economy and will align to the UK Government Green Jobs Taskforce⁷⁶, which aims to support 2 million green jobs by 2030.

⁷⁶ <https://www.gov.uk/government/groups/green-jobs-taskforce>

Terms of reference will be agreed including declarations of interest and the purpose of the group.

5.4 Change and Contract Management Arrangements

The programme team and SILCG programme board will develop and agree a change control procedure, in line with the PoMO change control procedure. This will provide an acceptable procedure for the delivery of change over the life of the programme to manage anticipated and unexpected change.

Neath Port Talbot will lead on programme procurement activity and has an existing contract management process in place.

5.5 Benefits Realisation Arrangements

The necessary management arrangements will be put in place to ensure that the programme delivers its anticipated benefits. The benefits for the SILCG programme were identified in the Strategic Case and were assessed in the Economic Case. These are the core benefits and form the initial benefits register.

The Programme Manager will develop a benefits realisation plan and benefits register in accordance with the HM Treasury Green Book guidance. The benefits register will be based on the funded outputs and realisation of wider investment objectives and will be an integral part of programme management meetings. The benefits register will be owned by the SILCG Programme Board.

Benefits Register is at Annex 5.3

5.6 Risk Management Arrangements

The Programme Manager will develop a risk management strategy and further develop the risk register. An initial programme risk register has been developed and will be developed further in accordance with HM Treasury Green Book guidance. The programme risk register is aligned to the SBCD Portfolio Risk Register.

The City Deal portfolio risk register is sub-divided into the areas of: development; implementation; operational and financial.

The programme has developed a Covid-19 Impact Assessment which will be monitored alongside the risk register.

The risk register is an integral part of programme management meetings and is attached in Annex 5.4

An initial issues log has been developed and is an integral part of programme management meetings and is attached in Annex 5.5. This aligns to the SBCD Portfolio issues log.

5.7 Programme Assurance

The programme has developed a programme level Integrated Assurance and Approval Plan (IAAP) (Annex 5.6) which is a live document with regular updates.

As detailed in the IAAP the SILCG programme will be subject to Office of Government Commerce (OGC) Gateway Reviews.

The SILCG programme underwent a Project Assessment Review (PAR) in June 2020 and a Critical Friend Review (CFR) in October 2020. The programme received a Delivery Confidence Assessment of 'amber' and the programme team and partners have developed an action plan to address the recommendations of the reviews.

The reports from the Project Assessment Review (PAR) (June 2020) and Critical Friend Review (CFR) (October 2020) are at Annex 5.7 and 5.8.

The Peer Review carried out by David Swallow Consulting Ltd is at Annex 5.9

5.7.1 Monitoring during implementation

An initial monitoring and evaluation plan has been developed (Annex 5.10) which is aligned to the City Deal portfolio monitoring and evaluation plan. This monitoring and evaluation plan will evolve as the programme matures.

The Programme will report on progress to the monthly SILCG Programme Board meetings and will submit monthly highlight reports to the PoMO along with quarterly and annual reports.

5.7.2 Post implementation and evaluation arrangements

The Post Implementation Review will involve a detailed review of the outputs and benefits of the programme. The timescale for carrying out this review after the programme closure will be decided by the Programme SRO and SILCG Programme Board. The review team will be independent to the programme.

The Programme Manager will ensure a Programme Implementation Review and a Post Evaluation Review will be carried out in line with HMT Green Book guidance.

5.8 Contingency Arrangements and Plans

The Programme Manager will have quarterly monitoring meetings with the SRO and Programme Board to review programme progress, risks, issues and performance against targets, timescales and budget.

5.9 Communication and Dissemination Arrangements

There will be a coordinated approach to branding, communications and marketing.

An initial stakeholder mapping has been carried out and stakeholders have been identified from Welsh and UK Governments, industry including Industry Wales, academia in relation to RD&I and skills. This mapping will inform the programme communications plan in line with the good practice example of the power / interest matrix in the diagram below.

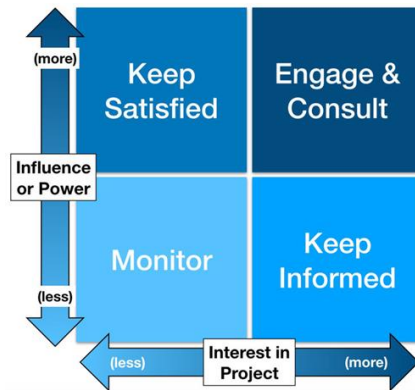


Figure 5.4 Stakeholder power/interest matrix

At pre-approval stage, the following stakeholders have been identified and engagement activity has commenced in developing the programme business case.


Stakeholder	Engagement activity to date
Welsh Government	Policy workshops Project meetings
UK Government	Policy workshops Project meetings
Industry Wales	Regular engagement meetings
South Wales Industrial Cluster (SWIC)	Engagement meetings

An initial communications plan has been developed (Annex 5.11)

Appendix 6 - EAMPF Procurement and Design & Build Gantt chart

Task	2023		2024												2025												2026													
	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D		
SBCD PB/JC Approval	█																																							
Design brief development			█	█	█																																			
2 stage Design & build procurement process commence						█																																		
Operator procurement commence						█	█	█																																
Stage 1 Design & build phase commences (1 yr design/planning)																																								
Stage 2 D&B Commence (1 - 1.5 yrs build)																																								
Facility Opens																																							█	

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 Supporting Innovation and Low Carbon Growth Integrated Assurance and Approval Plan			2020/2021			2021/2022			2022/2023			2023/2024			Comments													
Assurance / approval / Reporting	Activity/Product	Primary client	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
Governance																												
Meetings																												
SILCG Programme Board	Meeting	SRO, Partners, PoMO							x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	quarterly meetings
Project Working Group - BTC	Meeting	NPT, Partners	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	Monthly meetings
Project Working Group - SWITCH	Meeting	NPT, Partners	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	Monthly meetings
Project Working Group - Decarb	Meeting	NPT, Partners	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	Monthly meetings
Project Working Group - AMPF	Meeting	NPT, Partners	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	Monthly meetings
Nisesh Park Takat Council - RSD Board	Council Meeting	NPT	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	Monthly meetings
SBCD Joint Committee	Meeting	SRO, JC, PoMO																										Monthly meetings, bi-monthly after June 2022
SBCD Programme Board	Meeting	SRO, PB, PoMO																										Monthly meetings
SBCD Economic Strategy Board	Meeting	SRO, ESB, PoMO	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	Bi-monthly meetings
SBCD Joint Scrutiny Committee	Meeting	SRO, JSC, PoMO																										Monthly meetings
PoMO / Project Leads Team Meeting	Meeting	PoMO, Project Leads	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	Monthly meetings
Strategies, Policies, Processes and Plans																												
SILCG Programme Business Case	sine	SRO, SILCG PB, PoMO, PB, JC, JSC																										PBC approved Aug 2021
Programme Implementation Plan	Plan	SRO, SILCG PB, PoMO, PB, JC, JSC																										Regular review
Monitoring & Evaluation Plan	Plan	SRO, SILCG PB, PoMO, PB, JC, JSC																										Regular review
Programme Communications Strategy	Plan	SRO, SILCG PB, PoMO, PB, JC, JSC																										Regular review
Reporting																												
Highlight Report	Monthly Report	SRO, SILCG PB, PoMO, PB, JC, JSC, ESB																										Monthly report apart from when Quarterly Monitoring
Programme Risk Register	Regular Report	SRO, SILCG PB, PoMO, PB, JC, JSC																										Regular review
Programme Issues Log	Regular Report	SRO, SILCG PB, PoMO, PB, JC, JSC																										Regular review
Quarterly Monitoring Report	Quarterly Report	SRO, SILCG PB, PoMO, PB, JC, JSC, ESB																										Quarterly review
Integrated Assurance & Approval Plan	Quarterly Report	SRO, SILCG PB, PoMO, ESB																										Regular review
Benefits Register	Quarterly Report	SRO, SILCG PB, PoMO, PB, JC, JSC, ESB																										Quarterly review
Community Benefits	Quarterly Report	SRO, SILCG PB, PoMO, PB, JC, JSC, ESB																										Quarterly review
Financial Monitoring	Quarterly Report	SRO, SILCG PB, PoMO, PB, JC, JSC, ESB																										Quarterly review
Procurement Pipeline	Quarterly Report	SRO, SILCG PB, PoMO, PB, JC, JSC, ESB																										Quarterly review
Construction Impact Assessment	Quarterly Report	SRO, SILCG PB, PoMO, PB, JC, JSC, ESB																										Quarterly review
Assurance																												
Level 1 - Functional Assurance (Internal)																												
Technical, due diligence, data security and financial	Internal procedures	SRO, SILCG PB, PoMO, PB, JC, JSC																										To plan with NPT internal audit for 2022
Level 2 - Independent																												
OGC Gateway Process	Risk Potential Assessment	SRO, PB, PoMO																										Meeting with WG Jan 2022
OGC Gateway Process	Performance Assessment Review (PAR)	SRO, PB, PoMO, JC																										DCA Amber rating - June-20, PAR potentially in September 2023
OGC Gateway Process	Critical Friend Review (CFR)	SRO, HAPS PB, PoMO, PB, JC, JSC																										Part of BC approval process. All recommendations complete
OGC Gateway Process	Gate 0 Programme Strategic Assessment	SRO, PB, PoMO, JC																										Assessment meeting with PoMO & WG Jan 2022. Gate 0 timed to co-incident with key decision points for projects. Provisional scheduling shown for 2023 - to be agreed following Sep 22 review.
OGC Gateway Process	Gate 1 Business Justification	SRO, PB, PoMO, JC																										Delivery Strategy for AMPF and PDF
OGC Gateway Process	Gate 2 Delivery Strategy	SRO, PB, PoMO, JC																										Investment decision for SWITCH Sep 22. Investment decision for AMPF June 23
OGC Gateway Process	Gate 3 Investment Decision	SRO, PB, PoMO, JC																										
OGC Gateway Process	Gate 4 Readiness for Service	SRO, PB, PoMO, JC																										
OGC Gateway Process	Gate 5 Operations Review & Benefits	SRO, PB, PoMO, JC																										Review and benefits for Technology Centre
Level 3 - Audit																												
External Audit		SRO, SILCG PB, PoMO, PB, JC, JSC																										x PAR potentially in March 2024
Internal Audit		SRO, SILCG PB, PoMO, PB, JC, JSC																										Discussions held with NPT internal audit team to be held in October 2022.
Risk Critical Friends		SRO, SILCG PB, PoMO, PB, JC, JSC																										PoMO to advise

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SWANSEA BAY CITY REGION JOINT SCRUTINY COMMITTEE

DATE 13th February 2024

SBCD Innovation Matrix Update

RECOMMENDATIONS/KEY DECISIONS

To update Joint Scrutiny Committee on progress on the Innovation Matrix Project and the outcomes of the recent external Gateway Review

REASONS

1. INTRODUCTION

The Innovation Matrix is a key component of the Swansea Bay City Deal's vision to establish a digital future for Swansea. The project will deliver an initial 2,200m² of high-quality floor space and complement the University's existing IQ and Y Fforwm buildings, in the heart of UWTSD's Innovation Quarter

The project team have progressed the project to Construction Stage (RIBA 5) and the Project has recently been subject to an external PAR Gateway Review

The Project Team will provide an update on progress and also note the intended actions to address the outcomes of the review process

1. PAR Review

In accordance with the PDM project Integrated Assurance and Approval Plan (IAAP), a PAR Gateway Review was scheduled and undertaken from the 19th-21st September. The review was undertaken by an independent team led by Julie Palmer who undertook seventeen 'conversations' with stakeholders. The review was framed by a Terms of Reference provided by the project team.

The project received an Amber-Green Delivery Confidence Assessment (DCA) rating recognising that the Innovation Matrix project is on track for successful delivery whilst acknowledging that there are risks that will need careful attention.

The summary finding of the Review were:

- Construction is well advanced, and on track, with effective project management and assurance methodologies in place.

- A highly experienced University Project Team who have a track record of successful builds and lettings, e.g., Yr Egin.
- An innovative and well thought through operational model offering benefits for both Business and Academia through partnership and collaboration.
- Enthusiastic and widespread buy-in for the Matrix operating model.
- The University has invested in a dedicated team (INSPIRE) to connect University staff, students and knowledge centres with businesses and organisations, Resource is allocated to the Matrix in support of the partnering model.
- Very positive working relationships across all areas associated with the project, and this is being seen a 'single' team.
- Lessons have been learned from previous projects and where possible incorporated into the design of the Matrix build.
- Potential occupancy forecast is positive with some 75% of the space under contract or Head of Terms (HoT) type agreements.
- Partners/Tenants being able to work with Architects to ensure the design meets their needs.
- Flexible internal layout can cater for short, and longer-term partner needs.
- Sound and supportive Governance structure

With regard to the Precinct element of the project, the Review Team did not consider it appropriate or helpful to the SROs to consider a Delivery Confidence rating at this Gateway Review as there is insufficient clarity around the future direction to be able to provide a full and fair assessment.

The Review Team made seven recommendations to the SRO to ensure that the project is positioned for effective management and delivery. The recommendations relate to the appointment of a SRO, organisational capability, customer engagement, benefits realisation, lessons learned and planning for the Precinct project. The detailed recommendations are presented the full Review report, attached at Appendix A. The Review team recommend that the Innovation Precinct undergoes a Project Assurance Review (PAR) once the change process concludes to assess the delivery plans and the revised Business case.

Appendices:

Appendix A - Innovation Matrix & Precinct PAR

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Programme/Project Assessment Review (PAR)

Programme/project Title:	Innovation Matrix and Innovation Precinct Project
IAH ID number:	AH/24

Version number:	V1.0 (final)
Senior Responsible Owner (SRO)	Ian Walsh and Geraint Flowers (acting)
Date of issue to SRO:	25th September 2023
Department/Organisation of the programme/Project	University of Wales Trinity Saint David's Swansea Bay City Deal
Programme/Project Director (or equivalent)	Jonathan Burnes (SBCD) Martin Nicholls (Digital District)
Business Case stage reached:	FBC for SBCD approved
Review dates:	19 – 21 st September 2023
Review Team Leader:	Julie Palmer
Review Team Member(s):	Rachel Davies Rhian Hamer
Departmental Representative:	Sharon Lovell
Previous Review:	N/A
Security Classification	Official

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[Please remember to click on “update table” once the report is completed to ensure that the contents table above is accurate]

About this report

This report is an evidence-based snapshot of the programme’s/project's status at the time of the review. It reflects the views of the independent review team, based on information evaluated over the review period, and is delivered to the SRO immediately at the conclusion of the review.

This assurance review was arranged and managed by:

**Welsh Government Integrated Assurance Hub (IAH)
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1. Executive Summary

The Innovation Matrix and Innovation Precinct Project sits within the Digital District Programme (DDP) as part of the overall Swansea Bay City Deal (SBCD). Work has commenced on the Matrix build and is on schedule to complete by May 2024, with occupancy commencing from July 2024. The Matrix will provide a new platform for the University research and knowledge exchange to connect with and support a range of businesses to stimulate commercial growth and the economy of Wales.

The Matrix is funded through a strategic partnership between the University and the SBCD. A change request was raised to divert funding from the Precinct element of the Project to expedite the Matrix when private sector funding was withdrawn. It was recognised that this put a large financial risk on the Precinct, which is covered in more detail in this report, but it has enabled the Matrix which was always considered to be the first part of the project.

Construction of the Matrix is progressing to plan, and tenants/partners have either been secured or at advanced discussion stage. The early partners have been able to contribute to the design of the building to ensure the space is fit for their needs. The design has built in flexibility to be able to adjust room sizes as required by partners. There is positive support for the operating model and a confidence that the building will be close to full occupancy by July 2024. This confidence is supported by learning from other University projects which have full occupancy and, in some cases, waiting lists. The open design of the shared space encourages networking and collaboration between the occupants with the planned café being central to this.

Work has commenced on the handover planning stage, and again, the Project Team have experience of implementing similar projects and are able to bring this to the table. The scale of this implementation (and potential for specialist equipment requirements) must not be underestimated.

There is considerable support for the project, and its outcomes, from all parties and widespread acknowledgment of the strength and expertise of the team driving the vision and delivering the project.

Risks remain, as with every construction project of this nature given the many challenges impacting the construction industry. Risks are known and mitigation has been considered in each case. Key risks are part of every project report (whether from the construction Project Manager or the Project Team), and there is an up-to-date project risk register.

At first sight, the governance structure appears heavy, with numerous Boards and reports, up through the University, into the Digital Programme, into SBCD and the Joint Committee, along with Scrutiny and Audit panels. However, governance and reporting is well understood and well managed, with recognition that it works in practice. Good use is made of the Project Board and a recently established Digital District project forum encourages collaboration between the Matrix, Precinct and 71/72 Kingsway.

There has been a recent change in the leadership at the University with the appointment of a new Vice Chancellor, and it will be important to understand the priorities going forward and how they might impact the Matrix and eventually the Precinct. There has also been a recent change in leadership of this project with regard to the Senior Responsible Owner (SROs). This review worked successfully with the acting SROs.

The Precinct element of this project remains in an embryonic stage, and a considerable effort is now required to identify the vision for the Precinct, along with the best delivery options and finally how to bridge the funding gap created by the loss of private investment and the diversion of funding to the Matrix. Work has commenced on all of these aspects.

The Terms of Reference for this Project Assurance Review (PAR) specified that the effort required is 80% on the Matrix and 20% on the Precinct.

2. Delivery Confidence Assessment (DCA)

<u>Delivery Confidence Assessment:</u>	Amber/Green
<p>The Review Team finds that the Innovation Matrix element of this project is on track for successful delivery whilst acknowledging that at this stage in the project there remain risks that will need careful attention.</p> <p>The Gateway definition follows “Successful delivery appears probable. However, constant attention will be needed to ensure risks do not materialise into major issues threatening delivery.”</p> <p>This is based on the following:</p> <ul style="list-style-type: none">• Construction is well advanced, and on track, with effective project management and assurance methodologies in place.• A highly experienced University Project Team who have a track record of successful builds and lettings, e.g., Yr Egin.• An innovative and well thought through operational model offering benefits for both Business and Academia through partnership and collaboration.• Enthusiastic and widespread buy-in for the Matrix operating model.• The University has invested in a dedicated team (INSPIRE) to connect University staff, students and knowledge centres with businesses and organisations, Resource is allocated to the Matrix in support of the partnering model.• Very positive working relationships across all areas associated with the project, and this is being seen a ‘single’ team.• Lessons have been learned from previous projects and where possible incorporated into the design of the Matrix build.• Potential occupancy forecast is positive with some 75% of the space under contract or Head of Terms (HoT) type agreements.• Partners/Tenants being able to work with Architects to ensure the design meets their needs.• Flexible internal layout can cater for short, and longer-term partner needs.• Sound and supportive Governance structure <p>Whilst this is a very positive Delivery Confidence Assessment attention needs to be paid to the following:</p> <ul style="list-style-type: none">• The budget for the construction has very little flexibility and constant focus is required to minimise over-spend or design change at construction phase.• Handover Planning to continue at pace to take account of the post-construction/pre-occupancy stage and beyond.• Turning the HoTs into firm contracts with prospective partners/tenants.• Conclude the procurement for the onsite café.• Maintain communication and engagement at all levels within the University, ensuring staff and students have the opportunity to understand what the Matrix offering could offer them.• Maintain focus on the benefits realisation and outcomes agreed in the FBC. <p>With regard to the Precinct element of the project, the Review Team did not consider it appropriate or helpful to the SROs to consider a Delivery Confidence rating at this Gateway Review, there is insufficient clarity around the future direction to be able to provide a full and fair assessment.</p> <p>There is a wide understanding of the reasons why the Precinct is in its current position, and there remains positive support for the Precinct despite this hiatus. We were encouraged by the workshops that have commenced and the early change notification and options</p>	

appraisal documents made available to us, The Precinct can be subject to a separate PAR at a more appropriate date when delivery plans and the business case can be fully assessed.

The Delivery Confidence assessment RAG status should use the definitions below:

RAG	Criteria Description
Green	Successful delivery of the project/programme to time, cost and quality appears highly likely and there are no major outstanding issues that at this stage appear to threaten delivery.
Amber/Green	Successful delivery appears probable. However, constant attention will be needed to ensure risks do not materialise into major issues threatening delivery.
Amber	Successful delivery appears feasible but significant issues already exist requiring management attention. These appear resolvable at this stage and, if addressed promptly, should not present a cost/schedule overrun.
Amber/Red	Successful delivery of the project/programme is in doubt with major risks or issues apparent in a number of key areas. Urgent action is needed to ensure these are addressed and establish whether resolution is feasible.
Red	Successful delivery of the project/programme appears to be unachievable. There are major issues which, at this stage, do not appear to be manageable or resolvable. The project/programme may need re-base lining and/or overall viability re-assessed.

3. Summary of report recommendations

The Review Team makes the following recommendations which are prioritised using the definitions below:

[N.B. When assigning a classification to a recommendation, reviewers will need to consult the “Guide to the Classification of Recommendations” where they will find a list of the classifications and their meanings.]

Ref. No.	Recommendation	Urgency (C/E/R)	Target date for completion	Classification (Please enter the categorisation number from the list provided here)
1.	Appoint an appropriate and accountable SRO, supported by the project team in the first instance, and enable the person to access the appropriate training.	C- Critical	Do now.	1.1 Governance Structures and Processes.
2.	Develop enduring change and engagement capability that will ensure the vision for the Matrix and eventually the	E- Essential	In advance of occupation (July 2024)	4.2 Organisational Capability

Ref. No.	Recommendation	Urgency (C/E/R)	Target date for completion	Classification (Please enter the categorisation number from the list provided here)
	Precinct is successful and sustainable.			
3.	To consider what benefit existing partners can offer to the assessment of suitability, and subsequent negotiation with prospective partners.	R - Recommended	November 2024.	4.4 Customer Engagement
4.	Review the benefit of creating and maintaining a pipeline of potential partners and consider how this would work in practice in order to manage expectations.	R - Recommended	In line with operating model plans.	4.4 Customer Engagement
5.	As the project moves into next phase, emphasis should be given to a greater focus on benefits management and monitoring of outcomes.	E- Essential	Post July 2024 as the Matrix is occupied.	6 Benefits management and Realisation
6.	Develop a more formal lessons learned process to identify, discuss, capture, and act on these as part of the Project delivery process. Include all parties in this process.	R - Recommended	Commence now, and maintain throughout the project.	11.2 Lessons Learnt
7.	Establish a clear purpose/requirement for the Innovation Precinct, ensuring that this forms the base information for the delivery options workshops.	E- Essential	Ahead of the detailed options analysis work.	3.8 Planning

Critical (Do Now) – To increase the likelihood of a successful outcome it is of the greatest importance that the programme/project should take action immediately

Essential (Do By) – To increase the likelihood of a successful outcome the programme/project should take action in the near future.

Recommended – The programme/project should benefit from the uptake of this recommendation.

4. Areas of good practice and lessons learnt

- There is strong buy-in and level of understanding for the Project.
- The concept of the Industry/Academia partnership was widely understood and acknowledged as the best approach for the Matrix.
- Experienced and highly regarded staff across the project and within teams associated with the Project.
- One-Team ethos is evident and effective.
- Experience and learning from previous projects have been considered in both the operating model design and the design and build phase.
- Recognition of the need to avoid any conflict and duplication with other construction projects in the Programme, and being able to offer a different model, to maximise occupancy for all builds.

5. Areas of concern

- Securing Private Sector funding for the Precinct.
- Agreeing the vision for the Precinct
- Rising costs in construction and managing expectation of prospective partners/tenants
- University effort required to sustain the operating model.
- Ability to achieve benefits as detailed in the original SBCD business case (2016), by 2033, considering the challenges in the intervening years (Brexit, Covid, Inflation, European conflict, supply chains).

6. Acknowledgement

The Review Team would like to thank the Innovation Matrix and Precinct Project Senior Responsible Owners (SROs), and all interviewees for their support and openness through the review process, which contributed to our understanding of the project and the outcome of this review.

We also thank Sharon Lovell for organising the documentation and interviews and supporting us throughout the review period.

7. Comments from the SRO

The review team have worked in an admirable way with the University's team to ensure an efficient, effective and informative running of the review process against the background created by the imminent change control process for the Innovation Precinct and challenging financial landscapes. The review has been a robust and incredibly helpful process, which has proved that the project to date, has an excellent chance of delivering on the vision and business objectives. The benefits of having such a thorough external review of the project has proven to be invaluable in providing a level of assurance to the SROs that the planning and delivery of the project is of the highest standard.

The amber/green status awarded by the review team is a testament to the dedicated and experienced project team's hard work. The University takes great encouragement from being commended for its "one team" approach and is committed to maintaining this collaborative ethos throughout the project's continuation to ensure the realisation of benefits. This could not have been achieved without the professionalism and commitment of both the internal and external members of the project team.

The Senior Responsible Officers (SROs) fully endorse and acknowledge the recommendations made by the Review Team. Their focus now shifts towards the implementation of these recommendations and the achievement of concrete outcomes by allocating appropriate resources.

The University is fully aware of the challenges associated with both implementing the groundbreaking Innovation Matrix business model and obtaining the necessary approvals for the proposed changes to the Innovation Precinct through the relevant governance channels.

The SROs would welcome future engagement with the review process at significant milestones in the progress of the Innovation Matrix and Innovation Precinct projects.

8. Summary of the Programme/Project (as provided by the Project Team).

Background and context:

As part of the overall Digital District Business Case (owned by Swansea Council), Innovation Matrix and Innovation Precinct are the 2 of the 3 University led projects in the Swansea Bay City Deal – The other being the Egin 2 in Carmarthenshire.

Innovation Matrix is currently at delivery stage with the principal contractor (Kier) on site. Due to the previous governance structure of Swansea Bay City Deal, Innovation Matrix has not been reviewed previously under the IAAP framework. It was with this in mind that the external Gateway Review Team were engaged to ranging assess both the delivery methodology. The broad scope of the review was agreed as follows:

- An assessment of the overall business case and process by which it was compiled
- The delivery model of Innovation Matrix and design process
- Procurement of the principal contractor, with particular reference to lessons learned through previous projects with the same contractor.
- The Change Notification Request and process by which this was developed.
- Tenant selection and engagement success, with particular reference to the creation of the IM ecosystem and the suitability of the Innovation Matrix Operational Plan
- The benefits of the Innovation Matrix to the wider Digital District Business Case

The Innovation Precinct is significantly less advanced than Innovation Matrix and is currently under a Change Notification Request process to adjust the delivery model. Whilst development is continuing on Innovation Precinct, the University is currently in a period of negotiation with both the Local Authority and a potential Private Sector Partner to assess the feasibility of delivering the scheme under a new methodology. As a result, the Review Team scope was agreed as follows:

- An assessment of the early Change Notification Request and the process by which this was undertaken.

- Proposed changes to the initial Swansea Waterfront business case to reflect the change in delivery methodology.
- A review of the new direction of travel, to assess suitability.

Given the significantly differing levels of development between Innovation Matrix and Innovation Precinct, **it was also agreed that the review would have an 80/20% in favour of Innovation Matrix**

Aims and objectives:

The University’s two projects within the Digital District Programme are Innovation Matrix and Innovation Precinct, two spaces that will deliver state-of-the-art, curated and high-quality accommodation for both new and existing businesses within the Swansea Bay Region

The Innovation Matrix will connect, through co-location and partnership, the University’s research and knowledge exchange activities between staff, students and graduates with cross-sector MNEs, SMEs, micro-enterprises, entrepreneurs and investors. The resulting collaborations will generate new graduate start-ups, University spin-outs, new IP that leads to the creation of new products, processes, and services, to stimulate economic development and employment.

The original delivery model for the **Innovation precinct** was a 64,00sqft new build in at SA1. However, this delivery model has been unachievable for some time for the following reasons:

- Unprecedented inflation since original business case was agreed
- Market demand has changed

As well as this, significant opportunities have emerged that have impacted the proposed delivery model

- Partnership and joint working opportunities
- The University’s strategy has evolved considerably
- Alternative property/estates solutions have emerged

To address these issues, the University must make a significant change to the Innovation Precinct project to ensure that corresponding benefits are adhered to as closely as possible.

To capture, inform and progress the above:

- An initial CCN has been issued to the City Deal
- Options appraisal workshops have been conducted and recorded
- Appropriate advisors have been appointed

Key Milestones:

Innovation Matrix Milestones	Date (dd/mm/yy)
Final procurement of tenant	Oct 23 – Mar 24

Innovation Matrix Milestones	Date (dd/mm/yy)
Construction completion	May 24
Building familiarisation and fitout	May – June 24
Operational Go-Live	June 2024
Academic engagement and commencement of benefits delivery	Sep 24 - Onwards

Innovation Precinct Milestones*	Date (dd/mm/yy)
Work with the consultancy team and partners to develop the proposed direction of travel	Sep – Dec 23
Update Business Case and complete change control request	Jan 23 – Mar 24
SBCD Approval Process	Mar 24 – Sep 24
Design, Procurement Construction	Oct 24 – Mar 24
Construction	Apr 24 – Apr 25
Innovation Precinct “goes live”	May 26

*Highly indicative and based on assumptions around internal and external approvals

9. Scope/Terms of Reference of the Review

See Annex b for the full Terms of Reference (TORs) presented to the Review Team.

The Review Team will consider the full ToRs throughout the review period, the areas that the University have highlighted for additional attention and focus would be:

Innovation Matrix (80%)

- Is the number/mix of tenants in the Innovation Matrix appropriate to deliver on the aims and ambitions of the project?
- Has the design process been conducted in a way that is appropriate to the scheme? Would there be any changes in hindsight that could be put forward to Innovation Precinct?
- Has the Innovation Matrix been developed in a way sufficient to fulfil the ongoing requirements of the Digital District programme?

Innovation Precinct (20%)

- How effectively has the Change Control process been utilised to describe the change in direction for Innovation Precinct?
- Are there any particular lessons learned from Innovation Matrix that could be included in the Innovation Precinct project?

In addition the Review Team will consider readiness for next phase for both elements of the project.

10. Detailed Review Team findings

Governance

It was clear to the Review Team that there are effective governance and reporting structures in place enabling the right level of scrutiny of the project. Interviewees and the documentation provided visibly demonstrated the effectiveness of the broader governance framework and how members are able to inform decision-making. It also validates good working relations, accountability, and transparency.

The Review Team had sight of Project Board papers and minutes, quarterly monitoring reports, minutes from the Digital District project teams meeting, etc. The August Project Board minutes reflect the fact that the Board have an increased awareness of the tight timescales and the proximity of the completion date, and the requests for further information and actions from the Project team was evident. Mott McDonald (the Construction Project Managers) also report to this Board.

The minutes of the Estates Committee also indicate their commitment to the Matrix and Precinct projects.

The FBC management case highlights the various Governance Boards and the flow of information between them, both within UWSTD, Swansea Council, to the SBCD Board and into the joint committee. Interviewees were able to clearly articulate the governance arrangements and acknowledged their effectiveness.

The Review Team were advised of changes to project leadership in that the incumbent SRO would no longer be in the role, and that Ian Walsh (Provost) and Geraint Flowers (Head of Capital projects) would act in this capacity for the duration of the Review. This arrangement worked well, and there was no negative impact associated with this late change. It is important that the SRO

situation is resolved as soon as possible and is ideally placed with a business owner who has accountability for the project's objectives and realisation of the benefits. In this case the Review Team and interviewees consider the obvious candidate to be Ian Walsh, acknowledging his impact on the design of the project, his ownership of the operational plan for the IM development, and his role as Academic Provost for the Swansea and Cardiff campuses. However, this decision remains with the University.

Recommendation 1: Appoint an appropriate and accountable SRO, supported by the project team in the first instance, and enable the person to access the appropriate training.

Strategic fit with Digital District Programme

The Strategic Case within the Swansea City and Waterfront Digital District Full Business Case demonstrates the strategic fit of the Digital District Programme with National, Regional, and Local policies and strategies, helping to deliver against these.

The projects within the programme support the SBCD aims of raising productivity levels by enabling growth of higher value activities, and in particular providing the much needed digitally enabled space.

The objectives for both the Matrix and the Precinct focus on an innovative partnership model between business and academia, whilst 71/72 Kingsway (SCC), offers the more traditional, but high end digitally enabled office space. The linkage between them is that they are focused on Digital growth and are therefore complimentary whilst avoiding duplication, and all support economic growth.

The Review team heard from interviewees that the Matrix and Precinct vision of collaborative working was a conscious decision to be able to provide a different offering to that being provided by 71/72 Kingsway and ensure that the projects would not be targeting the same customers, whilst maintaining the digital linkages.

Swansea City Council, UWSTD and the SBCD have always been aware of the different elements of the Programme. Whilst previously seeing the projects as separate entities they have now established a formal meeting, chaired by the SCC Chief Executive to ensure that they work together and that they have a better understanding of progress and plans associated with the individual projects and their alignment. Whilst introducing an additional meeting, interviewees involved in the meetings already recognise the benefits of this forum.

Risk Management

The Review Team recognise that there is a well-managed risk management process across all partners, with appropriate risk registers in place covering the full scope of deliverables from planning, utilities, design & construction through to contract, procurement and wider SBCD risks.

The majority of the interviewees highlighted the following as the key risks to the Project:

- Delays to the completion of the Matrix build by May 2024 (for any number of reasons including adverse weather conditions) and may not be completed/handed over within the specified timescale.
- Securing the right mix of partners/tenants to deliver the desired outcomes which are documented as crucial to the success of the project.
- Delays caused by being unable to secure private sector investment and overall funding of the Precinct. This has a dependency on the outcome of the dispute with MOBH (the original private investor who withdrew from the Project) and has led to the requirement to seek further private investment to cover the loss.
- Development of the commercial and academic model for the Precinct due to lack of a clear vision.

Risks are included in all reports (project dashboard, monitoring reports, MM reports, etc.), and well understood. The only red risk on the Project risk register is "failure to agree a revised approach to the Precinct Project with the City Deal" and this aligns with last two risks above.

Innovation Matrix

There is evidence of a clear vision for the innovation matrix concept which has come a long way since the “creative shed” and the Box Village concepts. Interviewees expressed a shared view of creating an ecosystem of like-minded communities who come together in a space that they occupy to share ideas and knowledge, collaborate, and exploit research opportunities.

The Review Team were advised that whilst there is strong support for the model, there was evidence of some nervousness around how the proposed operational model will work in practice. It is important that potential partners (who have expressed interest in occupying a space within the matrix) progress through to contract signing and be able to access the “on the ground” support that university staff will be providing to support to Matrix partners. We were encouraged to learn that the University has established a dedicated team, INSPIRE, to link external business with the University staff and student (research and development opportunities as well as commercial development).

There is strong belief that this is not just a build and rent project like some of the existing University buildings (Yr Egin, Technium 1 and 2, etc). Put simply, the vision for the Matrix and the Precinct Project is to enable mutually beneficial collaboration between business and academia, and also between the businesses themselves, thus achieving the economic growth laid out in the FBC. The Review Team were made aware that as this project moves to the next phase, consideration should be given to establishing enduring change capability (through effective and experienced resourcing) to oversee the cultural, behavioural changes that will be needed to ensure the vision remains successful and sustainable.

Recommendation 2: Develop enduring change and engagement capability that will ensure the vision for the Matrix and eventually the Precinct is successful and sustainable.

The Review Team had sight of the operational plan which provided detailed explanation of how the business/academia model will work, along with the commercial opportunities and the associated risks. The partnership model and the various level of member packages and offering to potential partners are well understood and there is confidence that the operational plan is both realistic and achievable. In addition, in terms of lessons for the future, the Matrix development and model will help inform the Precinct.

Throughout the process there was strong evidence of the key partners working collaboratively to realise the Matrix vision and anticipated benefits. There was a “one team approach” to making things happen with ability to draw upon expertise as and when required. This is to be commended.

There was recognition that the Matrix would not be a competitor to 71/72 Kingsway development, and we were advised of lessons learned from earlier builds such as Yr Egin, Technium 1 and 2, and reference was made to challenges associated with the Energy and Automotive Techniums. The location of the Matrix on the SA1 campus is deemed to be of considerable benefit to the partnership approach, and key to achieving the vision.

The 1st iteration of the design is now fixed for this phase, with some partners/tenants having been able to influence the design in support of their needs. There is an effective change control process in place to manage any design changes from this point (i.e., changes to the base design and any incurred costs). Such costs would need to be met by the partner/tenant and would be for negotiation between the partners and the University.

Some interviewees expressed a desire to move away from the word “tenant” – even using this word internally may be giving wrong impression. Whilst difficult to change terminology at this stage, all involved with the Matrix now need to adopt the term ‘partner’ to reflect the strength of the relationship and the operating model vision.

Partners advised the Review Team of some of their expectations, these include the ability to enhance collaboration with university experts and support their growth, research opportunities through Master and PhD students and internships, and opportunity to co-host networking events. Alongside these expectations there was great enthusiasm for the partnership model, and interviewees would welcome an opportunity to explore synergies between themselves and other potential partners. This is something for the University team responsible for letting the spaces to suitable tenant/partner to consider as it could add value and encourage further collaboration and growth.

Recommendation 3: To consider what benefit existing partners can offer to the assessment of suitability, and subsequent negotiation with prospective partners.

The University has an excellent track record of graduate start-ups and spin-off businesses and is recognised as a sector leader. A significant percentage of the start-ups remain in business for 3+ years. The University focus on encouraging entrepreneurship and commercialisation is seen as a key factor in being able to validate the Vision for the project and attract suitable partners.

Preparing for Occupancy

The Review Team were advised that 3 tenants/partners have signed up to the Matrix, 4 potential partners are currently at HoT status and engagement with 3 other potential partners is taken place. Whilst there was an overall confidence in the ability to fill the Matrix space, it was also recognised that HoT status needed to be converted into formal contract, and this was pointed out in the August Project Board minutes.

The majority of the contracted partners (and the potential partners which the University have engaged with) hold existing relationships with the University and as such there has not been a need to “market” the concept at this stage. There was recognition from the interviewees that this may change over time and there may be a need to market the Matrix concept and partnership offering in the future in order to create a pipeline of digital-based companies who would benefit (mutually) from a partnership with the University. This pipeline would inform the Precinct options work. The Review Team had sight of the Marketing brochure/Partnership Guide and understand that there are further events planned.

We understand that whilst the contracts involved a 3-year lease, a contractual break has been built into this to afford some flexibility in lease terms for start-ups and small businesses. Creating a pipeline of potential partners through active engagement and marketing will therefore become important should such contractual breaks come into fruition.

Recommendation 4: Review the benefit of creating and maintaining a pipeline of potential partners and consider how this would work in practice in order to manage expectations.

The matrix has been designed to be flexible and adaptable from the onset. This has been detailed within the partnership guide.

In terms of desired outcomes for Matrix the wider social and economic benefits, are widely understood whilst recognising that these need to be achieved. We were told that the project is on track to deliver the expected outcomes and realise benefits set over the next 15-year period which is evidenced in the monitoring report. Whilst recognising that the operational plan references the benefits strategy, framework and benefits ownership, there was also recognition of the ongoing need to firm up on monitoring of identified benefits (such as how growth is defined and how to manage those tenants who fail to grow through the partnership opportunities).

Recommendation 5: As the project moves into next phase, emphasis should be given to a greater focus on benefits management and monitoring of outcomes.

Several of the interviewees expressed the importance of the café as a collaborative space to encourage conversations between IM partners, university colleagues and students. Despite there being evidence of the plans to develop the café facility there was some concern that the café has not yet been let out. Ensure that the procurement progresses to plan.

Construction and Implementation preparation

The construction phase of the Matrix commenced following a re-appraisal of the approach and the approval of change request and FBC by the SBCD Executive Committee. The re-appraisal document builds on the operating plan and provides assurance on the strategic, economic, commercial, and financial rationale for the delivery of the Matrix. The Change Control was to move from Box Village concept to a more permanent build and divert money to Matrix from Precinct to cover the shortfall caused by withdrawal of private investment, and the remaining shortfall in funds of £336k was covered by the University.

The Review team did not have sight of any adverse impacts regarding the change control process which was a collaborative process between all parties. The re-appraisal document takes this into consideration along with factors that sit outside of the control of the programme and SBCD (i.e Brexit, inflation, pandemic, European conflict, and unprecedented pressure on the supply change caused by these events).

The matrix is progressing to time and quality, and revised costs, and is on track for construction to complete in May 24 and for occupancy to commence from July 24. It was evident that there is a high level of confidence that this progress will continue, and the project is on track to deliver to the revised timescales and within the financial envelope. However, there is a need to ensure that the building is made watertight as the winter period approaches.

The Review Team have confidence that lessons from previous projects/builds are being considered and there is evidence of some documented lessons and a lot of discussion about the ongoing lessons as they are being identified for this Project, and the way these will also influence the Precinct. However, we have not had sight of a more formal lessons learned process being adopted across all parties, recognising that lessons are about what went well, and what could be improved.

Recommendation 6 – Develop a more formal lessons learned process to identify, discuss, capture and act on these as part of the Project delivery process. Include all parties in this process.

Mott McDonald (MM) are employed by the university to Project Manage the Kier Construction phase. The thoroughness of the assurance they provide, and the quality of their reporting was evident and progress/risks/defect resolution are reported on a monthly basis via the dashboards and a monthly report through the Project Boards. Mott employ a range of methods to assess the progress and quality associated with the Kier construction, include regular supervisory visits, and onsite meetings, use of their own quantity surveyors to scrutinise the work and hold Kier to account via the programming of work, looking at plans v actual, and forecast plans. The Review Team are assured that this is an effective process.

With regard to the procurement of the main contractor, Kier, the project considered different procurement options, and based on previous experience selected from the existing PAGABO framework. Kier was selected from the framework and is seen as a trusted partner who has been involved in a number of university construction projects with a proven track record of delivery and have the 'local' knowledge.

Innovation Precinct

At the point of this Assurance Review the position of the Innovation Precinct element of the project remains unresolved. For reasons described in the Matrix Change Control Document (June 2021), and in the revised FBC (Oct 2022) (the need to commence the project, increased costs of construction, change from the Box Village concept to higher quality space, and withdrawal of private sector funding) city deal funding of £5.7m allocated to the Precinct was diverted to enable the commencement of the Matrix.

The Precinct is currently subject to an open change request that has the potential to change the delivery model of the project. The Review Team had sight on an Options Appraisal document following a workshop held in April 2023, where a long and short list of options were identified and considered. The paper stressed that this exercise was at a very high level, and further workshops and full options appraisal and economic analysis is required. There are ongoing discussions regarding potential locations, looking at the original SA1 and also city centre, with useful discussions already underway with Swansea Council and their regeneration partners.

The Precinct model remains as space for academia and business to co-locate for mutual benefit, and reference is also made to the concept of a 'grow-on' space to the matrix project. These could be seen as two very different models, and it is key for the University to consider and decide what it is they want the Precinct to be. This is key to ensuring that ongoing workshops have the correct focus and make the best use of time.

Recommendation 7: Establish a clear purpose/requirement for the Innovation Precinct, ensuring that this forms the base information for the delivery options workshops.

The Review Team understand that there remains a requirement for £8.9m of private sector funding to meet the total cost of the Precinct (£17m), and that the withdrawal of MoBH as investors is still subject to ongoing negotiations to resolve the dispute. This should not impact the next steps required to complete the options analysis and change request but has to be part of any discussion and economic analysis. It was encouraging that the Digital District projects have additional support from the partnership arrangements between Swansea Council and Urban Splash/Mulligans, who are engaged to look at city centre regeneration and are actively seeking private sector funding.

The Review Team are encouraged by the level of knowledge and determination observed throughout the review to complete the Change Request and subsequent business case ahead of being able to start the project. A number of interviewees recognise the risk to the achievement of the benefits as stated in the SBCD business case but did not see achievement of said benefits as out of reach at this stage.

Readiness for next phase.

There are two key elements to the next phases:

- Complete the construction, partner/tenant contracts, fit out and occupation of the Matrix building.
- Agree the vision for the Precinct and develop the change request and business case based on the options appraisal work which has commenced at a high level.

In relation to the Matrix, handover meetings are already taking place and plans are being developed to ensure that all aspect of implementation are taken account of, with clear owners assigned to all tasks. We acknowledge that this work is ongoing, and it is important not to underestimate the scale of the change management exercise required to successfully land the Matrix. It is worth noting that the project team have experience from similar projects and can use best practice and learning from these previous projects to ensure success.

In relation to the Precinct, this report has documented the situation and what the plans are for the next phase, the first thing to focus on is identifying and agreeing the vision.

The RT gained confidence that the next phases are in hand. This is helped considerably by the calibre of personnel involved at all levels of the project, and the one-team ethos.

11. Next assurance review

The Review team recommend that the Innovation Precinct undergoes a Project Assurance Review (PAR) once the change process concludes to assess the delivery plans and the revised Business case.

The Innovation Matrix, given the proximity of the completion and occupation of the building (May 2024 and from July 2025), the recommendation is to have a Gateway 5 / PAR within 6 – 12 months as an operational and benefits realisation review.

ANNEX A - List of Interviewees

The following stakeholders were interviewed during the review:

Name	Organisation and role
Geraint Flowers	UWSTD – Acting SRO
Martin Nicholls	CEO City and County of Swansea and SRO for Swansea’s City Deal projects
Rowland Jones	Chair of UWSTD Estates Committee
Chris Holtom	UWSTD, INSPIRE Project manager
Duncan Gardner	UWSTD Property Manager
James Cale	UWSTD, Director of Digital Services
Darren Clayman	MD of IDNS, Audio Vision equipment supplier and future tenant of Innovation Matrix (IM)
Emyr Jones	Executive Head of Property and Estate Development
Ian Walsh	UWSTD Academic Provost for Swansea and Cardiff campuses
Dr. Sean Jenkins	Associate Professor of Industrial Design at UWSTD. Head of ATiC (Assistive Technologies Innovation Centre and future tenant of IM)
Richard Croydon	Innovation Matrix Project Architect (Stride Treglown)
Steve Nicholls	Kier, Contractor Design Manager
David Johnson	Mott McDonald, PM and QS
John Cain	Rockfield Global, future tenant of IM
Stuart Harris	CEO of Milligan, specialists in town centre regeneration
Anthony Swallow	External Business case consultant.
Jonathan Burnes	SBCD Programme Director

Programme/Project name/Enw'r rhaglen/Prosiect

Swansea Waterfront – Innovation Matrix and Innovation Precinct

Scope of Review/Cwmpas Adolygiad

Innovation Matrix

Innovation Matrix is currently at delivery stage with our principal contractor (Kier) on site. Due to the previous governance structure of Swansea Bay City Deal, Innovation Matrix has not been reviewed previously under the IAAP framework. It would thus benefit from a wide ranging review that assesses both the delivery methodology and the administrative and decision making process that led to the preferred option. We therefore see the scope of the review as follows:

- An assessment of the overall business case and process by which it was compiled
- The delivery model of Innovation Matrix and design process
- Procurement of the principal contractor, with particular reference to lessons learned through previous projects with the same contractor
- The Change Notification Request and process by which this was developed
- Tenant selection and engagement success, with particular reference to the creation of the IM ecosystem and the suitability of the Innovation Matrix Operational Plan
- The benefits of the Innovation Matrix to the wider Digital District Business Case

Innovation Precinct

Innovation Precinct is significantly less advanced than Innovation Matrix and is currently under a Change Notification Request process to adjust the delivery model. Whilst development is continuing on Innovation Precinct, the University is currently in a period of negotiation with both the Local Authority and a potential Private Sector Partner to assess the feasibility of delivering the scheme under a new methodology. As a result, at this early stage we see the scope of the review as follows:

- An assessment of the early Change Notification Request and the process by which this was undertaken
- Proposed changes to the initial Swansea Waterfront business case to reflect the change in delivery methodology
- A review of the new direction of travel, to assess suitability

Given the significantly differing levels of development between Innovation Matrix and Innovation Precinct, we would suggest a weighted balance of time of 80/20% in favour of Innovation Matrix for this review but are happy to discuss should the review team feel this is inappropriate. This is in anticipation of a further, more focussed review of the Innovation Precinct once development has reached a sufficient level of detail.

Why is a review needed? *Pam bod angen adolygiad?*

As previously stated, neither Innovation Matrix or Innovation Precinct have been subjected to a Gateway Review thus far and it is the University's strong belief that at this stage of development both schemes would benefit greatly from an impartial assessment.

Innovation Matrix has now started on site which presents a natural point in the development for a review, whilst still retaining the ability to act on any recommendations that are suggested as a result. This also facilitates the development of Innovation Precinct, which can take advantage of any particular lessons learned from the Innovation Matrix review.

The review will also assist in satisfying the requirements of Swansea Bay City Deal to include a series of Gateway Reviews in line with the IAAP process. As the University's projects sit underneath the overarching Swansea Waterfront bid (through City and County of Swansea), the review will form an ideal close look at the projects as opposed to the programme.

What areas should the Review team focus on? *Ar ba feysydd y dylai'r Tîm Adolygu ganolbwyntio arnynt?*

Whilst the University does feel it would be advantageous to have a 'general' review of both Innovation Matrix and Innovation Precinct, the areas that the University would highlight for additional attention and focus would be:

Innovation Matrix

- Is the number/mix of tenants in the Innovation Matrix appropriate to deliver on the aims and ambitions of the project?
- Has the design process been conducted in a way that is appropriate to the scheme? Would there be any changes in hindsight that could be put forward to Innovation Precinct?
- Has the Innovation Matrix been developed in a way sufficient to fulfil the ongoing requirements of the Digital District programme?

Innovation Precinct

- How effectively has the Change Control process been utilised to describe the change in direction for Innovation Precinct?
- Are there any particular lessons learned from Innovation Matrix that could be included in the Innovation Precinct project?

Signed/Llofnodi:



Dated/Dyddiedig:- 7th August 2023

SWANSEA BAY CITY REGION JOINT SCRUTINY COMMITTEE

DATE 13th February 2024

SBCD Quarterly Monitoring Report															
<p>RECOMMENDATIONS/KEY DECISIONS</p> <p>To inform Joint Scrutiny Committee of the SBCD Quarterly Monitoring Report for both the SBCD Portfolio and its constituent programmes / projects</p>															
<p>REASONS</p> <p>1. INTRODUCTION</p> <p>SBCD Quarterly Monitoring Report for the SBCD Portfolio and its constituent projects provides the Programme (Portfolio) Board with a summary of key activity for the last 3 months and current quarter planned activity.</p> <p>1. Background</p> <p>2.1 Appendix A: SBCD Portfolio Dashboard</p> <p>A summary of all the Quarterly Reporting documentation. It was agreed by Joint Committee that the following components would be included in the initial iteration in SBCD Portfolio Dashboard</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Theme</th> <th>Update</th> <th>Annex</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Programme / Project RAG Status</td> <td>SILCG Finance moved from Green to Amber to reflect funding gap with SWITCH giving an overall RAG of Amber as Delivery also remains Amber. Overall change from Green last quarter. Yr Egin Delivery and Resourcing has moved from Green to Amber</td> <td>A / B</td> </tr> <tr> <td>2.</td> <td>Portfolio Risk Register</td> <td>Red Risks decreased from 6 to 5. Pressure on construction industry to meet demand of City Deal and other public sector procurements has reduced from Red to Amber due to the construction industry accepting the current market stability which is becoming more predictable for future projected costings. There is no evidence that tender calls are not being met for major</td> <td>A</td> </tr> </tbody> </table>				Item	Theme	Update	Annex	1.	Programme / Project RAG Status	SILCG Finance moved from Green to Amber to reflect funding gap with SWITCH giving an overall RAG of Amber as Delivery also remains Amber. Overall change from Green last quarter. Yr Egin Delivery and Resourcing has moved from Green to Amber	A / B	2.	Portfolio Risk Register	Red Risks decreased from 6 to 5. Pressure on construction industry to meet demand of City Deal and other public sector procurements has reduced from Red to Amber due to the construction industry accepting the current market stability which is becoming more predictable for future projected costings. There is no evidence that tender calls are not being met for major	A
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		infrastructure projects	
3.	Issues Log	1 Red Issue around approval of funding agreements. Decreased from 2 to 1	A
4.	Gateway Review Recommendations Action Plan	Action Plan will be included as part of the quarterly update.	D
5.	Change Notifications	Waterfront - Milestone completion date for 71-72 Kingsway (Digital Village) has changed from the business case V003 October 2023 to March 2024. PDM - Following approval CSP have updated PDZ's financial profile to match, extending the City Deal funding profile from the end of FY 23/24 by 36 months out to end FY 2026/2027.	A
6.	Internal Audit Recommendations Report	Update on recommendations	E

2.2 Appendix B: The SBCD Quarterly Monitoring Report is made up of 2 levels with several components

- Portfolio
 - Communications and Marketing
- Programmes / Project
 - Scorecard with status summary
 - Previous quarter achievements and current quarter planned activities
 - Outputs

2.3 Appendix C: Benefits Summary

The SBCD Benefits Register captures the annualisation of Portfolio benefits for Investment, and Jobs that will be delivered up to 2032/33

Increase in jobs created from 550 to 567 due to increase with Pentre Awel

Total Investment has increased from £264.8m to £271.86 due to an increase with Skills and HAPS

2.4 Appendix D: Portfolio Gateway 0 Review Action Plan

The SBCD Portfolio Action Plan available in Appendix F has been developed in response to the recommendations made in the Gateway 0 review undertaken in July 2023

The Action Plan is a 'live' document, updated on a monthly basis with the potential to expand the scope of the plan to incorporate other work areas of the PoMO. As such it will be the Portfolio Action Plan and a key operational document for overseeing the timely and effective delivery of the forward work programme of the SBCD PoMO.

2.5 Appendix E: Internal Audit Action Plan

An Internal Audit was completed April 2023 with a Substantial (Green) rating awarded. The Action Plan highlights progress made on the 5 recommendations listed in the Audit Report.

2.6 Appendix F: Procurement Pipeline

The SBCD has an agreed set of procurement principles that outline the expected approach for its programmes and projects to follow. Achieving the maximum of community benefit and social value are primary considerations of these principles.

This procedure accepts that there is an obligation in the WPPS for the public sector to report community benefits annually for projects over £1m, utilising an acceptable method such as the WG community benefits toolkit. The SBCD procurement principles acknowledge this requirement.

The SBCD Procurement Pipeline details the route of procurement, start and completion date and contract value which covers the design and construction phase of the SBCD Programmes and Projects

The Portfolio in Q3 2023/24 is generally on track. Changes reflect that the projects and programmes are in delivery and maturing their procurement plans with more accurate delivery target from contractors.

Project/programme procurement movement this quarter include:

Table 1

Pentre Awel	<ul style="list-style-type: none"> Completion date Zone 1 moved from Q3 2024 to Q4 2024
HAPS	<ul style="list-style-type: none"> Monitoring & Evaluation Services on site date added Q1 2023, completion date added Q4 2027 HAPS Incentives Fund – On site date added Q3 2023 HAPS Regional supply chain – Procurement date moved from Q2 2023 TO Q2 2024
Innovation Precinct	<ul style="list-style-type: none"> Procurement date moved from Q1 2024 to Q1 2025 On site date moved from Q2 2024 to Q2 2025 Completion date moved from Q2 2025 to Q3 2025
Yr Egin	<ul style="list-style-type: none"> Created Business Hub Phase 2 procurement date moved from Q4 2023 to Q3 2024 On site moved from Q4 2024 to Q1 2025 Completion date moved from Q4 2024 to Q4 2025

Appendices:

- A: SBCD Portfolio Dashboard
- B: SBCD Quarterly Monitoring Report
- C: Benefits Summary
- D: Portfolio Gateway 0 Action Plan
- E: Internal Audit Action Plan

F: Procurement Pipeline

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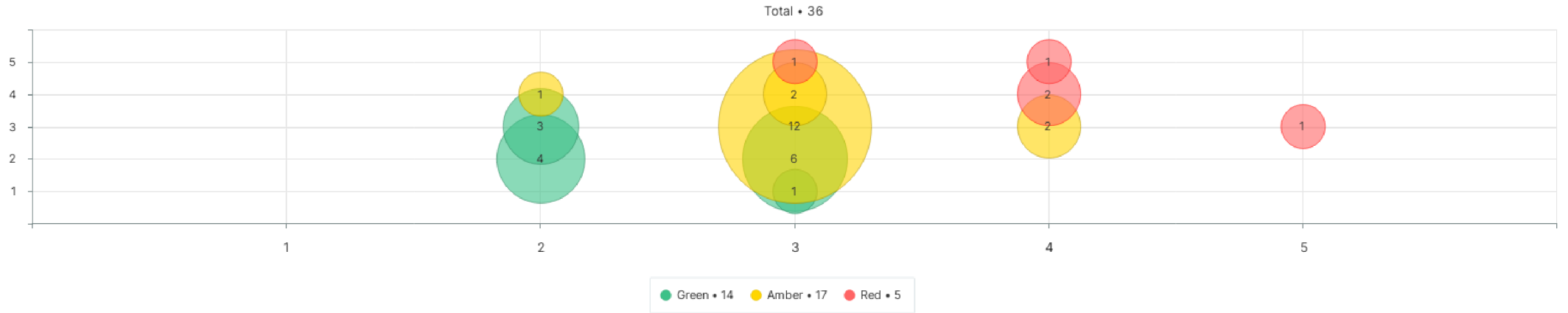
SBCD Portfolio RAG Status

Name ↑	RAG Delivery	RAG Scope	RAG Staffing/resource	RAG Finance	RAG Stakeholder Engagement	RAG Overall Rating
Campuses	Red	Green	Green	Red	Green	Red
Digital Infrastructure	Amber	Amber	Amber	Amber	Green	Amber
HAPS	Amber	Green	Green	Amber	Amber	Amber
PDM	Amber	Green	Green	Green	Green	Green
Pentre Awel	Green	Green	Green	Green	Green	Green
SILCG	Amber	Green	Green	Amber	Green	Amber
Skills & Talent	Green	Green	Green	Green	Green	Green
Swansea Waterfront	Amber	Green	Green	Amber	Green	Amber
Yr Egin	Amber	Amber	Amber	Amber	Green	Amber

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SBCD Red Issues

Issue ID	Issue Rating	Description	Follow on Actions
SBCD025	Red	Delay in funding agreements being approved	<p>29/06/23 Campuses agreement still outstanding, currently looking at approx 18/24 months delay compared to timeline outlined in Business Case.</p> <p>18/10/23 Secondary funding agreement with Campuses awaiting confirmation between Swansea University and Swansea Bay University Health Board</p> <p>13/12/23 Campuses tertiary funding agreement to be signed Dec-23. Primary funding agreement with accountable body an Secondary between lead authority and deliverer.</p>



Red Risks

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Name	Resid...	Description	Mitigation Plan
Increase in cost of construction	Red	Risk that cost of construction may increase impacting on budgets set out in Programme / Project Businesses resulting in an overspend	<p>15/06/23 Programmes / Projects have reported no change in forecast cost increases since Q3 2022/23. Future iterations of the Construction Impact Assessment will include a tab highlighting the previously forecasted funding gap allowing projects to update actual figures once procurement activity has been completed. Finance Manager to review potential inflation impacts of projects to be procured later than this financial year.</p> <p>09/10/23 Latest Construction Impact Assessment (CIA) summary demonstrates a £36m funding gap which is an increase from £31m in previous month. This is due to Campuses and PDM rising cost of construction. Mitigation in place for both projects as detailed in report. Continue to monitor and update CIA report</p> <p>Linked to Issue ID021.</p> <p>11/12/23 Latest report demonstrates an estimated £42.9m overall funding gap which is an increase from £36m in previous month due to an increase with SILCG SWITCH component. Mitigating action being undertaken by NPT to reduce £6.8m increase in costs. Overall portfolio mitigating actions leave a residual impact of £11m to be addressed by lead delivery organisations.</p>
Welsh Government 2021 update of TAN) 15 development risk of flooding, coastal erosion & associated flood	Red	Proposed updates to the TAN and maps have recategorised the vulnerability of certain developments, increased the extent of the flood maps and the ability of land owners and local authorities to potentially	<p>15/06/23 The focussed consultation on further changes to Technical Advice Note 15 (TAN 15) concluded on 17 April. Analysis of the consultation responses is now underway and there is a</p>

planning maps.

achieve planning permission and ultimately develop land affected by the 2021 updates.

substantial amount of detailed work to be undertaken in analysing the responses. Given the size and complexity of the task in analysing the responses and making further changes to the TAN it is unlikely that the new version of the TAN will come into force before the end of this year.

09/10/23

Awaiting update.

18/12/23

PoMO to raise at SBCD Programme Board on 16th January.

In Year Underspend

Red

Having undertaken a reprofiling and baselining exercise across the Portfolio, there is a risk of an in year underspend of circa 10% of the portfolio value, however this has no effect on the overall investment of the Portfolio or the wider benefits and deliverables.

15/06/23

Financial reprofile undertaken Q1 2023/24 and will be reported through SBCD Governance Boards.

09/10/23

The reprofile Q1 2023/24 reported a circa £50m slippage for 2023/24. Financial forecasting will continue to be monitored.

11/12/23

Q2 2023/24 reported circa £39m slippage. Digital Infrastructure, HAPS, Pentre Awel and SILCG

Slippage in delivery of programmes / projects against key milestones

Red

As all City Deal Business Cases have now been approved the risk that City Deal doesn't achieve the outcomes intended within the timescales agree due to slippage in delivery of programme against key milestones resulting in borrowing and recuperation not accurately reflecting spend. Has been re-assessed following the closing of Risk ID SBCD013.

28/06/23

The Portfolio has been tasked with reprofiling following in year slippage and determining accurate spend profiles which will provide more accurate delivery and completion milestones. (Linked to Financial Slippage Risk). PoMO have undertaken a refresher training session for change processes and PL's will need to complete all outstanding change notifications and requests to ensure accurate change to timelines has been recorded.

09/10/23

PoMO to query with projects experiencing in year slippage as to the wider impacts to delivery and timescales. PM's to submit change notifications detailing known or potential slippage

04/01/24

Q3 2023/24 slippage currently being compiled.

Prog/Proj delivering all outputs and outcomes within the business case

Red

Risk that programmes and projects will not deliver elements of the business case resulting in depleted benefits being delivered. Currently funding agreements ensure that programmes and projects are committed to the delivery of business case objectives through the delivery of the outputs, however some of the business cases rely on the outcomes in order to realise the benefits within them. It is a risk if both outputs and outcomes are not delivered upon, however if an output or outcome is not attempted then the organisation will have failed to use best endeavours

28/06/23

A Template has been devised on Celoxis providing a consistent approach to benefit / community benefit reporting providing more visibility of what projects are updating against benefits targets allowing for greater scrutiny at a portfolio level.

16/10/23

Monitoring & Evaluation Task & Finish Group in place which will determine all portfolio, programme and project deliverables and a framework to evaluate against BC targets. PoMO will continue to attempt to incorporate benefits realisation into Celoxis with dashboard .

18/12/23

Monitoring & Evaluation Task and Finish Group to share initial draft of Framework to Project Leads in Q4 2023/24, PoMO working with all project leads to populate benefit realisation templates to incorporate into SBCD Governance reporting.

Active Change Requests

001	Innovation Matrix Reprofile	Change Request Confirmation of Financial Reprofile Confirmation of revised Delivery Timeline
003	Swansea Waterfront	Change Notification Update Completion Date Swansea Arena Update Planned Completion Date 71/72
002	Digital Infrastructure Change Notification	Change Notification Confirmation of Business Case Updates
004	PDM	Change Notification Confirmation of PDI Completion Date
005	Campuses	Change Notification New estimate for sketty lane construction cost is £17.2 M as opposed previously forecast from the funding gap paper
006	SILCG	Change Request NPT Council obtained approval from SBCD JC to develop an enhanced business case for the SILCG AMPF projects. The NNZSCoE business case is attached detailing the Green Book 5 Case structure (strategic, economic, commercial, financial and management cases).
007	PDM	Change Notification Date change will allow Swansea University to recruit a PhD student who will make a significant contribution to their activities based around the fatigue testing equipment that was partly funded with City Deal grant The new end date also means that the full financial year of 2025/26 is now within the City Deal spending period, which aligns better with other funding sources that the PDM partners will be applying for Timeline - 7 month extension to the period over which City Deal funding will be defrayed Benefits - More time and better alignment to financial years should increase our ability to win further funding to deliver the MEECE project outcomes and impacts.
008	PDM	Change Request Change Information Notice 2 was approved in May 2023 to push the output achievement date for IP4 (progress toward planning consent for the PDZ element) to the end of the FY 26/27. Following approval CSP have updated PDZ's financial profile to match, extending the City Deal funding profile from the end of FY 23/24 by 36 months out to end FY 2026/2027. This revised profile along with supporting narrative formed part of the recent Business Case Addendum process being shared with PoMo and accountable body finance officers
003b	Waterfront	Extension to 003 Milestone completion date for 71-72 Kingsway (Digital Village) has changed from the business case V003 October 2023 to March 2024. This delay to programme is due to a (now resolved) dispute with BYUK on groundwork programme scope. There is no change to the project benefits as stated in the business case as they will be realised within the City Deal timeline.

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Portfolio Gateway Review Action Plan

Task ↑	Task : Planned Finish	Comments
1 - Reinforce communication of the strategic, regionalised approach,	31 Jul 24	Meet the City Deal Pembrokeshire event held 20th July and Carmarthenshire event confirmed for 27th November. Portfolio representation at Careers Wales events, Welsh

both internally and externally

Business shows, Welsh Construction show and Intro Biz Expo in October

Established SBCD Construction and Community Benefits sub group and Monitoring and

2 - Further develop the benefits management approach to shift the focus to sustainable social and economic uplift, not just enablers.

31 Jul 24

SBCD Monitoring and Evaluation Task and Finish Group established. Initial meeting held in August and Group now meeting at regular monthly intervals
Engagement initiated with other City and Growth Deals to identify best practice
Meetings held with project teams to clarify requirements for benefits realisation and reporting. Benefits registers, profiles and maps being developed at a project level
Engagement initiated with other City and Growth Deals to identify best practice

3 - Review and refresh the Portfolio Governance structure

29 Dec 23

Discussions ongoing

4 - Emphasise the focus on Dependencies and Opportunities

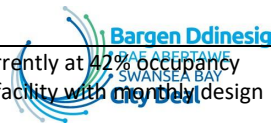
30 Jul 24

ESB involvement in the development of project proposals and engagement being promoted across the portfolio as projects are developed and delivered. ESB Test and Challenge session held in October to discuss the Enhanced AMPF OBC PoMO and projects and programmes supporting proposals for the funding and establishment of synergistic initiatives within the region

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**Swansea Bay City Deal Portfolio
Quarterly Monitoring Report
(October – December 2023)**

Programme / Project Scorecard											
Prog / Proj	Status Update	Delivery	Scope	Staffing Resource	Finance	Stakeholder Engagement	Overall (change)				
Phase 1 2022	Digital Infrastructure	<p>Programme remains on target to deliver objectives. PSBA FFIB order has been submitted and is now in delivery with surveying stage underway (built to begin Q3 2024-25). Dark Fibre tender issued in November 2023 with significant interest from the market. Tender closes on 12th January 2023 with evaluation scheduled for 17th/ 18th January – appointment of preferred supplier soon after. 5G Investment Fund launched and open for applications from public sector partners and SBCD project and programmes. First application received from Campuses project, with £1.55 million awarded for creation of a 5G Living Lab. Central Communications and Engagement Officer in post with various activities underway including overarching communications and local communications plans. Stakeholders in UK and Welsh Government continue to be fully engaged, working closely with the programme, ensuring alignment of national and regional connectivity projects, notably Project Gigabit. NROMR and Project Gigabit intervention areas are being reviewed, with scoping of rural infill underway to inform best way forward to complement and maximise Project Gigabit and commercial rollout. Gateway Review 0 completed with programme receiving GREEN/AMBER DCA rating. Programme team actioning subsequent recommendations. Benefits realisation procurement exercise completed for remainder of programme delivery including final economic evaluation. FarrPoint appointed as supplier. 2022-23 BR exercise to be completed Q4 2023-24. Continuous dialogue with UK and Welsh Governments, and key national and regional private sector partners, including leading telecoms providers. Central team in regular contact with other growth deals to share best practice/lessons learned/challenges.</p>									↕
	Pembroke Dock Marine	<p>PAR review completed in Sept / Oct 23, which concluded PDM is mostly green with some Amber (focusing on Outcome and Impact related benefit realisation)</p>						↕			
	Pentre Avel	<p><u>Delivery</u> - Remains Green. Works being delivered and managed in accordance with the NEC3 Construction Contract. Formal works commenced on 6th February 2023 and are progressing to programme - significant below ground works completed (which traditionally brings a higher level of risk) with key pre-commencement planning conditions discharged enabling the start of above ground activities. <u>Finance</u> – remains Green as forecasted construction cost remains in tolerance with the contract sum agreed with Bouygues UK and prior approval at Full Council. Z Clause for managing inflation risk of key materials has been removed from NEC3 contract. Swansea University has signed an agreement to lease for its demise, and agreements with Hywel Dda University Health Board in the process of being finalised. Discussions are ongoing with other prospective FE and HE tenants.</p>						↕			
	Yr Egin	<p>Increasing economic uncertainty and Covid implications impacting on levels and nature of demand. Following Phase 1 Lessons Learned exercise, an updated Creative Sector demand analysis has identified a significant change in the type of target companies (by financial size) and nature of provision required (bespoke support services rather than leased floorspace). Internal team putting in place process to identify required revisions to meet industry requirements post-COVID. Project team moving forward with Change Notification for Egin Phase 2 which will require sign off by the University's new Chief Executive in Q1 2024 in line with the ongoing realignment of the University's strategic imperatives</p>	↑		↑			↕			
	Campuses	<p>Delays with the funding agreement have started to affect the timeline of the project. Upon signing of funding agreements a change notification will be submitted to reprofile timelines of outputs. Scope of the project remains unchanged as per the Business case however particular focus is on the affordability of the Phase 1 Singleton development and Morriston Management Centre. Mitigating actions formulated and pending project board approval. Delivery and finance red due to funding agreement not being signed. The principles of the primary funding agreement between Swansea Council and Swansea University have been agreed and an agreement has been issued for signature. The secondary funding agreement between Swansea University and SBUHB has been signed by SBUHB and pending signature from Swansea University</p>						↕			
Homes As Power Stations	<p>The first round of HAPS Financial Incentives Fund was completed with 16 applications approved. Supply Chain Fund criteria is now being scoped, aligned to the project objectives. NPTCBC has secured SPF Funding to create a Demo HAPS house to further engage with stakeholders.</p>						↕				



<p>Supporting Innovation & Low Carbon Growth</p>	<p>Multiple projects in delivery including SWITCH, AQMP, LEV, PDF, H2 stimulus project. Bay Technology Centre is currently at 42% occupancy with active pipeline of enquiries. Morgan Sindall appointed for the design and build of the SWITCH Harbourside facility with monthly design meetings ongoing starting in May 23. Enhanced AMPF project is going through an OBC process in consultation with stakeholders, this has now been approved by all parties. SILCG Programme Board meets quarterly. Delivery Amber due to pandemic and knock on delays to some projects. Lessons learned from BTC construction is informing future projects such as SWITCH. Finance changed to Amber to reflect funding gap on SWITCH. PDF stage 2 process underway. LEV strategy under development. AQMP project recruited new data analyst.</p>						
<p>Skills & Talent</p>	<p>17 Pilot projects already approved and moved/moving into delivery. Further project development in discussions.</p>						
<p>Swansea City & Waterfront Digital District</p>	<p>71-72 Kingsway construction continuing at pace with PC date of March 2024 – change notification for this date has been submitted to PMO. Three months of landlord internal fit out will commence from April. Innovation Matrix has begun onsite. Arena Hotel funding discussions progressing well. Discussions ongoing between Swansea Council & UWTSO about the delivery of the Innovation Precinct. Trinity projects - funding on amber</p>						

Title	Portfolio Management Office (Communications & Marketing)	Reporting Period	Q3 2023/24
Officer	Heidi Harries (SBCD Communications & Marketing Officer)		

Key achievements

- 45 positive mentions in local, regional, national and specialist media. Previous quarter was 55 therefore down by 10 mentions. This included coverage on Wales Online, Western Mail the South Wales Evening Post, Wales Business Insider, Business News Wales, Wales 247, Inside Media, and specialist publications. Topics covered include: Bouygues and CCC Dragons Den style event, Yr Egin celebrates 5 Year Anniversary, Businesses invited to Pembroke Port, RLSP leads on new apprenticeship framework, 71/72 Kingsway topping out ceremony, Latest round of Property Development Fund launched.
- Twitter posts - From 1st October to 31st December: Number of followers is 1,566. Post impressions is 5,092.
- Facebook posts - From 1st October to 31st December: Number of followers is 1046. Post impressions is 7,909.
- Planned and held the Carmarthenshire Meet the City Deal event with around 50 people attending - Monday 27th November in Yr Egin, Carmarthen.
- PR on the Key Highlights of 2024.
- Represented the City Deal in the Choose your Future Event, Introbiz, Yr Egin Anniversary Event, SA1 Business Showcase Event, Pembrokeshire Careers Event, 4theRegion Green Economy Event.
- New/updated website planning and discussions.
- Social posts and/or web updates including the Pentre Awel Dragons Den event, new images of 71/72 Kingsway, Property Development Fund, Secretary Clintons visit to Swansea University, HAPS supporting Duracell in the UK launch for battery storage for homes, City Deal Event.
- Attendance in ongoing Marketing and Communications subgroup meetings with the Pembroke Dock Marie project and Pentre Awel project.

Key Activities planned

- Coordinate and attend the Swansea Meet the City Deal event and Neath Port Talbot Meet the City Deal events.
- Attend 4theRegion Swansea City Centre Conference, Marine Energy Wales Conference and Carmarthenshire Careers Event.
- Update the Marketing and Communications Plan.
- Annual Report planning.
- Press releases on upcoming activities.
- Development of new website.
- Annual Marketing budget planning and forecasting.
- Continued updates on the website and social media.

Title	Portfolio Management Office (Business Engagement)	Reporting Period	Q3 2023/24
Officer	Peter Austin (SBCD Business Engagement Manager)		

Key achievements over the last 3 months

Support Programmes and Projects - Ongoing support for programmes and projects this quarter includes:

- Supporting Pentre Awel at the community benefits steering group
- Coordinated fourth PL's Construction Sub group meeting with Helen Beddow CCC Frameworks Team presenting
- Meeting with Jake Williams CCC re apprenticeships and community benefits
- Portfolio Comms and engagement meeting with NPTCBC Leader
- Supporting Skills and Talent Initiative with Apprenticeship reporting template and methodology

- Supporting HAPS at Duracell launch event – National Botanical Gardens

Events - Events attended include:

- Welsh Business Show and Welsh Construction Show - Swansea
- Careers Wales Swansea & NPT event at Brangwyn Hall
- Careers Wales ALN event Halliwell Centre Carmarthen
- IntroBiz Expo Brangwyn Hall Swansea
- Pembroke Port Business Networking at new Hangars complex
- SA1 Business Club Showcase Swansea
- Careers Wales Pembroke College
- 4theRegion Green Wales Conference – Swansea Arena
- Meet the City Deal Carmarthen at Yr Egin, in partnership with CCC Business Support team

Business Engagement -

- Joy Browning – SBRI
- Nina Williams Bouygues re apprenticeship reporting
- Responding to several enquiries received via the City Deal email inbox and other avenues

Support stakeholder groups

- Attendance at CEIC steering group meetings
- Liaison with Business Wales, Antur Cymru and Cwmpas re supply chains and business opportunities
- Paul Relf – Swansea Council re SPF and other regional funding programmes
- Careers Wales re ongoing support
- Angela Williams – Business Wales re ongoing collaboration

Economic Strategy Board - This quarter focussed on:

- Delivering the Test and Challenge session for the EAMPF with SILCG team

Other Activity:

- Planning further regional showcase events – with Swansea and NPT
- Updating Portfolio events plan
- Attended BCIS Construction Costs forecasting Webinar
- Attended UK Gov and Welsh Government Procurement webinars
- Meeting with Tinint to review current and future website contract

Ongoing Activity

- Ongoing planning for development of SBCD website
- Continued monitoring of construction costs and associated reporting.
- Revision of Comms, Marketing and Engagement Plan
- Monitoring Apprenticeship register reporting
- Monitoring Portfolio procurement pipeline
- Updating the PoMO Events planner
- Responding to enquiries received via the City Deal email inbox and other avenues.
- Managing SBCD LinkedIn account
- Support Comms & Marketing officer in promotion of SBCD

Key Activities planned

- Manage project delivery for update of SBCD Website
- Draft year end Private Sector Contribution report
- Update Construction Costs Impact Assessment report for year end
- Arrange and deliver Meet the City Deal Events in Swansea and NPT
- Continue to engage and support stakeholders, programmes and projects, businesses, and ESB Board
- Support Comms & Marketing officer in promotion of SBCD
- Begin planning event calendar for 2024

Project Title	Pembroke Dock Marine	Programme / Project Lead	Steve Edwards
Local Authority Lead	Pembrokeshire County Council		
Project Delivery Lead	Milford Haven Port Authority	Reporting	Q3 2023/24

SRO	Rachel Moxey	Period	
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Budget	
Total Budget	£63.9m
City Deal	£28m
Public	£18.4m
Private	£17.5m

Description	
<p>This programme 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. Project features include:</p> <ul style="list-style-type: none"> • Pembroke Dock Infrastructure (PDI) improvements • A Marine Energy Engineering Centre of Excellence (MEECE) • Marine Energy Test Area (META) developments • The Pembrokeshire Demonstration Zone (PDZ) 	

Key achievements (Overall Objective ID shown in brackets)

<p>PDI update:</p> <ul style="list-style-type: none"> • Final snagging of all Lot1 (slipway/laydown/pontoons) & 2a (laydown) elements underway • Lot 3 Terrestrial infrastructure works planning underway • Purchase of 1 x area of privately owned 'Triangle' completed, further negotiations with other landlords underway • Handover of all Annexes complete <p>PDZ update</p> <ul style="list-style-type: none"> • Ongoing feedback and discussion with developers on grid related issues. • Submitted collaborative bid with ERM Dolphyn into OFGEM's Strategic Innovation Fund. • FLOW Test and Demonstration Co-ordination Study Outputs being shared with Crown Estate, Welsh Government and T&D Developers. • CEO Attended APPG Celtic Sea 13.09.23. • Exhibited at Future Energy Wales as part of the Celtic Sea Cluster, with panel representation across the two-day event. • Fed back to TCE on their Kickstarter Fund Consultation, suggesting they engage with SBCD. • Feeding into Community Subgroup and Celtic Sea Sub Group on shortlisted The Electric System Operator's grid designs for the 4.5GW of Commercial FLOW leasing activity. • Ongoing development of rationale for varying the PDZ Lease. <p>META update:</p> <ul style="list-style-type: none"> • Benthic Habitat mapping at Warrior Way and Dale Roads required by our Marine Licence now complete (IP5B) • Exo-cube engineering innovative scour protection successfully deployed at META East Pickard Bay. Deployment for 18 months. Frequent monitoring trips planned to assess performance of scour protection systems as a habitat. (IP5A) • Settlement Mooring Lines experiment on site at Dale Roads monitoring now complete. All equipment to be retrieved and research findings written up due course (IP5A) • Cardiff University (CU) marine low carbon concrete trial has concluded after 6 months of testing at one of the META Quayside test sites. The trial was a success and META are now scoping future projects with CU. (IP5A) • Attendance of Marine Energy Conferences including International WaTERS and Ocean Energy Europe with the aim of expanding META's reach and bringing cutting edge research projects to the test sites. (IP5A)

- Preparing and planning for 3 deployments in early 2024 (Dolphyn Hydrogen Test Barge; Swansea University Tidal Turbine; and PEBL Environmental Monitoring Instruments) including compliance with regulatory requirements and consent conditions. **(IP5B)**

MEECE update:

- Attended and Exhibited at Future Energy Wales as Celtic Sea Cluster **(OP16)**
- Attended Wales Tech Week **(OP16)**
- Eol into Lagoon Challenge Call was successful. Now preparing full bid **(IP7)**
- Won funding bid into DEFRA call, "Improving Observation Capabilities of Biodiversity in UK Waters: Phase 2" **(IP7)**
- Successful stage one bid into Crown Estate Offshore Wind Evidence and Change call for Subsea Soundscape project. Now preparing full bid. **(IP7)**
- Won funding for a South Wales Fit4OR cohort, £200k Shared prosperity funding, leveraging £180k private investment **(IP2, IP7)**

Key Activities planned

PDI

- Complete scoping/planning/costing for Lot 3 Terrestrial infrastructure works

PDZ

- Further engagement on T&D (and PDZ) Grid Coordination as relevance increases in the wake of the AR 5 announcement.
- Business planning with TCE for PDZ Lease Revision
- Attending Floating Offshore Wind (Aberdeen), Planning for Infrastructure in Wales and Future Energy Wales conference.
- Feeding into Community Subgroup and Celtic Sea Sub Group shortlisted The Electric System Operator's grid designs for the 4.5GW of Commercial FLOW leasing activity.
- Further planning with developers regarding the deployment of prototype testing Hydrogen production from FLOW.
- Further engagement with NRW, Natural England, representative from the FLOW development sector, and relevant key stakeholders on the streamline the licensing and consenting process for Floating Offshore Wind (FLOW) in the Celtic Sea.
- Attending Marine Energy Wales Conference in March 2024

META:

- Multiple test programmes are scheduled to be deployed at META in early 2024, including:
 - RRES tidal turbine deployment Jan-24 – Mar-24
 - Dolphyn Hydrogen barge deployment Feb-24 – Mar-24
 - PEBL Sensor deployment supported by MEECE Feb-24 – Sept-24
- Marine Energy Wales Conference 13th – 14th March 2024

MEECE

- Attending Marine Energy Wales Conference in March 2024

Project Title	SBCD Campuses Project	Programme / Project Lead	Clare Henson
Local Authority Lead	City and County of Swansea		
Project Delivery Lead	Swansea University	Reporting Period	Q3 2023/24
SRO	Keith Lloyd		

Budget	
Total Budget	£130.44m
City Deal	£15.00m
Public	£58.01m
Private	£57.43m
Description	
<p>The project harnesses unique capabilities and the thriving life science ecosystem in the Swansea Bay City Region to establish an international centre for innovation in life science, wellbeing and sport, supporting preventative interventions in healthcare and medicine and driving the growth of a globally significant Sports Tech industry. The project will deliver R&D, trials and testing facilities, enabling co-location of research and industry alongside clinical infrastructure and investment opportunities. An emphasis on digital and data-driven innovation at the intersection of life sciences, health, wellbeing and sport is a key differentiator for this project within the South Wales health and life sciences sector.</p>	

Key achievements
<ul style="list-style-type: none"> Continued workstream meetings held with WS1 Morryston Management Centre, WS2 Sketty Lane, WS3 Education, WS4 Enterprise and Innovation, WS7 Research, WS8 Health and well being WS9 Morrison Link Road, Singleton Phase 2 Sketty lane: <ul style="list-style-type: none"> Engaging with stakeholder groups and end users Value engineering options approved by Tier 1 board Primary funding agreement signed by Swansea Council, Swansea University anticipated January 2024 . Secondary funding agreement signed by SBUHB, Swansea University anticipated January 2024 Continued development of key business relationships and development of research and innovation collaborations Successful bid 5 G Vodaphone - SBCD digital infrastructure project. Workshops held Health Needs assessment report approved, workshop held with Swansea university researchers, SBUHB and Health Practitioners Wales, Successful Skills Sport Health and Well being - SBCD skills and talent project
Key Activities planned
<ul style="list-style-type: none"> Primary funding agreement signed Secondary funding agreement signed in parallel with primary agreement WS2 – continue stakeholder engagements Continued discussions with Vodafone UK senior leadership

Project Title	Homes as Power Stations (HAPS)	Programme / Project Lead	Oonagh Gavigan
Local Authority Lead	Neath Port Talbot County Borough Council		
Project Delivery Lead	Neath Port Talbot County Borough Council	Reporting Period	Q3 2023/24
SRO	Nicola Pearce		

Budget	
Total Budget	£505.5m
City Deal	£15m
Public	£114.6m
Private	£375.9m
Description	
<p>HAPS is a regional pioneering project to facilitate the adoption of houses with energy efficient design and renewable technologies in both new build and existing housing stock in the public, RSL and private sector across the City Region. The project will support the implementation of renewable technology by facilitating collaboration across the region and creating a platform to share lessons learned. The Technical Monitoring and Evaluating contract will provide data and the ability to realise many of the project benefits. HAPS will support a regional supply chain of proven technology to enable the wider benefits associated with the project.</p> <p>The project will:</p> <ul style="list-style-type: none"> Facilitate the take up of renewable technologies and energy efficient design in new build and existing housing stock Support a regional supply chain of proven technologies. Establish an open access knowledge sharing hub to share the project findings with all sectors across the region and wider Tackle fuel poverty Further decarbonise the regional economy Improve residents' health and well-being 	

Key achievements
<p>Project Development</p> <ul style="list-style-type: none"> OPUS BS completed an initial supply chain mapping exercise. Simon Griffiths from OPUS presented findings and recommendations to Project Board. Additional round of Supply Chain Lead interviews were held, successful post holder due to commence 17th July 2023. FIF application forms, guidance, and scoring criteria complete with stakeholder, WSOA and legal department input. Scoring panel/Technical Advisory Panel member list for the Financial Incentives Fund was approved by Project Board Comms and Marketing Plan commissioned and created by Urban Foundry which was presented to Project Board. Ongoing engagement with stakeholders to raise awareness of Financial Incentives Fund. FIF 'landing page' created on SBCD website to provide supplementary information for potential applicants. Technical Monitoring and Evaluation planning meetings held with Cardiff University Welsh School of Architecture to ensure collaboration with existing work and current opportunities. Subsidy Scheme finalised ready for uploading onto the WG Transparency Database. Secured £75k of funding from MCS to enable foundational work to be undertaken with schools and colleges, this is aligned to the skills strand of the project. Secured £250k Shared Prosperity Funding to create a HAPS Demo House in NPTCBC Completed first call for applications to the HAPS Financial Incentives Fund. Event with SO Modular in Neath has taken place, highlighting Modern Methods of Construction, using Welsh Wood – a supply chain within the region. 16 Applications approved for the HAPS Financial Incentives Fund. Supported the launch of Duracell's Home Battery – event held in The Botanical Gardens, Carmarthenshire.

Key Activities planned
<p>Project Development</p> <ul style="list-style-type: none"> • Host the Financial Incentives Fund Inception meetings (alongside Cardiff University Welsh School of Architecture) to begin the process of technical monitoring of approved schemes. • Continue to engage and work with stakeholders from UK/WG/LA's to gather information to support the scoping process for the HAPS Supply Chain Fund. • Continue to work closely with UK & Welsh Government to ensure the Optimised Retrofit Programme and ECO 4 Flex opportunities are maximised alongside HAPS funding. • Continue to plan stakeholder engagement and communication to ensure best practice is shared. • Continue liaison with Skills and Talent program to ensure opportunities to address skills shortages are addressed. • Continue to seek further funding opportunities to support the HAPS Benefits. • Continue attending relevant networking events to highlight HAPS and strengthen the information available

Outputs
<p>Project Outcomes</p> <ul style="list-style-type: none"> • Facilitate the adoption of renewable technologies in 10,300 properties (7,000 retrofits and 3,300 new builds) • Develop a regional supply chain of HAPS related renewable technologies • Technical Monitoring and Evaluation - determine the efficacy and impacts of renewable technologies on new build and existing housing stock • Establish knowledge sharing hub for all sectors <p>Project Outputs</p> <ul style="list-style-type: none"> • Reduction in energy use as a result of the additional technologies funded by HAPS for new build and retrofit homes, • New build = £564 per home Retrofit = £758 per home by 2033 • Reduction in greenhouse gas (GHG) emissions as a result of reduction in energy use, New build = £71 per home Retrofit = £99 per home by 2033

Supporting Innovation and Low Carbon Growth		Programme / Project Lead	
Local Authority Lead	Neath Port Talbot County Borough Council	Reporting Period	Brett Suddell
Project Delivery Lead	Neath Port Talbot County Borough Council		Q3 2023/24
SRO	Nicola Pearce		

Budget	
Total Budget	£58.7 m
City Deal	£47.7 m
Public	£5.5 m
Private	£5.5 m
Description	
<p>The Supporting Innovation and Low Carbon Growth (SILCG) programme has been developed to deliver sustainable growth and job creation in the Swansea Bay City Region, with a targeted focus on the Port Talbot Waterfront Enterprise Zone area. It aims to create the right environment for a decarbonised and innovative economy.</p> <p>The programme will support the green industrial revolution and will be delivered in partnership with industry, academia and government.</p>	

The Programme of interlinked projects comprises:

- Bay Technology Centre
- South Wales Industrial Transition from Carbon Hub (SWITCH) with Swansea University
- Hydrogen Stimulus Project with University of South Wales
- Air Quality Monitoring Project
- Low Emission Vehicle Charging Infrastructure
- Advanced Manufacturing Production Facility,
- National Net Zero Skills Centre of Excellence
- Property Development Fund

Key achievements

Project Development

- In relation to the outcome from JC and PB regarding the £5.3m of unallocated funding, an OBC has been submitted to both UK and Welsh Governments to build on the enhanced AMPF project incorporating a National Net Zero Skills Centre of Excellence (NNZSCoE), the NNZSCoE OBC has been endorsed by SILCG Programme Board, SBCD Economic Strategy Board along with the SBCD PB and JC. The UK and Welsh Governments we are pleased to report have approved the change request at their 13th and 19th December meetings.
- Outcome of the £5M EPSRC Grant application under the Place Based Innovation Accelerator Account funding call was successful. This involves Swansea University, Cardiff University and University of South Wales plus Neath Port Talbot Council and Welsh Government around "SWITCH to Net Zero Buildings". <https://www.ukri.org/news/41-million-to-enhance-uk-research-and-innovation-clusters/>.
- Launch of Innovate UK Launchpad, Secretary of State visit to Baglan Energy Park on 23rd October, as of 11th December (two days prior to official deadline) there were 30 CR&D projects and 20 MFA projects registered on the InnovateUK applications website.
- Attended SBCD Monitoring and Evaluation Sub Group
- Attended the Green Economy Conference on 23rd November
- Attended the Meet the City Deal event on 27th November in Yr Egin
- Met with ESB to discuss SILCG Programme
- Progressed work with Urban Foundry to help with the SILCG Brand and branding activities along with establishing an online presence
- Took part in Wales Climate Week on expert panel – Developing Skills for a Net Zero Industry in Wales – 6th December
- SILCG Programme Board took place 7th December
- Attended SBCD Construction & Community Benefits Subgroup on 13th December

Bay Technology Centre

- The Centre is now 42% let with a further three ground floor offices to be let subject to contract. Remaining units include
 Ground floor - 1 office, 4 labs, 1st Floor – 6 offices, 2 labs
 2nd Floor – 5 offices

SWITCH

- Ongoing design meetings and activities with Morgan Sindall to complete concept design RIBA stage 2
- The construction costs are currently over budget and work is ongoing to bring costs down (without impacting on outputs and outcomes).
- Industrial engagement with key stakeholders to provide updates and forward involvement.
- Undertaken a further iteration on outstanding issues within HoT document with Swansea University.
- £5m UKRI EPSRC PBIAA Net Zero Building award supporting research income target

Enhanced Advanced Manufacturing Production Facility & NNZSCoE

- Currently waiting on formal notification of the final approval from WG/UK which was secured at their 19th December meeting on the NNZSCoE OBC for the unallocated £5.3m this is expected in the new year.
- Plans in place to accelerate delivery of AMPF following approval
- Tender process to procure operator(s) will commence in the new year.

- Ongoing meetings with stakeholders

Property Development Fund

- 5 projects from Stage 1 now under stage 2 of the application process.
- Individual timeframes set depending on stage of development/requirements.
- Three applications sought approval at SILCG Programme Board on 7th December, all approved pending minor clarifications.
- PDF round 2
 - 23rd Nov Press release issued for Eol enquiries.
 - Deadline for submission 31/12
 - 1st stage submission deadline 23/02/24

Hydrogen Stimulus Project

- Funding agreements have now been signed by both parties
- USW have made significant tangible project progress on installation of equipment. Installation and commissioning of the new 100kW Hydrogen Electrolyser at the Baglan Hydrogen Centre is being conducted with contractors.
- As a result of the successful commissioning of the facility, hydrogen produced at site in Baglan is being used to support a Hydrogen bus trial by South Wales Transport and Hydrogen Vehicle trials in the Swansea Bay City Region.
- A consortium led by Bath University, including Cardiff, Swansea and USW have been awarded a £4m PBIAA by EPSRC focusing specifically on hydrogen and carriers for cross sectoral application. USW Hydrogen Centre will be used as the key regional research centre for this activity.
- A €3.4m European Horizon project H2SHIFT, led by SNAM of Italy, with has been awarded to develop further hydrogen testing facilities, including development of electrolytic hydrogen testing facilities at USW Baglan.

Air Quality Monitoring Project

- Due to staff changes there has been a delay in the official reporting the initial field study element.
- A new Air Quality Officer has now joined the team
- The deployed Vortex sensor network has experienced some significant difficulties since January 2023. New version of sensors is now available and discussions to replace some existing sensors are ongoing.
- The Ricardo draft data analysis report for year 1 has recently been received and is currently being reviewed.

Low Emission Vehicle Charging Infrastructure

- Neath Port Talbot Zero Emission Vehicle Infrastructure Strategy Document in development
- 23rd Nov – Hosted CENEX Cymru roadshow event on behalf of WG replicating similar events held in England. Venue TATA Steel Academy. Well attended event.
- Exploring potential to set up NPT project showcasing different on street charging options for residents in a number of different accommodation settings

Key Activities planned next Quarter

Project Development

- Urban Foundry workshop to take place with project leads – develop SILCG logo and individual project logos along with guidelines for use etc.
- Letters of Support and input into second round of Green centres of excellence UKRI funding call if Eol applications are successful

Bay Technology Centre

- Make available space for strategic partners, including UKSPF Strategic Projects in a hot desk office located on ground floor.
- Look to promote and sign up additional tenants

SWITCH

- Further design meetings to be held
- HoT to be progressed and sent to SU for sign off

Advanced Manufacturing Production Facility

- WG will set up meetings to engage HEI and F&S around AMPF

- Visits planned to local HEI partners
- Progress Land negotiations with WG

Property Development Fund

- The project team will continue to support applicants and at least two applications are expected during the next month.
- Assessments by the QS will continue and it is anticipated that the team will receive their report during this period.
- Progress the second open call to invite applicants for a further round of funding.

Hydrogen Stimulus Project

- Further development of the technical aspects of the Hydrogen Stimulus project will take place, including finalising designs for the upgraded hydrogen vehicle refuelling facility at the Baglan Hydrogen Centre.
- Ongoing supply of hydrogen from the USW/Protium Electrolyser at the Baglan Hydrogen Centre will
- Hydrogen Projects stimulated by this activity will continue to be explored in NPT and within the Swansea Bay City Region.
- Preparation for the commencement of the SWITCH PBIAA, GW-SHIFT PBIAA and H2SHIFT projects will continue – aiming for formal start on 1st January 2024.

Air Quality Monitoring Project

- Take forward the field trial report from Ricardo and work out the next steps.
- Discuss condition of network with Ricardo and obtain upgrade costs proposals.

Low Emission Vehicle Charging Infrastructure

- Develop procurement routes for commercial collaboration on ULEV TF Project
- Prioritise PFAs leading from NPT ZEVIS
- Develop ‘Fast Track’ programme from PFAs

Outputs

Project component	Expected Outputs
Technology Centre	Construction of an energy positive hybrid commercial building (2500 m2) completed
SWITCH	Specialised open access facility created to enhance applied research for steel & metals industry (4000 m2)
	Provision of specialised equipment to enhance research for steel & metals industry
Hydrogen Stimulus Project	Increase capacity for hydrogen production at the Hydrogen Centre at Baglan Energy Park
Air Quality Monitoring Project	Procurement & installation of 70 sensors in and around the Port Talbot Air Quality Management Area (AQMA)
LEV Charging Infrastructure	Regional strategy for LEV charging
Advanced Manufacturing Production Facility	Specialist hybrid facility providing a range of industrial / production units with pilot line and office space (4000 m2)
	Provision of open access specialist equipment advised by industry with academia input
Property Development Fund	Property Development Fund targeted on the Port Talbot Waterfront Enterprise Zone (expected premises created 6000 m2)

Project Title	Pentre Awel	Programme / Project Lead	Alex Williams
Local Authority Lead	Carmarthenshire County Council		

Project Delivery Lead	Carmarthenshire County Council	Reporting Period	Q3 2023/24
SRO	Chris Moore		

Budget	
Total Budget	£199.19m
City Deal	£40m
Public	£51
Private	£108.19
Description	
<p>Proposed for an 83-acre site at Delta Lakes in Llanelli, Pentre Awel will be the first development of its kind in Wales. The project will include the co-location of academic, public, business and health facilities to boost employment, education, leisure provision, health research and delivery, and skills and training.</p> <p>City Deal will provide the requisite investment for business incubation and acceleration facilities, laboratory space, testbed capabilities, a well-being skills centre, clinical research centre and a clinical delivery centre to deliver multi-disciplinary care closer to home. The design for Zone 1 will create an ‘ecosystem’ by facilitating joint working across traditional boundaries, integrating education and training programmes within a clinical setting and fostering interface between health and leisure for the benefit of population health.</p> <p>Pentre Awel will include state-of-the-art leisure centre funded by Carmarthenshire County Council.</p> <p>A network of integrated care and rehabilitation facilities will also be provided on site to enable the testing and piloting of life science technologies aimed at enhancing independent and assisted living.</p> <p>Assisted living accommodation will also feature, along with a nursing home, expansion space for businesses, elements of both open market and social and affordable housing, and a hotel.</p>	

Key achievements in Q3 2023/24
<p>Construction:</p> <p>As of 19th December 2023, the Zone 1 construction works are in week 46. Works continue to progress well and to the agreed programme with significant aboveground works to the frame of the building (superstructure) in the period:</p> <ul style="list-style-type: none"> • The erection of the steel frame has been completed on four of the five buildings with the last scheduled for January 2024. • Over two thirds of pre-cast concrete planks have been installed together with the commencement of curtain walling and facade for Building B (Swansea University demise). • The hydrotherapy, learner and main pools have been cast with the hydrotherapy pool passing a 10 day water test. • Footpath works are advancing to programme and the car park has been opened to subcontractors and visitors. <p>Community Benefits:</p> <ul style="list-style-type: none"> • 961 person weeks of TR&T delivered during the construction phase to date, inclusive of 20 apprentices. • BYUK has interacted with 584 pupils and delivered 86 hours of engagement. • Funded by City Deal Skills & Talent, the 12 week CCC/BYUK Real World Learning (RWL) project in which 5 Llanelli schools undertook a ‘real life’ design challenge culminated on 21st November 2023 with a judging event. The project was a success, providing experiential learning and mentorship for all participants. • CCC and BYUK have tested the CLES model which quantifies the local economic impact of the construction spend. In the first round of reporting for Pritchards’ activity in October and November, it has employed 13 individuals from Carmarthenshire (generating a local economic impact of £73,000) and used 8 suppliers within the Carmarthenshire area (generating a local economic impact of £84,000). <p>Project Update:</p> <ul style="list-style-type: none"> • A Pentre Awel Business and Innovation Strategy has been drafted and shared with the project Steering Group on 18th December. 2023. The strategy sets out the high level principles and methodology for sectors/businesses to be engaged onsite. • Swansea University has signed an Agreement to Lease for its demise within Zone 1. • The designs for the Health Board’s Clinical Delivery Unit has now been agreed and the agreement to lease has almost been finalised.

- Dialogue continues with FE and HE providers to explore the viability of ‘Teach and Treat’ within Zone 1 across a number of disciplines including pharmacy, optometry and dentistry, as well as a number of options around more vocational skills.
- Working Group convened to take forward Zones 2 and 3 of Pentre Awel.
- Completion of optioneering exercise for outdoor activities / projects at Pentre Awel. From an initial longlist of 40 options, 28 outdoor activities met the shortlisting criteria; 6 fell just short and 4 recorded an unsuitable score.

Key Activities planned Q4 2023/24

- Zone 1 construction: final design meetings to sign-off drawings/c-sheets prior to the start of dry-lining activity on site
- ‘Topping Out’ event to be held end February 2024
- CCC to contact all Carmarthenshire businesses on its database in the New Year to raise awareness of ‘sublet’ opportunities focusing on ‘internal’ trades.
- Finalise lease agreements with Hywel Dda UHB
- Finalise and launch Business and Innovation strategy and develop marketing literature
- IRCF bid to be developed and submitted in February 2024 to cover additional capital funding required for Zone 1.

Outputs

- 961 weeks of TR&T delivered on the project to date.
- 584 pupil interactions achieved during the construction stage and 86 hours of schools engagement.
- 60 pupils from local primary and secondary schools have been recruited to Bouygues’ Student Ambassador Programme.

Project Title	Digital Infrastructure Programme	Programme / Project Lead	Rebecca Llewellyn / Dija Oliver
Local Authority Lead	Carmarthenshire County Council		
Project Delivery Lead	Carmarthenshire County Council	Reporting Period	Q3 2023/24
SRO	Jason Jones		

Budget	
Total Budget	£55m
City Deal	£25m
Public	£13.5m
Private	£16.5m

Description

To significantly improve digital connectivity throughout the City Region for the benefit of businesses and residents, also helping to attract inward investment. The project is made of up of three Project workstreams:

- Connected Places
- Rural connectivity
- Next generation wireless (5G and IOT networks)

Key achievements

- PSBA FFIB order placed, with surveying stage underway. Project in delivery to drive FTTP to 68 public sector assets with additionality to 401 premises and investment of £1.7million across the region.

- Dark Fibre tender live. Evaluation and appointment of preferred supplier in January 2024.
- 5G Investment Fund live and open for applications from public sector partners and SBCD projects and programmes.
- First 5G Investment Fund of £1.55 million awarded to Campuses project for 5G Living Lab.
- Gateway Review 0 completed – Programme received GREEN/AMBER DCA rating – full report presented to programme board in November 2023.
- Completion of Gateway Review recommendations including detailed programme plan for remainder of programme including critical decision points, resource requirements, and dependencies.
- Completion of Benefits Realisation procurement and appointment of supplier (FarrPoint) for remainder of programme – including final economic evaluation.
- Created overarching communications plan for programme.
- Established plans and timescales for significant Shared Rural Network (SRN) investment across the region working with UK and Welsh Government.

Key Activities planned

- Continued analysis of NROMR data and Project Gigabit intervention areas to identify preferred way forward to meet remaining needs across the region.
- Plan and host 5G barrier busting event.
- Utilising e-mail marketing for stakeholder communications and implementing for Q1 2023-24.
- Supporting Local Authorities with ongoing Digital Infrastructure interventions and investment.
- Programme risk mitigation ongoing.
- Market engagement with operators and suppliers ongoing.
- Additional lobbying for, facilitating, and supporting of private sector investment

Outputs

- More public sector assets with gigabit capable FFTP connections.
- Increased, future proofed DUCT / asset infrastructure.
- Regional Innovation Network established.
- 5G Testbed(s) deployed.
- More mobile infrastructure.
- Community based interventions delivered.

Project Title	Swansea City & Waterfront Digital District	Programme / Project Lead	Huw Mowbray
Local Authority Lead	Swansea Council		
Project Delivery Lead	Swansea Council	Reporting Period	Q2 2023/24
SRO	Martin Nicholls		

Budget	
Total Budget	£175.35m
City Deal	£50m
Public	£85.38m
Private	£39.97m
Description	

To boost Swansea city centre’s economic well-being at the heart of the City Region’s economy, while retaining local tech, digital and entrepreneurial talent. This project includes:

- A digitally enabled indoor arena in the city centre for concerts, exhibitions, conferences and other events
- A ‘digital village’ development in the city centre to accommodate the city’s growing tech and digital business sector
- Innovation Matrix development at the University of Wales Trinity Saint David’s new Swansea waterfront campus to enable start-up company support and growth

Key achievements

Digital Arena

- SC project team continuing with final snagging works for areas surrounding the Arena.
- Hotel: Council could not progress with the preferred developer. Team will be taking hotel options back out to market early 2024.

71/72 Kingsway Construction:

- Topping out ceremony took place end of October 2023. The Contractor has updated the programme which now shows a completion date of end March 2024 – a Change Notification has been submitted to PMO team.
- Work is progressing on internal tenant demises – design work being progressed.
- External Signage design and scope being finalised.
- Plans are being progressed to lay ducting for fibre connection through the city centre and up to 71-72 Kingsway.
- Digital and data specialist knowledge is being utilised to facilitate the internal digital infrastructure.

71/72 Kingsway Commercials:

- Flex tenant HoT's in advanced discussions and final location in building agreed.
- 2nd floor tenant HoT's progressing.
- Managing agents have been appointed for the building (Savills) and inception meeting has taken place.
- Work is ongoing to establish Service Charges and landlord costs.
- Letting, Marketing and Branding agents are continuing discussions with potential occupiers and all interest is being followed up

Key Activities planned

Arena

- Progress Hotel delivery options.

71/72 Kingsway

- Finalise Heads of Terms with Flex Tenant and 2nd floor tenant.
- Complete Procurement for Landlord fit out and finalise stage 4 fit out design.
- Progress Managing Agent mobilization and Building Management Strategy.

Outputs

- Physical delivery of arena (circa 80,000 square feet with a 3,500-capacity), along with digital square is on track.
 - Physical delivery of 71/72 The Kingsway, which will comprise circa 115,000 square feet of office space.
 - Discussions on-going with UWTSB about their element of the project (Innovation Precinct).
- Caveat: Covid 19 could have an impact on jobs and GVA.*

Project Title	Yr Egin - Creative Digital Cluster	Programme / Project Lead	Geraint Flowers
Local Authority Lead	Carmarthenshire County Council		
Project Delivery Lead	University of Wales Trinity Saint David	Reporting Period	Q3 2023/24
SRO	Professor Elwen Evans		

Budget	
Total Budget	£25.17m
City Deal	£5m
Public	£18.67m
Private	£1.5m
Description	
<p>To support and further develop the region’s creative industry sector and Welsh language culture, led by University of Wales Trinity Saint David campus in Carmarthen. Phase 1 was completed in September 2018 and features:</p> <ul style="list-style-type: none"> National creative sector anchor tenants World class office space for local and regional creative sector SMEs, with opportunities for expansion Facilities for the community and business networking <p>Facilitating engagement between businesses and students as well as accommodating dynamic growth of the creative and digital industries within Carmarthenshire and SW Wales.</p>	

Key achievements
<p>Project Development</p> <ul style="list-style-type: none"> University has engaged expert consultants to develop a proposal centred around the provision of a Digital Production Facility in existing University space. University has begun drafting Change Notification that will encapsulate the proposed change to the Egin Phase 2 project Key concept and equipment requirements developed
<p>Key Activities planned</p> <ul style="list-style-type: none"> University to complete initial Change Notification to evidence the requirements for Egin Phase 2 and document the rationale behind the change in delivery methodology Ongoing financial development to understand new project cost requirements etc. Further engagement with creative and digital sector to ensure that the proposed Egin Phase 2 project will satisfy requirements going forward Survey of proposed location for Egin Phase 2 along with design and development work commencing

Project Title	Skills and Talent	Programme / Project Lead	Samantha Cutlan
Local Authority Lead	Carmarthenshire County Council	Reporting Period	Q3 2023/24
Project Delivery Lead	South West Wales Regional & Skills Partnership		
SRO	Andrew Cornish		

Budget	
Total Budget	£30m
City Deal	£10m
Public	£16m
Private	£4m
Description	

To develop a sustainable pipeline of regional talent to benefit from the high-value jobs City Deal projects will generate in growth sectors for the region. This includes the potential to develop skills through courses and training and apprenticeship opportunities aligned to City Deal projects and regional priorities, as well as a partnership approach involving schools, universities, businesses and training providers across the region to identify need and resolve skills development gaps.

Key achievements

Business Case Development

- 17 Pilot project applications have now been approved by RLSP board and are in delivery.
- Gateway Review completed resulting in a 2nd Green Rating.
- Barometer Reviewed and Updated. Feedback from Cluster groups received regarding Sector Skills gap analysis, with discussions ongoing on developments of Pilot Projects to meet those needs.
- Development of Website.

Key Activities planned

- Receive and review further pilot project applications.
- Increased marketing and events
- Barometer data being reviewed and updated with a further focus on capacity.
- Website update being completed with a view of increased marketing activity and website updates to raise awareness of Programme and stimulate further pilot applications.
- Ongoing discussions with interested parties regarding further pilot project development to meet with the skills gaps identified through the skills barometer.

Outputs

- Create 14,000 individuals with increased level of skills within 10 years
- Create at least 3000 new apprenticeship opportunities, to include level 3 to Degree apprenticeships.
- Create Centre of Excellence for specific sectors.
- 2,200 additional skills
- 20 new course frameworks updated/created
- 2 Centres of excellence
- Create a clear career pathway through school, FE, HE and apprenticeship and into the world of work.

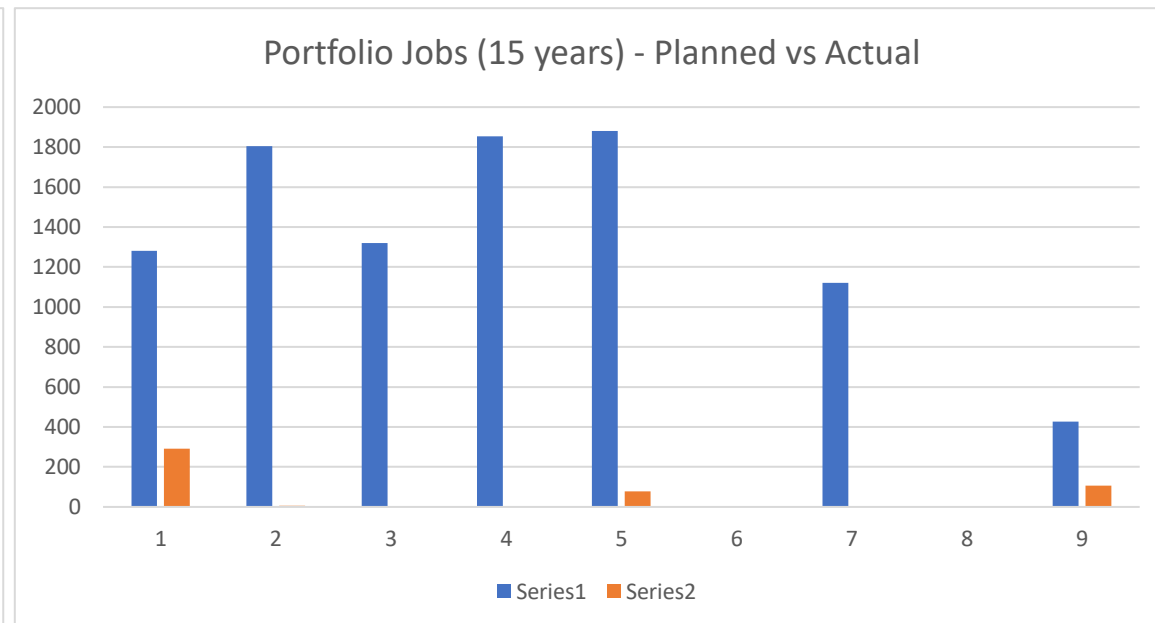
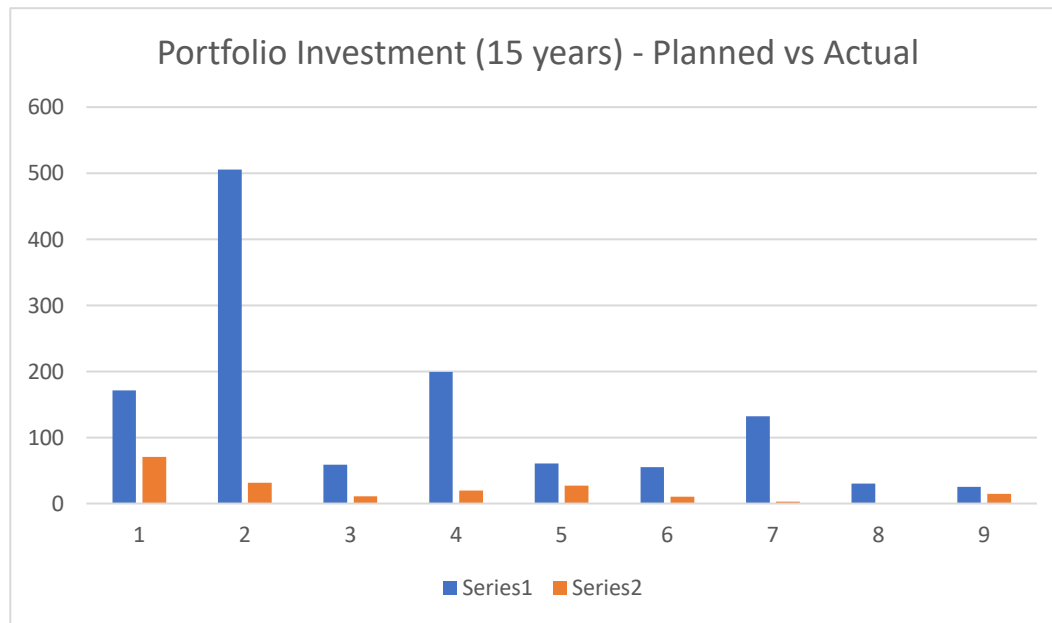
ANNEX 1

RAG Status	
R	<p><i>Major problems identified which mean the programme / project is unlikely to deliver the agreed scope to the required standard on time or on budget, or to deliver the expected benefits.</i></p> <p><i>Remedial plans are not proving effective.</i></p> <p>Escalate to programme / project sponsor for support to resolve.</p>
A	<p><i>Some problems identified which may put the programme / project's scope, time, cost, and/or benefits at risk. Remedial plans are in place and are being monitored to ensure that risk is mitigated.</i></p> <p>Highlight to programme / project sponsor for visibility and awareness.</p>
G	<p><i>Programme / Project is proceeding according to plan. Risks/issues are being managed within the programme / project.</i></p> <p>No need to escalate to next level.</p>

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Swansea Bay City Deal Benefits Recording Register - Portfolio Summary

Project/Programme	Total Investment Target (£m)	Total Investment to date (£m)	Total Jobs Target	Total Jobs Created	Business Case Status	Project Stage	Stage Commencement	Stage Completion
Swansea Waterfront Digital District	171.54	95.10	1281	306	Approved - FBC	Partial Delivery (2/4)	Oct-19	Q4-2027
Homes as Power Stations	505.50	48.57	1804	10	Approved - OBC	Pre-procurement	Jul-21	Q1-2022
SILCG	59.60	10.88	1320	17	Approved - OBC	Partial Delivery (2/7)	Nov-20	Q4-2025
Pentre Awel	200.50	30.46	1853	21	Approved - FBC	Construction	Feb-23	Q4 2024
PDM	63.90	44.57	1881	77	Approved - OBC	Partial Delivery (1/4)	Sep-21	Q1-2024
Digital Infrastructure	69.10	22.20	0	13	Approved - OBC	Capital funding partial delivery (2/3 workstreams) Revenue in delivery	Oct-23	Q3 2026
Campuses	131.98	2.22	1120	4	OBC regionally approved	Pre-approval	Jul-21	Q1-2022
Skills and Talent	30.50	2.80	0	2	Approved - FBC	Delivery	Nov-21	Q4-2025
Yr Egin	25.17	15.07	427	117	Approved - FBC	Partial Operation (1/2)	Sep-18	Q4-2023
	1257.79	271.86	9686	567	N.B There are also in excess of 100 Part Time jobs which have been created by the Arena since opening, after 12 months of operations these will be reviewed to determine an appropriate FTE allocation			
		21.61%		5.85%				



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Portfolio Gateway Review 2023-24 Recommendation Action Plan

ID	Recommendation	Priority	Actions	Target Date	Lead	Sign Off	Status	Dependencies	Update
Gate001	Reinforce communication of the strategic, regionalised approach, both internally and externally, in order to embed further the understanding of the sum of the parts rather than simply individual project benefits.	Recommended	Update the Portfolio Communications and Marketing Plan with emphasis to enhance comms in relation to a regional perspective Calender engagement events including regional showcase events Establish collaborative sub groups for SBCD cross cutting issues and approaches	Jul-24	PoMO	PB/JC	In Progress	Engagement of Projects and Programmes in events and sub-groups	Meet the City Deal Pembrokeshire event held 20th July and Carmarthenshire event held on 27th November. Portfolio representation at Careers Wales events, Welsh Business shows, Welsh Construction show and Intro Biz Expo in October Established SBCD Construction and Community Benefits sub group and Monitoring and Evaluation Task and Finish Group. Meetings held and schedule of future meetings set
Gate002	Further develop the benefits management approach to shift the focus to sustainable social and economic uplift, not just enablers.	Recommended	Establishment of an Evaluation Task and Finish group Portfolio M&E plan / benefits realisation plan to be updated with detail on the measurement and evaluation of outcomes and impacts Projects and programme to update benefits realisation plans and registers Develop best practice in collaboration with other City and Growth Deals	Jul-24	PoMO	PB/JC	In Progress	Project and programmes to engage with the Task and Finish group and the development of benefit realisation plans	SBCD Monitoring and Evaluation Task and Finish Group established. Monthly meetings held from August to engage with project leads and agree approach to evaluation. Draft Evaluation Framework to be circulated in Meetings held with project teams to clarify requirements for benefits realisation and reporting. Benefits registers, profiles and maps being developed at a project level Engagement initiated with other City and Growth Deals to identify best practice
Gate003	Review and refresh the Portfolio Governance structure, considering potential options to integrate within the new Corporate Joint Committee structure, update the terms of reference and membership of the governance bodies should options progress.	Essential	Discussions amongst CEXs / Leaders and key LA Officers relating to the alignment between CJC and SBCD governance structures	Dec-23	SRO / NPT CEX	JC	In Progress	Outcome of discussions among regional authority Leaders and CEXs	Discussions ongoing
Gate004	Emphasise the focus on Dependencies and Opportunities, particularly in respect of private sector investment and clarity surrounding the respective responsibilities for harnessing and driving emerging prospects.	Recommended	Clarity of roles particularly in relation to private sector engagement that leads to collaborations and securing of investment SBCD stakeholders to work with ESB members to identify private sector investment opportunities. PoMO to undertake scoping exercise to assess opportunities for engagement of ESB in SBCD projects Review the portfolio opportunity management approach (esp private sector) across the portfolio	Jul-24	PoMO / PMs	PB	In Progress	Engagement of Projects and Programmes with ESB and potential collaborations	ESB involvement in the development of project proposals and engagement being promoted across the portfolio as projects are developed and delivered. ESB Test and Challenge session held in October to discuss the Enhanced AMPF OBC PoMO and projects and programmes supporting proposals for the funding and establishment of synergistic initiatives within the region

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SBCD Internal Audit Report Action Plan 2022/23

No	Rec	Recommendation	Grade	Timescale for Action	Response	Progress Update	Owner	Status
1	Monitoring Arrangements	As each of the Programmes/Projects move into full delivery, quarterly monitoring reports presented to the Joint Committee and Programme (Portfolio) Board should be developed to incorporate enhanced financial monitoring, including whether expenditure is in line with forecasts and whether grant drawn down is in line with the agreed funding profile. Reporting would also benefit from enhanced data regarding delivery timescales. This would provide correlation and synergy between project progress and financial reporting	Important	Q1 2023/24	Enhancements will be made to the project/programme financial monitoring as per recommendation from Q1 2023/24. This will be embedded with the existing quarterly monitoring arrangements, including the monitoring of forecasted/actual delivery timescales. In addition, the PoMO will continue to work with SROs and PMs to ensure the change management process is adhered to, with a particular focus on detailing financial and timescale changes in a timely manner.	Brief explanations accompany quarterly financials. Details could include the reasons for adjustments to forecasted figures in terms of costs or timeframes, including slippage within the financial year or across the delivery lifecycle.	Steven Aldred-Jones	On-going
2	Change Management	The change notification process (including potential baseline thresholds) should be clearly defined, to provide clarity to Programmes/Projects as to when they need to comply with the change notification process, and bring consistency across the Portfolio	Important	Q2 2023/24	The PoMO will clarify the process and continue to send a consistent message out to all SROs/PMs to submit change notifications, reducing ambiguity on the process. In addition, a review of the Change Control Procedure and thresholds will be undertaken through consultation with key SBCD stakeholders.	11/11/23 Meeting scheduled for 12 th December 2023 with SEC151 Officer to discuss and agree approach to thresholds. Once agreed, the Change Control process / guidance to be reviewed with PMs/SROs and updated as necessary 12/12/23 Meeting held with SEC151 Officer and PoMO to discuss proposal. Paper to be submitted to Programme Board in February.	Jon Burnes	On-going

SBCD Internal Audit Report Action Plan 2022/23

3	Effect of inflation and construction price rises	Regular updates on the impact of the current financial climate should be tabled as standing agenda items for the Programme (Portfolio) Board to enable regular monitoring on the impact of the current climate on the Portfolio. This should include periodic updates to the financial assessment, and regular review of the mitigating actions developed to ensure they are deliverable and achieving the intended benefit. Periodic updates on the forecast pressure and mitigating actions should also be provided to the Joint Committee, to keep them fully apprised of the matter.	Important	Q1 2023/24	The rising costs and inflationary pressures will continue to be monitored and mitigated as a red risk to the SBCD Portfolio. The Monthly Construction Impact Assessment and Construction Cost Mitigation Assessment documents will be merged and reported to JC from Q1 2023/24. This will include all project/programme details on the financial pressures (risks and issues) and mitigating actions either planned or taking place.	02/11/23 The monthly Construction Impact Assessment and Cost Mitigation documents have been merged and reported to JC since Q1 2023/34. The report format has since been revised and submitted to Programme Board in Oct-23. PoMO continues to monitor inflationary impact, rising construction costs and effect of mitigating actions. SROs and PMs are required to notify the PoMO and record key changes via the change management process and submit appropriate paperwork via their local and SBCD regional governance arrangements.	Jon Burnes	On-going
4	Budgetary Control	The development of the Swansea Bay City Region budget for 2023-24 should be concluded at the earliest opportunity (recognising that a five-year budget has previously been approved by the Joint Committee). Moving forward, arrangements should be made to ensure that draft budgets are presented for approval prior to the start of the upcoming financial year.	Important	July 2023	Budget will be presented to the next Programme Board and JC. However, the operation of the City Deal is based on the 5-year budget which has been previously presented to JC. Therefore, the budget report will be an update on the 5-year budget. The budget and the budget monitoring report does recognise the partner contributions have ended in the 2022/23 and the expectation is that the 1.5 % top slicing of funding will continue to fund the PoMO. This top slicing contribution has been lower in previous years than profile and will allow the additional funding moving forward. A new Finance Manager has now been appointed and is due to commence at the beginning of July 2023.	The 2023/24 JC budget is being finalised.	Chris Moore / Steven Aldred-Jones	On-going

5	Grant Funding	Grant claim forms should be used by all Programmes/Projects when requesting funding from Swansea Bay City Deal. Programmes/Projects in delivery should be advised that quarterly grant claims should be submitted, to allow funding to be distributed to lead bodies in a timely manner. Additionally, verification of the grant claim forms should be undertaken prior to payment being made, to ensure the total value of grant paid does not exceed the balances included within the payment profile.	Critical	Immediate	A reminder will be sent to Project Managers in respect of grant claim forms being submitted on a timely basis. The slight over payment on the scheme, was due to the current lack of Finance Officer being post but also a misunderstanding on the value of the claims. This was identified at the time of payment and will be adjusted in the next claim.	Payments are not made to partners unless an appropriately authorised claim form is received from the partner. Payments are then made in line with the profile to ensure the value paid does not exceed the payment profile.	Chris Moore / Steven Aldred-Jones	Complete
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Swansea Bay City Deal Programme and Project Procurement Pipeline Design and Construction phase

Updated January 2024

Programme	Lead body	Project(s)	Procuring body	Contract Value	Procurement route	Design date (Cal Yr)	Procurement date (Cal Yr)	on site date (Cal Yr)	Completion date (Cal Yr)
Swansea City Waterfront Digital District Page 519	Swansea Council	Indoor arena and digital square	Swansea Council	£105m	Buckingham Group Contracting Ltd appointed	2018	Q4 2019	Q4 2019	Q4 2019
		Arena (ATG) Food and Drink Building services	ATG / Swansea Council	various	Sell2Wales, tbc		Q2 2022		Q4 2021
		71-72 Kingsway office accommodation	Swansea Council	Circa £49.6m	Bouygues UK appointed via SWWRC Framework	2020	Q3 2021	Q4 2021	Q1 2024
		Innovation Matrix	UWTSD	Circa £9m	Procured - Kier PAGABO Framework	2022	Q4 2021	Q1 2023	Q2 2024
		Innovation Precinct	UWTSD	Circa £17.42m	SWWRC Framework (TBC)	2023	Q1 2025 (Predicted)	Q2 2025 (Predicted)	Q3 2026 (Predicted)

Programme	Lead body	Project	Procuring body	Contract Value	Procurement route	Design date (Cal Yr)	Procurement date (Cal Yr)	on site date (Cal Yr)	Completion date (Cal Yr)
Yr Egin	UWTSD	Creative Business Hub Phase 1	UWTSD	Circa £10.48m	KIER – via SEWSCAP2 Completed	Dec 2015	March 2016	March 2017	Completed July 2018
		Creative Business Hub Phase 2	UWTSD	tbc	tbc	Q3 2022 – Q1 2024	Q3 2024 (anticipated)	Q1 2025 (anticipated)	Q4 2025 (anticipated)

Swansea Bay City Deal Programme and Project Procurement Pipeline Design and Construction phase

Updated January 2024

Programme	Lead body	Project	Procuring body	Contract Value	Procurement route	Design date (Cal Yr)	Procurement date (Cal Yr)	on site date (Cal Yr)	Completion date (Cal Yr)
Digital infrastructure	Carmarthenshire CC	Connected places	Carmarthenshire County Council	£20m	Various	Q3/Q4 2022	Q3/Q4 2023	Q2 2024	Q4 2025
		Rural connectivity	TBC	£25.5m	tbc	Q1 2024	Q2 2024	Q4 2024	tbc
		Next generation wireless (5G and IOT networks)	TBC	£9.5m	Grant fund	Q1 2023	Q4 2023	Various	Q4 2025

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Programme	Lead body	Project	Procuring body	Contract Value	Procurement route	Design date (Cal Yr)	Procurement date (Cal Yr)	on site date (Cal Yr)	Completion date (Cal Yr)
Skills and Talent Initiative	Carmarthenshire CC	Courses, training and apprenticeship opportunities	TBC		tbc	Q2 2022	Q3 2022	Q4 - 2022	Q1 - 2023

Programme	Lead body	Project	Procuring body	Contract Value	Procurement route	Design date (Cal Yr)	Procurement date (Cal Yr)	on site date (Cal Yr)	Completion date (Cal Yr)
SBCD Campuses	Swansea University	Phase 1a Morryston refurbishment	SU/SBUHB	Circa £1.25m	SWWRFC/Sell to Wales	Q3 2023	Q1 2024	Q4 2024	Q4 2024
		Phase 1b Campuses Building	Swansea University	Circa £17.22m	Design and Build SWWRFC/SEWSCAP	Stage 2 Q4 2022	Stage 3 Q3 2023	Stage 4 Q2 2024	Q2 2026

Swansea Bay City Deal Programme and Project Procurement Pipeline Design and Construction phase

Updated January 2024

Programme	Lead body	Project	Procuring body	Contract Value	Procurement route	Design date (Cal Yr)	Procurement date (Cal Yr)	on site date (Cal Yr)	Completion date (Cal Yr)
Pentre Awel	Carmarthenshire County Council	Zone 1	CCC	£84m	Two stage design and build via SWWRCF Framework (BYUK procured)	2018 - 2023	Q3 2021	Q4 2022 enabling works Q1 2023 Construction.	Zone 1 Q4 2024

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Programme	Lead body	Project	Procuring body	Contract Value	Procurement route	Design date (Cal Yr)	Procurement date (Cal Yr)	on site date (Cal Yr)	Completion date (Cal Yr)
Homes as Power Stations	Neath Port Talbot CBC	Monitoring and evaluation services	NPTCBC	£1m	Sell 2 Wales	2021 Q4	2022 Q1	Q1 2023	Q4 2027
		HAPS financial incentives fund	NPTCBC	£5.75m	Fund – to be advertised to all	2021 Q4	2023 Q1 – fund launch	Q3 2023 First round complete	
		HAPS regional supply chain fund	NPTCBC	£7m	Fund – to be advertised to all	2021 Q4	2024 Q2 – initial call fund launch		

Swansea Bay City Deal Programme and Project Procurement Pipeline Design and Construction phase

Updated January 2024

Programme	Lead body	Project	Procuring body	Contract Value	Procurement route	Design date (Cal Yr)	Procurement date (Cal Yr)	on site date (Cal Yr)	Completion date (Cal Yr)
Supporting Innovation and Low Carbon Growth	Neath Port Talbot CBC	Bay Technology Centre	NPTCBC	Circa £7.9m	SWWRC Framework Morgan Sindall (main contractor)	Q3 2019	Q2 2020	Q3 2020	Q4 2022
		SWITCH Specialist facility (construction)	NPTCBC	Circa £15m	SWWRC Framework	Q2 2022	Q3 2022	Q1 2024	Q2 2025
		SWITCH Specialist equipment	NPTCBC	Circa £5m	tbc	Q2 2022	Q1 2025	Q2 2025	Q3 2025
		Low emission vehicle charging infrastructure	NPTCBC	Circa £0.5m	tbc		Q3 2022		Q1 2023
		Air quality monitoring sensors	NPTCBC	Circa £0.5m	Procured	Q4 2019	-	-	-
		Hydrogen stimulus project	NPTCBC	Circa £1m	tbc	Q3 2022	Q3 2022		
		Advanced manufacturing Production facility (construction)	NPTCBC	Circa £12m	SWWRC Framework	Q1 2023	Q3 2023	Q1 2025	Q2 2026
		Advanced manufacturing Production facility Specialist equipment	NPTCBC	Circa £5m	Tbc	Q4 2022	Q1 2026	Q2 2026	Q2 2026

Swansea Bay City Deal Programme and Project Procurement Pipeline Design and Construction phase

Updated January 2024

		Advanced manufacturing Production Facility End operator	NPTCBC	Tbc	Sell2wales	Q4 2025	Q2 2026		
		Property Development Fund	NPTCBC	Circa £10m	Fund – to be advertised to all Third parties to procure construction				

Programme	Lead body	Project	Procuring body	Contract Value	Procurement route	Design date (Cal Yr)	Procurement date (Cal Yr)	on site date (Cal Yr)	Completion date (Cal Yr)
Pembroke Dock Marine	Milford Haven Port Authority	Pembroke Dock Infrastructure							
		a) Hanger Annex Renovations	MHPA	£5.2m	MHPA Procedures (Design) only Sell2 Wales - Construction	Q2 2019/20	Q1 2021	Q3 2021	Q1 2023
		b) Amenity and pocket park	MHPA	£300k	Sell2Wales	Q2 2023	Q4 2023	Q2 2024	Q4 2024
		c) Slipway, berthing & Infilling the Pickling Pond	MHPA	£14m	Sell2Wales	Q4 2019 to Q4 2021	Q4 2020 to Q2 2021	Q2 2022	Q4 2023
		d) Land Remediation and laydown at south of site	MHPA	£6m	Sell2Wales	Q3 2020	Q2 2021	Q2 2022	Q1 2024
		e) Infilling of the Graving dock	MHPA	£3m	Sell2Wales	Q1 2021	Q3 2022	TBA	TBA

Swansea Bay City Deal Programme and Project Procurement Pipeline Design and Construction phase

Updated January 2024

Page 524	f) Terrestrial development, demolitions, levelling, transportation corridor and Utility provisions.	MHPA	£6.4m	Sell2Wales	Q2 2022	Q4 2022	Q2 2023	Q4 2024	
	Marine Energy Engineering Centre of Excellence								
	Materials for prototypes	OREC	£100k	Sell to Wales / Find a Contract (value dependant)		Q3&4 2021 Q1-4 2022 Q1-4 2023	Q3/Q4 2021 Q1-4 2022	Q1 2022 2022 – Q1 2023	
	Vessel hire for deployments in META		£26k	Sell2Wales		Q3 2021	On Going	On Going	
	Meta berthing fees		£196k	SSJ		Q4 2021	On Going	On Going	
	X Band Radar		£84k	Sell to Wales / Find a Contract (value dependant)		Q3 2022	Q1 2023	Complete	
	Marine Buoys		£75k	SSJ		Q1 2023	Q2 2023	Complete	
	Hydrophones		£77k	Sell to Wales / Find a Contract (value dependant)		Q4 2022	Q2 2023	Complete	
	Acoustic Software		£22k	SSJ		Q12023	Q1 2023	Complete	
	Marine Energy Test Area Developments								
	Environmental surveys		£30k	Sell to Wales / Find a Contract (value dependant)		Q3 2022		Q3 2022 was 23	
	Insurance		£30k	Sell to Wales / Find a Contract (value dependant)		Q1 2022		Q1 2022	

Swansea Bay City Deal Programme and Project Procurement Pipeline Design and Construction phase

Updated January 2024

		Legal support		£10k	Sell to Wales / Find a Contract (value dependant)		Q1 2024		
		The Pembrokeshire Demonstration Zone							
		Environmental scoping – Defining the scope of the Environmental Surveys that will inform the EIA.	Celtic Sea Power	£150,000	Services Contract Open Below threshold – Sell2Wales		Q1 2023		Q2 2023
Page 525		Technical feasibility and concept design, initial engineering design of the MOS, on and offshore cabling arrangements to feed into the EIA process.	Celtic Sea Power	£150,000	Services Contract Open Below threshold – Sell2Wales		14/02/22		Q2 2023
		Monitoring & Evaluation	Celtic Sea Power	£30,000	Services Contract Open Below threshold – – Sell2Wales Scope in Development		Q1 2023		Q2 2023
		Land Agent Support	Celtic Sea Power	£120,000	Services Contract Open Below threshold – – Sell2Wales		Q3 2022		Q2 2023
		Animation	Celtic Sea Power	£44,200.00	Services Contract Open Below threshold – – Sell2Wales		Q3 2022		Q2 2023
		Research & Development – Review of PDZ	Celtic Sea Power	£60,000	Services Contract Open Below threshold – – Sell2Wales		Q1 2023		Q2 2023

Swansea Bay City Deal Programme and Project Procurement Pipeline Design and Construction phase

Updated January 2024

		Offshore surveys – environmental surveys to inform the offshore EIA.	Celtic Sea Power	£2.1m	Service Contract OJEU Open above threshold with PIN – My Tenders & Sell2Wales		Q1 2023.		Hold pending updated funding
		Pre-Front Engineering Study (design package to prove the feasibility in technical and economic terms)	Celtic Sea Power	Upto £600,000	Service Contract OJEU Open above threshold with PIN – MyTenders & Sell2Wales		Q4 2022		Q2 2023

SWANSEA BAY CITY REGION JOINT SCRUTINY COMMITTEE

DATE 13th February 2024

Financial Monitoring Report 2023/24 - Provisional Outturn Position Quarter 3 (Oct - Dec 2023)

RECOMMENDATIONS/KEY DECISIONS

To provide the Joint Scrutiny Committee with an update on the latest financial position of the Swansea Bay City Region.

REASONS

1. Introduction

This report details the forecasted year end outturn position of the Joint Committee and the Portfolio Investment Fund. The Financial Monitoring Report presents the City Deal Accounts in a detailed format, in line with Carmarthenshire County Council's financial management system.

JOINT COMMITTEE – Estimated Forecast Outturn Position

2.1. Supplementary Information

The outturn position includes 'Top Slice' of Government Grants in terms of income. On drawdown of government grants, 1.5% of this will be utilised to support the PoMO and the direct administration functions of the Portfolio. Any contribution from Government grants utilised within the financial year will be transferred to a ring-fenced reserve at year end, for utilisation in future years.

In June 2022 Joint Committee has previously agreed and set a five-year operational budget which has been revised on a continual basis. Since this period the operational budget has been reviewed and a detailed breakdown of the Joint Committee - Provisional Quarter 3 Outturn Position Financial Year 2023/24 is included in Appendix A.

2.2. Joint Committee and Accountable Body

The Joint Committee and Accountable Body expenditure forecast is estimated at £2,225k. This is in respect of democratic support, support of the portfolio monitoring officer and legal fees in respect of the funding agreements. Internal audit has been forecasted. The Accountable Body expenditure is attributable to service provision by the Portfolio Section 151 Officer to the Swansea Bay City Deal and the annual external audit review by Audit Wales.

The accrued interest in residual cash balances is invested in line with Carmarthenshire County Council's approved Treasury Management Strategy. Any interest accrued on such cash balances is dispersed back to projects on an appropriate apportionment methodology (JC – 11 June 2020). The accounting management of this has been amended to clearly demonstrate the interest accrued and paid out. The accrued interest for 2023-24 is estimated at £2,112k.

2.3. Joint Scrutiny Committee

The Joint Scrutiny Committee expenditure consists of democratic services and related costs, provided by Neath Port Talbot County Borough Council. This has been forecasted at £22k.

2.4. Portfolio Management Office (PoMO)

For the period ending 31st March 2024 the expenditure is estimated at £565k. The PoMO staffing cost is estimated at £476k which includes the 2023-24 pay adjustment. There is an underspend of £104k against budget, this is due to all posts being budgeted at the top of grade and savings due to in year temporary staffing vacancies.

Rents and service charges in respect of office space total £23k, fees including consultancy and gateway reviews have been forecast at £11k which includes project management software purchased and Portfolio Gateway review; and conferences, marketing and advertising estimated at £40k including the SBCD roadshow events.

Central Recharges of £28k has been included being the contribution to Carmarthenshire County Council as the host Authority's costs for supporting the PoMO. These include payroll, Pensions, Creditors, Debtors, Human Resources support, Information Technology Support, financial systems support, Chief executive administration support, employee support and all necessary insurances.

2.5. Income

Total income for the year demonstrates £2,873k. This consists of anticipated drawdown of 'Top Slice' of £761k from the dispersed grant awards and estimated interest derived from cash balances £2,112k.

2.6. Financial Monitoring - Statement of Balances

The prior year (2022/23) balance carried forward in reserve demonstrates £140.8k. Currently the estimated year end position of the City Deal accounts demonstrates a small deficit of £10.2k. This results in an anticipated reserve of £130.6k at year end.

3. PORTFOLIO INVESTMENT FUND – Forecast Outturn Position

3.1. Provisional Portfolio Investment Outturn Position

The overall estimated investment position is demonstrated at £1.280bn (Quarter 2 2023/24 - £1.279bn) over the fifteen-year life of the portfolio. The revised budget (Quarter 3 2022/23) comprised of a total investment of £1.248bn, currently the City Deal is presenting an over investment against the revised budget of £32m.

Details of significant variances are outlined below:

Digital Infrastructure is demonstrating £15.8m over investment against budget mainly due to additional private sector funding.

Swansea Waterfront: The Arena and Public Realm project is demonstrating an overinvestment of £5m. Swansea Council have completed a reconciliation of costs relating to the Arena and Public Realm and an additional payment of £14.4m is to be allocated between each asset. This brings the total public sector spend to £73.4m against the original business case total of £69m, this £4.4m overspend will be absorbed into the wider Copr Bay project spend and will be covered by the Local Authority. The Arena and Public Realm are part of the wider Copr Bay scheme. There is no overspend on the scheme in totality, but individual elements may be higher or lower than the elements in the original business case. However, the council has not needed to commit any addition funding over and above the amount approved by our cabinet. In addition, the full amount of the city deal funding has been fully committed to the area specific part of the project. The Digital Village project is continuing on track and to forecast spend.

The council is due to submit a change notification to reflect the actual spend and the delivery of the completed Arena works. An updated Business Case will be completed later in the year and will reflect completion of 71-72 Kingsway and updated status of the Hotel. Any change in profiling would be formally recorded as part of this amendment.

Pentre Awel has commenced construction and is demonstrating £6m over investment against budget. Work is estimated to be completed during Autumn 2024.

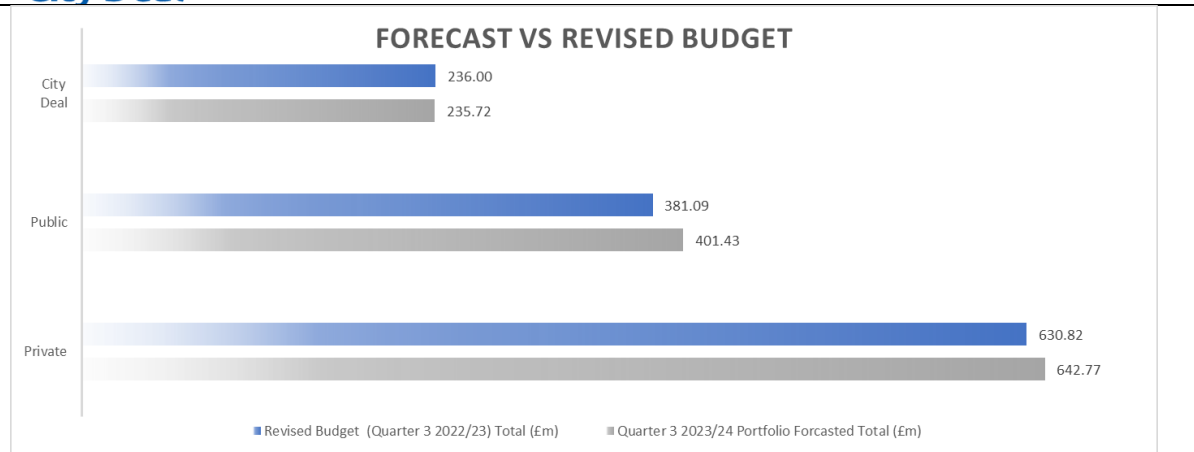
PDM is demonstrating an over investment of £4m. The PDI project is now demonstrating a total investment of £48m project (increased from £41.5m at Approval), the majority of which has come from WEFO (increase from circa £7m to £12m) and the balance from private (port) sources

Portfolio Forecast (Estimated)

Prior Quarter (Quarter 2 2023/24) Portfolio Forecasted Total (£m)	Investment Component	Revised Budget (Quarter 3 2022/23) Total (£m)	Quarter 3 2023/24 Portfolio Forecasted Total (£m)	Variance (£m)	Variance
235.39	City Deal	236.00	235.72	0.29	-0.12%
401.11	Public	381.09	401.43	20.34	5.34%
642.75	Private	630.82	642.77	11.95	1.89%
1,279.25	Grand Total	1,247.91	1,279.92	32.00	2.56%

Programme Breakdown (Estimated)

Prior Quarter (Quarter 2 2023/24) Programme/Project	Programme/Projects	Quarter 3 2023/24 Forecast				Revised Budget (Quarter 3 2022/23) Total	Variance (£m)	Variance (%)
		City Deal Investment (£m)	Public Sector Investment (£m)	Private Sector Investment (£m)	Programme/Project Total (£m)			
71	Digital Infrastructure	25	18	28	71	55	16	28.2%
506	Homes as Power Stations	15	115	376	506	506	-	0%
136	LS&WB Campuses	15	59	62	136	135	1	0.7%
64	Pembroke Dock Marine	28	19	17	64	60	4	6.2%
206	Pentre Awel	40	58	108	206	200	6	2.9%
30	Skills & Talent	10	16	4	30	30	-	0%
59	Supporting Innovation and Low Carbon Growth	48	6	6	59	59	0	0%
183	Swansea Waterfront	50	92	41	183	178	5	2.7%
25	Yr Egin	5	19	2	25	25	0	0%
1,279	Grand Total	236	401	643	1,280	1,248	32	2.5%



Provisional Annual Investment Forecast 2023/24

The forecast estimated investment for the financial year ending 31st March 2024 is demonstrated at £143.8m. The annual investment forecast is currently demonstrating an annual under-investment of £43.4m, in respect of the following:

PDM is demonstrating an over investment of £4m. The PDI project is now demonstrating a total investment of £48m project (increased from £41.5m at Approval), the majority of which has come from WEFO (increase from circa £7m to £12m) and the balance from private (Port) sources.

Digital Infrastructure's public and private sector spends are behind profile due to funding agreements being signed mid-year. It is expected that accurate public and private sector investment figures for 2022/23 will be established before the end of the 2034/24 financial year following completion of an externally commissioned benefits realisation exercise which was conducted by Farrpoint. This exercise is undertaken on an annual basis to accurately determine levels of public and private inward investment however, this assessment requires information and data that is not released until the Autumn of the year following which it is reported. This will therefore continue to require retrospective updated investment reporting to reflect the actual and accurate public and private investment.

Yr Egin Phase 2 (the active component of the wider Egin project) is currently going through a change notification process to significantly change the delivery methodology. This will have a significant impact on the project investment once more up to date costings are identified via expert consultants.

The HAPS project recently launched the Financial Incentives Fund (FIF) with payment to successful schemes being made following installation of the HAPS technologies. In some cases, monitoring will take place for up to 12 months prior to technology being installed. This has resulted in moving the profile of defrayed spend for the £5.75m FIF into latter years than originally profiled. The project has now recruited and successfully filled the post of HAPS Supply Chain Lead and will be launching the Supply Chain Fund this year, however it is unlikely there will be spend of over £500k during 2023/24 and therefore the majority of the spend has been reprofiled into next year.

The Skills and Talent project is demonstrating slippage in delivery within the year. The project has currently awarded funding to six successful school, further and higher education pilot projects and will review the funding mechanism in the new year. This this is not expected to have an impact on the total investment for the project.

Pentre Awel's annual investment profile was estimated as at quarter 3, construction enabling works have commenced and will be completed in Autumn 2024. Whilst slippage has occurred this financial year due to small spend in the preliminary stages, this will accelerate over the remaining 10-month period of construction. This is not expected to have an impact on the total investment for the project.

The SWITCH project has announced Morgan Sindall as the successful contractor on the 2nd May with a kick off meeting held mid-May with all parties involved. The first design meeting took place on 8th June with subsequent monthly meetings scheduled. The project also met with Swansea University to progress Heads of Terms document.

Swansea Waterfront: The Arena and Public Realm project is demonstrating an overinvestment of £5m. Swansea Council have completed a reconciliation of costs relating to the Arena and Public Realm and an additional payment of £14.4m is to be allocated between each asset. This brings the total public sector spend to £73.4m against the original business case total of £69m, this £4.4m overspend will be absorbed into the wider Copr Bay project spend and will be covered by the Local Authority. The Arena and Public Realm are part of the wider Copr Bay scheme. There is no overspend on the scheme in totality, but individual elements may be higher or lower than the elements in the original business case. However, the council has not needed to commit any addition funding over and above the amount approved by our cabinet. In addition, the full amount of the city deal funding has been fully committed to the area specific part of the project. The Digital Village project is continuing on track and to forecast spend.

Portfolio Summary 2023/24

Description	Revised Budget	Quarter 3 2023/24 Provisional Outturn Position				Variance
		Actuals (to Date)	Commitments	Forecast Commitments	Total Annual Forecast	
	(£)	(£)	(£)	(£)	(£)	(£)
City Deal Investment						
Capital	76,768,896	26,648,843	3,112,905	26,819,229	56,580,977	- 20,187,99
Revenue Expenditure (where capital receipts directive applied)	5,037,776	846,068	-	1,243,237	2,089,304	- 2,948,4
City Deal Total	81,806,672	27,494,911	3,112,905	28,062,466	58,670,282	- 23,136,38
Public Sector Investment						
Capital	49,736,343	30,710,305	5,005,129	25,855,028	61,570,461	11,834,1
Revenue	6,845,658	2,426,915	39,500	1,482,000	3,948,415	- 2,897,2
Public Sector Total	56,582,001	33,137,220	5,044,629	27,337,028	65,518,876	8,936,8
Private Sector Investment						
Capital	47,007,411	1,596,000	-	16,294,693	17,890,693	- 29,116,7
Revenue	1,721,273	530,649	913,458	229,672	1,673,779	- 47,45
Private Sector Total	48,728,684	2,126,649	913,458	16,524,364	19,564,472	- 29,164,2
Project Total						
Capital	173,512,650	58,955,148	8,118,034	68,968,949	136,042,131	- 37,470,5
Revenue	13,604,707	3,803,632	952,958	2,954,908	7,711,499	- 5,893,2
Project Total	187,117,357	62,758,780	9,070,992	71,923,857	143,753,630	- 43,363,7

Annual Programme Investment Breakdown 2023/24 (Estimated)

Description	Revised Budget	Quarter 3 2023/24 Provisional Outturn Position				Variance
		Actuals (to Date)	Commitments	Forecast Commitments	Total Annual Forecast	
	(£)	(£)	(£)	(£)	(£)	(£)
Digital Infrastructure	15,602,392	253,584	-	10,102,392	10,355,976	- 5,246,4
Homes as Power Stations	17,466,503	5,828,593	-	658,845	6,487,438	- 10,979,06
LS&WB Campuses	8,866,505	583,185	683,856	7,662,272	8,929,313	62,80
Pembroke Dock Marine	8,120,992	11,021,414	70,341	9,554,708	20,646,463	12,525,4
Pentre Awel	59,122,658	11,635,740	-	35,481,260	47,117,000	- 12,005,63
Skills & Talent	6,700,000	359,076	875,264	946,236	2,180,576	- 4,519,4
Supporting Innovation and Low Carbon Growth	28,558,879	245,762	-	1,518,145	1,763,907	- 26,794,9
Swansea Waterfront	36,959,428	32,831,426	7,441,532	6,000,000	46,272,958	9,313,5
Yr Egin	5,720,000	-	-	-	-	- 5,720,00
Total	187,117,357	62,758,780	9,070,992	71,923,857	143,753,630	- 43,363,7

3.3. Capital and Revenue Apportionment

There is currently an estimated revenue requirement of £58.07m (4.54%) to deliver the city deal projects. This will be supported through the use of the Local Authorities flexible

capital receipts directive, and alternative public and private sector commitment. The revenue requirement demonstrates a small change compared with the prior period (Quarter 2 2023/24 - £58.04m), this is as a result of some small fluctuation across several projects.

Capital/Revenue Summary (Estimated)

Prior Quarter (Quarter 2 2023/24) Portfolio Forcasted Total (£m)	Investment Component	Capital Forecast (£m)	Revenue Forecast (£m)	Total Forecast (£m)	Revenue Proportion
235.39	City Deal	218.26	17.45	235.72	7.40%
401.03	Public	372.82	28.61	401.43	7.13%
642.75	Private	630.76	12.00	642.77	1.87%
1,279.17	Grand Total	1,221.84	58.07	1,279.92	4.54%

Appendices:

Appendix A – Provisional Quarter 3 Outturn Position Financial Year 2023/24

**Joint Committee - Provisional
Quarter 3 Outturn Position
Financial Year 2023/24**

as at 31st December 2023

Description	Budget 2023/24	Forecast Outturn 2023/24	Variance
	£	£	£
Expenditure			
<u>Programme Management Office</u>			
Salary (Inc. On-costs)	580,576	476,253	- 104,323
Training of Staff	27,862	2,000	- 25,862
Rents (The Beacon)	16,921	15,633	- 1,288
Rates (The Beacon)	7,472	7,624	152
Public Transport - Staff	2,185	-	- 2,185
Staff Travelling Expenses	17,482	2,000	- 15,482
Admin, Office & Operational Consumables	2,732	500	- 2,232
Furniture	1,071	1,000	- 71
Fees	27,316	11,000	- 16,316
ICTs & Computer Hardware	2,678	1,100	- 1,578
Subsistence & Meetings Expenses	8,741	1,000	- 7,741
Conferences, Marketing & Advertising	81,947	40,000	- 41,947
Projects & Activities Expenditure	15,297	-	- 15,297
Translation/Interpret Services	10,296	6,000	- 4,296
Printing & Copying	4,917	500	- 4,417
Programme Management Office Total	807,493	564,610	- 242,883
<u>Accountable Body</u>			
Audit Wales- Financial Audit	26,780	26,484	- 296
Finance support including Section 151 Officer	59,268	59,258	- 10
Interest paid Out to Projects	-	2,111,816	2,111,816
Accountable Body Total	86,048	2,197,557	2,111,509
<u>Legal and Governance</u>			
Monitoring Officer	38,198	38,472	274
Legal Advisory Fees	26,780	10,000	- 16,780
Legal and Governance Total	64,978	48,472	- 16,506
<u>Joint Committee</u>			
Room Hire	1,986	-	- 1,986
Subsistence & Meeting Expenses	3,671	-	- 3,671
Democratic, Scrutiny and Legal Support Costs	27,737	27,935	198
Joint Committee Total	33,394	27,935	- 5,459
<u>Joint Scrutiny Committee</u>			
Subsistence & Meeting Expenses	7,364	-	- 7,364
Travel	1,311	-	- 1,311
Democratic, Scrutiny and Legal Support Costs	22,129	22,171	42
Joint Scrutiny Committee Total	30,804	22,171	- 8,633
<u>Internal Audit</u>			
Audit Support	22,013	22,171	158
Internal Audit Total	22,013	22,171	158
<u>Provision for Unwinding of PMO</u>			
Redundancies	37,674	-	- 37,674
Provision for Unwinding Total	37,674	-	- 37,674
Total Expenditure	1,082,404	2,882,916	1,800,512
<u>Funding Contributions</u>			
Balance C/F from previous year	-	-	-
SBCD Grant Revenue Contribution	723,000	760,858	37,858
Partner Contributions	-	-	-
Interest Income /- contribution from LA'S	-	2,111,816	2,111,816
Total Income	723,000	2,872,674	2,149,674
Provision of Service - Surplus / (Deficit)	(359,404)	(10,242)	349,162
<u>Movement to Reserves</u>			
Description	£	£	£
Balance Brought Forward from previous year	140,801	140,801	-
Net Provision of Service - Surplus / (Deficit)	(359,404)	(10,242)	349,162
Balance Carry Forward	(218,603)	130,559	349,162

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SWANSEA BAY CITY REGION JOINT SCRUTINY COMMITTEE

DATE 13th February 2024

Carbon Reduction Assessment of the SBCD Portfolio

RECOMMENDATIONS/KEY DECISIONS

To inform Joint Scrutiny Committee of the contributions to regional carbon reduction targets made by the SBCD programmes and Projects

REASONS

1. Introduction

Attached at Appendix A is a report assessing the contribution to regional carbon reduction on SBCD projects. The report was developed at the request of the SBCD Programme Board in July 2022 to determine the level of SBCD Portfolio contribution toward carbon reduction for South West Wales.

2. Background

The PoMO has co-ordinated an initial assessment by reviewing project and programme business cases and engaging with the project teams to assess what activities being delivered align and contribute to the Welsh Government requirements and guidance, the four Local Authority decarbonisation ambitions and other lead deliverer targets.

In summary, the SBCD portfolio helps to address and support the grand challenge of carbon reduction with the long term aim of achieving Wales's Net Carbon Zero target by 2050.

As acknowledged in the Welsh Government Net Zero Wales Carbon Budget 2 (2021 to 2025), the SBCD Portfolio contains some significant contributions to existing and future national and regional Carbon reduction targets.

However, as the SBCD was first established in 2017 with all nine headline business cases approved by December 2021 by both Governments, there is no specific decarbonisation investment objective set at a Portfolio level.

In accordance with local and national policy, each Lead Delivery Organisation will ensure that facilities are procured, built, and operated in compliance with the requirements set out in relevant policies and strategies.

Direct contribution is made via all projects that build SBCD infrastructure by achieving BREEAM excellent as a minimum standard.

Significant contribution to support the decarbonisation agenda will also be through the delivery of three energy related projects, upskilling of our workforce through the Skills and Talent Programme and enhancement of our digital connectivity through the regional Digital Infrastructure Programme.

The SBCD Portfolio places the region at the forefront of Energy and Smart Manufacturing innovation as part of the drive towards a low carbon economy and will contribute by:

- i. Creating an estimated 80k+ m2 of floorspace with a minimum of BREEAM excellent by 2026
- ii. Creating at least 5,000 jobs across the renewables and energy sectors
- iii. Create at least £620m GVA
- iv. Attract at least £630m of total investment
- v. Estimated to provide at least 6,000 skills and talent opportunities for the energy and , decarbonisation sectors
- vi. Create a regional centre of excellence in the renewable energy sector
- vii. Grow 2 supply chains in the installation, manufacturing and operations of renewable technologies through PDM And HAPS
- viii. Enhance digital connectivity through full fibre, 5G and Internet of Things (IoT) to future proof the digital economy across the region

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Carbon Reduction Assessment of the SBCD Portfolio October 2022



Document Control	
Date:	October 2022
Version:	CONSULTATION DRAFT 2
Authors:	Peter Austin, Phil Ryder, Jonathan Burns

1. Executive Summary

- 1.1. SBCD portfolio helps to address and support the grand challenge of carbon reduction with the long term aim of achieving Wales's Net Carbon Zero target by 2050.
- 1.2. As acknowledged in the Welsh Government Net Zero Wales Carbon Budget 2 (2021 to 2025), the SBCD Portfolio contains some significant contributions to existing and future national and regional Carbon reduction targets.
- 1.3. As the SBCD was first established in 2017 with all nine headline business cases approved by December 2021 by both Governments, there is no specific decarbonisation investment objective set at a Portfolio level.
- 1.4. In accordance with local and national policy, each Lead Delivery Organisation will ensure that facilities are procured, built, and operated in compliance with the requirements set out in relevant policies and strategies.
- 1.5. Direct contribution is made via all projects that build SBCD infrastructure by achieving BREEAM excellent as a minimum standard. Significant contribution to support the decarbonisation agenda will also be through the delivery of three energy related projects, upskilling of our workforce through the Skills and Talent Programme and enhancement of our digital connectivity through the regional Digital Infrastructure Programme.
- 1.6. The SBCD Portfolio places the region at the forefront of Energy and Smart Manufacturing innovation as part of the drive towards a low carbon economy and will contribute by:
 - i. Creating an estimated 80k+ m² of floorspace with a minimum of BREEAM excellent by 2026
 - ii. Creating at least 5,000 jobs across the renewables and energy sectors
 - iii. Create at least £620m GVA
 - iv. Attract at least £630m of total investment
 - v. Estimated to provide at least 6,000 skills and talent opportunities for the energy and , decarbonisation sectors
 - vi. Create a regional centre of excellence in the renewable energy sector
 - vii. Grow 2 supply chains in the installation, manufacturing and operations of blue and green technologies through PDM And HAPS
 - viii. Enhance digital connectivity through full fibre, 5G and Internet of Things (IoT) to future proof the digital economy across the region
- 1.7. The three energy related initiatives, Homes as Power Stations (HAPS), Pembroke Dock Marine (PDM) and Supporting Innovation and Low Carbon Growth, all have set projects and targets to support the reduction of carbon emissions. They will catalyse this through infrastructure, technology, manufacturing, business growth and supply chains, research and development and future skills development. Project Specific contributions include:

HAPS: The potential for a Homes as Power Stations blueprint that can be rolled out across the region and wider, providing less reliance on carbon fuelled alternatives resulting in:

- 10,300 homes fitted with renewable technology
- 10,417 + KWh energy saving
- 19,000+ CO2 reduction per year

PDM: The work being done by the Pembroke Dock Marine partners to secure a sustainable renewable energy source for South West Wales and beyond achieving a 1,000 MW contribution to decarbonisation targets and will make a significant contribution to achieving the Welsh Government's target of 70% of electricity consumed in Wales from Welsh renewable sources by 2030

Supporting Innovation and Low Carbon Growth: including, the Bay Technology Centre - the first commercial energy positive building in Wales, the decarbonisation of steel production and the shift to low carbon transport, providing a total of 18,500 sqm BREEAM excellent floorspace.

- 1.8 In summary the SBCD Portfolio will make a significant contribution towards the region's carbon reduction aspirations, albeit indirectly in most cases. More directly, Pembroke Dock Marine will make a significant contribution to achieving the Welsh Government's target of 70% of electricity consumed in Wales from Welsh renewable sources by 2030, and HAPS will create a sustainable housing blueprint that can be rolled out across Wales guiding a long-term reduction in domestic carbon reliance.
- 1.9 The primary assumption throughout this review is that all SBCD capital build projects have been costed to achieve BREEAM Excellent at minimum and that the projects remain to be viable noting that costs of any requirements over and above those originally factored in to the Business Cases may need to be funded from other sources.

2. Purpose

- 2.1. This document was developed at the request of the SBCD Programme Board in July 2022 to determine the level of SBCD Portfolio contribution toward carbon reduction for South West Wales. The PoMO co-ordinated an initial assessment by reviewing project and programme business cases and engaging with the project teams which align to the Welsh Government requirements and guidance, the four Local Authority decarbonisation ambitions and other lead deliverer targets.

3. Background

- 3.1. **The Environment (Wales) Act 2016** placed a duty on Welsh Ministers to set targets for reducing greenhouse gas emissions and to set carbon budgets.
- 3.2. During the same period, **The Well-being of Future Generations (Wales) Act 2015** was introduced which places a duty on each public body to carry out sustainable development. The five ways of working set out in the Act aim to help bodies work together better, avoid repeating past mistakes and tackle long term challenges.
- 3.3. The Welsh Government published the first statutory Low Carbon Delivery Plan, **Prosperity for All: A Low Carbon Wales**, and declared a climate emergency in April 2019, closely followed by Local Authorities developing their approaches to net carbon zero with stated targets for 2030.
- 3.4. In March 2021, the Welsh Government set new legal targets for a 63% carbon reduction by 2030, 89% by 2040, and 100% by 2050.
- 3.5. In October 2021, the Welsh Government published their second emissions reduction plan, **The Net Zero Wales Carbon Budget 2**. This sets out specific policies for the public sector, including a target for decarbonisation plans to be in place by March 2023, targets relating to buildings, vehicles and procurement, and development of a new health and social care decarbonisation plan.
- 3.6. **The Net Zero Wales Carbon Budget 2** says of the Swansea Bay City Deal:
"Swansea Bay City Deal has pledged to work together significantly contribute to the Swansea Bay City Region Economic Regeneration Strategy 2013 to 2030. Key projects are delivering outputs aligned to the decarbonisation agenda focusing on energy savings, tackling fuel poverty and carbon reduction. SBCD will respond directly to improve energy efficiency and the transition to a net zero carbon economy, enabling more businesses to become carbon light or free. Specific actions include:
 - Improve business and industry efficiency: Enhancing business energy efficiency through next generation and mobile broadband.
 - Development of the SWITCH and Technology Centre to promote innovation and low carbon growth.

- Improving the energy efficiency of our homes – Homes as Power Stations Programmes (HAPS) will deliver the rollout of innovative energy efficiency homes throughout the Region
 - Accelerate the shift to low carbon transport – directly through the Supporting Innovation and Low Carbon Growth Programme”
- 3.7. The budget also states that “By 2025 all new City and Growth Deals will have carbon reduction at their core and will contain carbon reduction outputs as key metrics for monitoring and evaluation.” Noting the SBCD was established in 2017 and is therefore not classified as a new City and Growth Deal i.e. 2021 onwards, and had already established its Portfolio projects and programmes, along with key investment objectives.
- 3.8. Regionally, **the South West Wales Economic Delivery Plan 2022-2030** states that the region needs to focus on several distinctive economic strengths and assets as a platform for future growth including extensive energy infrastructure and low carbon energy generation potential.
- 3.9. The plan seeks to establish the SBCR as a diverse and low carbon economy and international centre for renewable energy production and conservation. To retain and develop the regional strategic role in energy into green growth and to secure further investment to unlock the full potential of supply chain development.
- 3.10. It also highlights that the region needs to respond to transformational needs that will impact on the economy, its resilience, sustainability and growth including the decarbonisation policy imperative at a national, regional and local level which creates a requirement to seek and develop opportunities for innovation and technology development, as well as a need for adaptation to support industrial resilience.
- 3.11. The decarbonisation need for the region will be undertaken through:
- the delivery of the region’s low carbon projects at scale
 - decarbonising the industrial base
 - decarbonising the wider economy (including housing stock and transportation)
- 3.12. Within its focus on the energy sector, the plan aims to place the region at the forefront of energy innovation in the areas of sustainable house building to address fuel poverty, while creating a centre of excellence to develop and exploit aspects of marine and other sustainable energy. This will exploit the multi-billion-pound asset base in renewable and conventional energy production and the testing and commercialisation of integrated Future Energy Systems for commercial and domestic use. The SBCD portfolio will also contribute directly to the drive towards decarbonisation of the economy and the green industrial revolution including skills for green jobs
- 3.13. For construction projects, the Welsh Government requires that most new buildings promoted or supported by them, or their sponsored bodies, must meet their Sustainable Building Standards. This includes projects procured directly and indirectly. All SBCD new built infrastructure will achieve BREEAM (Building Research Establishment Environmental Assessment Method) Excellent rating as a minimum requirement. See Appendix 2.
- 3.14. To support the Welsh public sector in addressing Net Carbon Zero via procurement, in September 2021 Welsh Government issued the **Welsh Procurement Policy Note WPPN 06/21: Decarbonisation through procurement - Taking account of Carbon Reduction Plans**, last updated in March 2022. WPPN 06/21 adopts the UK Procurement Policy Note 06/21, providing further information specifically to Welsh public sector contracting authorities to help them meet the 2030 target for a net zero public sector in Wales.
- 3.15. In December 2021 Welsh Government also issued **Welsh Procurement Policy Note WPPN 12/21: Decarbonisation through procurement - Addressing CO₂e in supply chain**, which advises the Welsh public sector on the actions that can be taken to address CO₂e emissions in supply chains for purchased goods and services to help them meet the 2030 target for a net zero public sector. This was also updated in March 2022.

4. Portfolio review

- 4.1. The PoMO undertook an initial review of the programme and project Business Cases as submitted to UK Government and Welsh Government for approval.
- 4.2. It was noted that most of the SBCD Business Cases were in an advanced development stage prior to the 2019 declaration, and a significant number were approved or already in the approval process prior to the announcement of the Net Zero Pathway in March 2021.
- 4.3. As a result, many of the Business Cases have been written without fully integrated Net Carbon Zero targets, although most of the programmes and projects do have carbon reducing elements and synergies to Welsh Government and Local Authority carbon reduction plans, in the main these are secondary outcomes of the schemes and not fundamental outputs.
- 4.4. All Business Cases reference The Well-being of Future Generations (Wales) Act 2015 and acknowledge the requirements therein.
- 4.5. Noting the above, other existing and subsequent, local and national policies will affect how projects are delivered in real time, especially concerning design, construction and procurement.
- 4.6. The key outputs that directly contribute to carbon reduction are summarised in the table below

Digital Infrastructure	Roll out of regional high speed full fibre and mobile broadband, 5G and IOT enabling more low carbon initiatives to be implemented
Skills & Talent	Future skills development including a total of 2,200 additional skills, 14,000 people upskilled, 3,000 new apprenticeship opportunities 3 Centres of Excellence with a potential for two focused on decarbonisation and renewable energy
Home as Power Stations	10,300 homes fitted with renewable technology 10,417 + KWh energy saving 19,000+ CO2 reduction per year
Swansea Waterfront	Kingsway - 10,684 sqm BREEAM excellent floorspace Innovation Matrix - 2,200 sqm of BREEAM: Excellent floor space
Yr Egin	363.4 sqm BREEAM excellent floorspace phase 1
Pentre Awel	50,000 sqm BREEAM excellent floorspace
Campuses	2,700 sqm BREEAM excellent floorspace shared between two locations
Supporting Innovation and Low Carbon Growth	Total 18,500 sqm BREEAM excellent floorspace Creation of Bay Technology Centre – first commercial energy positive building in Wales 1,320 jobs created working in the low carbon sector SWITCH (South Wales industrial transition from Carbon Hub) -industrial research facility helping industry to decarbonise Advanced Manufacturing Production Facility with apprenticeship opportunities Local electric vehicle charging infrastructure to reduce vehicle emissions across the county Increase in Hydrogen production from renewable resources (using excess energy from the BTC)
Pembroke Dock Marine	PDM will make a significant contribution to achieving the Welsh Government’s target of 70% of electricity consumed in Wales from Welsh renewable sources by 2030 and will establish a world-class centre for marine engineering with an immediate focus on low carbon energy leading to 1,000 MW contribution to decarbonisation targets

Further detail can be found in the table at Appendix 1

5. Policy implications

- 5.1. The Net Zero Wales Carbon Budget 2 (2021 to 2025) contains policies and proposals across all ministerial portfolios which are, or will be, incumbent on Local Authorities and Public Bodies to deliver.
- 5.2. This will require SBCD Lead Delivery Organisations (LDO's) to be aware of their responsibilities and to assess how these may affect future delivery of the Programme and Project outputs within the SBCD Portfolio.
- 5.3. Lead Delivery Organisations will need to consider how, within their own Net Carbon Zero plans, the requirements apply for any new design or build yet to be procured and delivered. This is not without cost and is currently being assessed by Welsh Government under the Sustainable Communities for Learning (formerly 21st Century Schools) programme where the transition from BREEAM Excellent to Net Carbon Zero is estimated to add £375/m² in 2022 rising to £405/m² in 2024.
- 5.4. It should be noted that there is no indication yet that this requirement is being applied to the SBCD by Welsh Government however this does not detract from the legal obligations as outlined in the Wellbeing of Future Generations Act nor Planning Policy Wales (currently addition 11) objectives
- 5.5. With the exception of HAPS and PDM, most of the assets being delivered by the SBCD Portfolio will remain within the Local Authority/Public Sector estate and will thus be managed accordingly within the requirements of the Net Zero Wales Carbon Budget 2 and the owning organisations' Net Carbon Zero plans.
- 5.6. The primary assumptions throughout this review are that:
 - a) Capital build projects have been costed to achieve BREEAM Excellent at minimum and that any requirements over and above those originally factored in to the Business Cases may need to source extra funding.
 - b) Those elements of the Portfolio yet to be designed and procured remain cost effective to deliver.

6. Links to resources, policies and guidance

The Well Being of Future Generations (Wales) Act 2015

<https://www.futuregenerations.wales/about-us/future-generations-act/>

Net Zero Wales Carbon Budget 2 (2021 to 2025)

<https://gov.wales/net-zero-wales-carbon-budget-2-2021-2025>

Planning Policy Wales, Addition 11

https://gov.wales/sites/default/files/publications/2021-02/planning-policy-wales-edition-11_0.pdf

The Low carbon delivery plan

<https://gov.wales/low-carbon-delivery-plan>

Welsh Procurement Policy Note WPPN 06/21: Decarbonisation through procurement - Taking account of Carbon Reduction Plans

<https://gov.wales/wppn-06-21-decarbonisation-through-procurement-taking-account-of-carbon-reduction-plans>

Welsh Procurement Policy Note WPPN 12/21: Decarbonisation through procurement - Addressing CO2e in supply chain

<https://gov.wales/wppn-12-21-decarbonisation-through-procurement-html>

Sustainable Communities for Learning Guidance see annex 9 and 16a

<https://gov.wales/sustainable-communities-learning-business-case-guidance>

Carbon Reduction Assessment of activities contained within the SBCD Portfolio

APPENDIX 1 Project Net Carbon Zero Contributions

Below is an initial summary of the key carbon reduction contributions contained within the SBCD Portfolio noting that some programmes and projects are more advanced than others and some have more focus in the carbon reduction sector and hence have more clarity of potential carbon reducing achievements

HAPS	10,300 homes fitted with renewable tech			
	10,417 + KWh energy saving			
	19,000+ CO2 reduction per year			
	The key assumptions adopted from the case studies undertaken by the Cardiff University are shown in Table 4 along with the key values adopted for a new build or retrofit, occurring in 2020. The total value is the sum of the value of each type of fuel saving plus the income from producing electricity. For example, for new build the total value in 2020 per home is: the value of gas saving (£149) plus value of electricity saving (£337) plus income from electricity production (£641) = £1,127 x 50% = £564.			
	Table 2.4: Energy Saving Value/house HAPS Project Test-bed Homes			
	New Build (per house)		Retrofit (per house)	
	Technologies adopted include: Mechanical Ventilation with Heat Recovery (MVHR) Air Source Heat Pump (ASHP) Solar PhotoVoltaics and Batteries		Technologies adopted include: Mechanical Ventilation with Heat Recovery (MVHR) Ground Source Heat Pump (GSHP) Solar PhotoVoltaics and Batteries	
	Energy saving gas	8249 kWh/year	Energy saving oil	9737 kWh/year
	LRVC gas (2020)	1.81p/kWh	LRVC oil (2020)	4p /kWh
	Value saving gas	£149	Value saving oil	£393
	Energy saving electricity	3230 kWh/Year	Energy saving electricity kWh	680
	LRVC electricity (2020)	10.42p/kWh	LRVC electricity (2020)	10.42p/kWh
Value saving electricity	£337	Value saving electricity	£71	
Income from electricity production	£641	Income from electricity production	£1051	
Cost adjustment factor	50%	Cost adjustment factor	50%	

Carbon Reduction Assessment of activities contained within the SBCD Portfolio

Total value per home (2020)	£564	Total value per home (2020)	£758
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Note: this table refers to 2020 for ease of presentation, all values incorporated into the CBA are adapted for the number of new builds and retrofits over time, as well as changes in LRVC

*converted from LRVC price/litre to kWh using 10.122 as per Supplementary Guidance

Table 2.5: Reduction in Greenhouse Gases, HAPS Project Test-bed Homes

New Build (per house)		Retrofit (per house)	
Non-traded CO2 reduction	1179 CO2	Non-traded CO2 reduction	2068 CO2
Non-traded carbon price	£69/tCO2	Non-traded carbon price	£69/tCO2
Non-traded value	£81	Non-traded value	£144
Traded CO2 reduction	4366 CO2	Traded CO2 reduction	2501 CO2
Traded carbon price	£14/tCO2	Traded carbon price	£14/tCO2
Traded carbon value	£61	Traded carbon value	£53
Cost adjustment factor	50%	Cost adjustment factor	50%
Total value per home (2020)	£71	Total value per home (2020)	£99

Table 2.6: Fuel Poor Households in Swansea Bay City Region, 2018

Local authority area	Total households	Fuel poor households	Fuel poor %
Pembrokeshire	51,761	12,083	23%
Carmarthenshire	76,771	18,934	24%
Swansea	100,787	24,394	24%
Neath Port Talbot	58,780	14,450	24%
Regional Total	288,099	69,861	24%
All Wales	1,265,000	291,000	23%

Note: updated figures from Welsh Government stats released in April 22 highlighted the Wales figure for fuel poverty to now be 45%.

Skills Future skills development including

- 2,200 additional skills

Carbon Reduction Assessment of activities contained within the SBCD Portfolio

	<ul style="list-style-type: none"> • 14,000 people upskilled • 3,000 new apprenticeship opportunities • 3 Centres of Excellence with a potential for two focused on decarbonisation and renewable energy <p>Over the longer term the Skills and Talent Initiative will be assessing future skills needs in a Zero Carbon future, providing the right skills for future needs. An early pilot project already in place focuses on the renewable energy sector and it is reasonable to assume that this may be the start of a renewables centre of excellence being developed.</p>
Digital	<p>Roll out of regional high speed full fibre and mobile broadband, 5G and IOT enabling more low carbon initiatives to develop. Advanced Digital Infrastructure enables many other social benefits, in relation to carbon reduction. These are linked to travel reductions, more access to remote working and other potential long term requirements such as reutilising existing infrastructure, alternative services and potentially reducing future construction activity giving a reduction in carbon footprint, over a longer period of time</p>
Yr Egin	<p>363.4 sqm BREEAM excellent floorspace phase 1</p> <p>Yr. Egin 1 provides 40,000 sq ft for Welsh Media company S4C and the University's new media faculty and offices, was constructed prior to the announcement of a climate emergency. However, the building has a large amount of energy efficient design achieving a BREEAM excellent rating for sustainability as per WG guidelines.</p> <p>Examples of what has been incorporated within the design areas follows:</p> <ul style="list-style-type: none"> • Ie PVs, Cycle provisions, public transport management plan, passive building management etc
PDM	<p>1,000 MW contribution to decarbonisation targets</p> <p>The programme will establish a world-class centre for marine engineering with an immediate focus on low carbon energy Pembroke Dock Marine provides the support structure for the growth of an industry that targets the generation of decarbonised energy</p> <ul style="list-style-type: none"> • Directly contribute to UK and Welsh decarbonisation targets by enabling industry to upscale devices efficiently to harness 1GW of marine derived energy. • Align with UK aims to establish a decarbonised energy generating industry in order to meet 2050 net zero emissions targets. <p>PDM elements will play a critical part in bringing down the current cost of marine derived energy to a more acceptable level to become comparable with other decarbonised energies such as nuclear.</p> <p>PDM will make a significant contribution to achieving the Welsh Government’s target of 70% of electricity consumed in Wales from Welsh renewable sources by 2030,</p> <p>In terms of securing the economic benefits of the transition to a low-carbon economy, research²⁹ indicates that an installed capacity of 60MW, 300MW and 1GW in Wales alone would return £72m, £303m and £840m of GVA. Additionally, 60MW, 300MW and 1GW of</p>

Carbon Reduction Assessment of activities contained within the SBCD Portfolio

	<p>installed capacity is expected to create, 2,030, 8,510 and 23,760-person years of employment respectively across the manufacturing and energy, construction and maintenance, distribution, transport and communications and professional and public services sectors.</p> <p>Marine energy technologies have the potential to displace coal and natural gas generation on the grid and to reduce CO2 emissions permanently by at least 1MtCO2 per year after 2030 and at least 4MtCO2 per year after 2040</p> <p>Cost Reduction Tidal stream has potential to reach LCOE of £150 per MWh by 100MW installed, reducing to £90 per MWh by 1GW and £80 per MWh by 2GW. Further reductions are possible with additional focus on innovation and continued reductions in cost of capital towards levels coming through in offshore wind.</p> <table border="1" data-bbox="371 624 1402 735"> <thead> <tr> <th colspan="4">Environmental benefits (discounted, 2018 price)</th> </tr> <tr> <th></th> <th>Option 2</th> <th>Option 3</th> <th>Option 4</th> </tr> </thead> <tbody> <tr> <td>Carbon Dioxide (CO2) savings</td> <td>£8.2 million</td> <td>£2.5 million</td> <td>£8.2 million</td> </tr> </tbody> </table>	Environmental benefits (discounted, 2018 price)					Option 2	Option 3	Option 4	Carbon Dioxide (CO2) savings	£8.2 million	£2.5 million	£8.2 million
Environmental benefits (discounted, 2018 price)													
	Option 2	Option 3	Option 4										
Carbon Dioxide (CO2) savings	£8.2 million	£2.5 million	£8.2 million										
<p>Swansea Waterfront</p>	<p>Total: 12,884 sqm BREEAM excellent floorspace</p> <p>The programme includes low carbon strategies will be at the heart of the design and build of the new developments, to cut energy use and contribute to a low carbon economy in Wales. Including use of Solar panels providing a % of required energy use, , LED lighting and has achieved a 64% materials in construction procured from Wales</p> <p>71/72 Kingsway Floor area: 10,684 sqm, BREEAM: Excellent projected and will be operationally carbon zero. 71/72 Kingsway includes some innovative features to ensure its operationally carbon zero rating. The new development will include a green roof terrace, solar panels on top of the building, trees on each level, underfloor heating and heat recovery systems to minimise energy use with a rainwater capture feature, helping with water supply to plants and trees in and around the building. Glazing throughout the development will allow natural light into the building, further reducing energy consumption. The new pedestrian link between The Kingsway and Oxford Street the development is providing will be lined with greenery and flora. The building is situated on an active travel route, minutes from the city’s main bus and rail stations. Recent improvements on The Kingsway have facilitated Swansea’s push for more carbon neutral ways of travelling, providing wide walkways and cycleways leading off the development. There will also be a bus stop immediately outside the building.</p> <p>Innovation Matrix Floor area 2,200m2 of BREEAM: Excellent high-quality floor space which complements the University’s existing IQ and Y Fforwm buildings, in the heart of UWTSU’s Innovation Quarter. With aspirations to achieve net carbon zero, RIBA 2030 climate challenge applying intelligent building systems and having a “cradle-to-grave” construction strategy.</p>												

<p>Pentre Awel</p>	<p>50,000 sqm BREEAM excellent floorspace</p> <p>Pentre Awel Zone 1 will include a significant amount of carbon reducing technologies:</p> <ol style="list-style-type: none"> 1. The building is on target to achieving a BREEAM Excellent rating. With respect to Energy credits and (in particular Ene01 which focusses on the building performance for energy efficiency and carbon emissions reduction) the building is currently achieving between 4-6 credits (to be verified by the BREEAM Assessor) which is in excess of the mandatory minimum for the targeted Excellent rating. 2. Fabric First Approach <p>Throughout the design process the design team has endeavoured to minimise the building energy demand through passive design, supplying energy effectively and utilising renewable energy measures. To complement the fabric first approach in minimising energy demand the building is targeting a construction air permeability of 3 m³ /h.m² at 50 Pa. This is a significant reduction compared to the regulatory minimum performance of 10 m³ /h.m² at 50 Pa, which will benefit the scheme in reducing primary energy demand</p> <ol style="list-style-type: none"> 3. Mechanical and electrical design considerations <ul style="list-style-type: none"> • Natural daylight to be utilised wherever practical to reduce the energy use associated with electrical lighting. • Reduced direct solar gain to reduce the need for comfort cooling or air conditioning. • Daylight to be balanced against solar gain. • Solar control glazing will be used on all facades. • High efficiency lighting system (LED) will be provided with presence and absence detection controls, provision of manual control still an option where room function requires this. • High efficiency lighting system (LED) at the perimeter of the building will be provided with daylight linked dimming controls. • Natural ventilation will be utilised whenever possible to reduce the energy use associated with mechanical ventilation and cooling (operation and acoustic dependent) 4. Air Source Heat Pumps <p>The energy strategy incorporates Air Source Heat Pumps (ASHP) as the primary source of heating provision for the whole building. The design has developed to allow the ASHPs to deliver the bulk of the heating demand and to deliver the base load of the building. There will be times of the year when the ASHPs will be supplemented with heat top up from alternative gas boilers, however, The heating system design has been optimised to maximise the heat input from the ASHP.</p> <ol style="list-style-type: none"> 5. Ventilation <p>The building is provided with multiple forms of ventilation generally comprising of either natural or mechanical ventilation proposals. The use of natural ventilation has been provided wherever possible to minimise the use of energy intensive form of ventilation</p> <ol style="list-style-type: none"> 6. Rainwater harvesting <p>Rainwater harvesting is provided to offset the water demand of the building</p> <ol style="list-style-type: none"> 7. Photovoltaic (PV) panels
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Carbon Reduction Assessment of activities contained within the SBCD Portfolio

	<p>PV panels are provided at roof level of the building to provide an onsite electric generation source. The overall area of PV panels has been optimised to deliver the energy savings that contribute to the compliance aspects (energy demand and carbon emissions – Approved Document L2A) and also the credits achieved under BREEAM Ene01. The extent of PV allocation comprises of circa 1250m² panel area which aims to deliver 150 kW peak electricity generation and offset incoming grid derived electricity by some 176,000 kWh per annum</p> <p>8. Electrical Vehicle (EV) charging Up to 10% of the total parking provision within the Zone 1 development will be served by EV charging. 33 spaces in total (29 standard spaces, 4 accessible spaces)</p> <p>9. Future proof design and heat network The first phase of development at Pentre Awel has been progressed with a focus upon dedicated heat generation being delivered from within the confines of the Zone 1 energy centre. Carmarthenshire County Council (CCC) does, however, have a desire to maximise future opportunities through the development of adjacent Zones and, as such, the Zone 1 scheme has been designed to be capable of accepting district heating mains (linked to adjacent energy/heat provision) when available and developed in greater detail as part of the wider site development. To enable this to happen the primary heating circulation, within the Zone 1 energy centre, features capped connections to the distribution pipework that are capable of being connected to an adjacent heat network. This will allow for future flexibility with an opportunity to deliver additional project benefits</p> <p>10. Construction Related Activities/On site operations There will be a number of construction related objectives and measures to deliver during site operations. Primarily these will be focused upon –</p> <ul style="list-style-type: none"> • Minimising carbon miles - and emissions on site • Minimising carbon miles – and emissions from delivery of materials • Maximising the use of recycled and reasonably sources materials • Appropriately mitigating site waste • Reducing and monitoring embodies carbon within the building • Waste management, protecting and enhancing the biodiversity and ecology at Pentre Awel <p>Pentre Awel was one of the first projects in the UK to be awarded 100% funding from the Department for Business, Energy and Industrial Strategy to undertake a heat network feasibility study that will explore options for low carbon heat and energy recovery. This will support Carmarthenshire County Council’s efforts to become a net zero carbon local authority by 2030.</p>
<p>SILCG</p>	<p>Total 28,500 sqm BREEAM excellent floorspace Bay Technology Centre – 18,500sqm state of the art building of modern office and Laboratory space being the first commercial energy positive building in Wales. The innovative design and use of materials will provide a sustainable building that is energy positive with excess energy being used to generate hydrogen within the site. Innovative use of materials includes specialist photovoltaic panels made to look like cladding, and a ‘thermal mass’ of exposed precast floor slabs that can store and transfer heat from the building providing a cost effective heating solution. Winner of Net Zero Award in the 2022 Constructing Excellence Wales (CEW) Awards.</p>

Carbon Reduction Assessment of activities contained within the SBCD Portfolio

	<p>1,320 jobs created working in the low carbon sector</p> <p>SWITCH – A proposed 4,000 m2 BREEAM excellent specialised industrial research facility created to enhance applied research for steel & metals industry - helping industry to decarbonise</p> <p>Advanced Manufacturing Facility – A proposed 6,000 m2 Specialist hybrid facility providing a range of industrial / production units with pilot line and office space with apprenticeship opportunities.</p> <p>Air Quality Monitoring – monitoring levels of air pollution and informing necessary change.</p> <p>The programme also includes supplying Local electric vehicle charging infrastructure to reduce vehicle emissions across the county and a hydrogen stimulus project increasing Hydrogen production from renewable resources (excess energy from the BTC).</p>
Campuses	<p>2,700 sqm BREEAM excellent floorspace</p> <p>2000m2 of research and innovation for Sports Tech and Med Tech development serving as the gateway to the future sports village.</p> <p>700m2 Institute of Life Science innovation at Morriston Hospital co-locating commercial and academic collaboration alongside clinical R&D</p>

APPENDIX 2 – BREEAM

In May 2009 the Welsh Assembly Government published a Ministerial Interim Planning Policy Statement (01/2009) Planning for Sustainable Buildings. This set out an expectation for most new developments seeking planning permission to achieve a minimum sustainable building standard. This was consolidated into section 4.11 of Planning Policy Wales. This was amended in October 2010 when changes were made to England and Wales Building Regulations Part L2A which introduced more stringent requirements for carbon emissions for both residential and non-residential dwellings. In July 2011, BRE introduced an updated BREEAM3 Scheme Document for New Construction (SD 5073), which describes the new environmental performance standard against which new, non-domestic buildings in the UK can be assessed, rated and certified.

BREEAM (Building Research Establishment Environmental Assessment Method) provides a holistic sustainability assessment framework measuring sustainable value in a series of categories and validating its performance with third party certification.

For non-residential developments, a BREEAM rating or an equivalent quality assured scheme may be required based on building floor area:

Building floor area	Policy requirement
<=250 m ²	Exempt
251 to 1,000 m ²	No BREEAM required. Part L+10%* required (10% improvement over the Target Emission Rate (TER) for current Part L of the Building Regulations)
1001 to 2000 m ²	BREEAM 'Very Good' with 'Excellent' for Energy Credits (ENE01)
2001+m ²	BREEAM 'Excellent'

There are exceptions to the BREEAM requirement, some of which may affect projects within the Portfolio e.g. the Campuses refurbishment at Morriston and PDM hangar annexes refurbishment (not exhaustive as other criteria apply):

- all buildings with a floor space of 250m² and under
- all extensions, alterations, refurbishments and change of use of existing buildings
- where Welsh Government provides less than £1,000,000 of financial aid

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Swansea Bay City Region Joint Scrutiny Committee

(All starting 2pm unless otherwise stated)

Meeting Date	Agenda Item	Contact Officer
2023		
24th October 2023	Skills & Talent Programme Update	Sam Cutlan
	Digital Infrastructure Programme Update	Dija Oliver
	Internal Audit Recommendation Report	Matthew Holder
	SBCD Quarterly Portfolio Monitoring -Dashboard -Portfolio Quarterly Monitoring -Portfolio Red Risks -Portfolio Red Issues -Benefits Summary -Construction Impact Assessment Summary -Procurement Pipeline	Jonathan Burns
	Q4 2022/23 Quarterly Financial Monitoring	Steven Aldred-Jones
	Q1 2023/24 Financial Monitoring	Steven Aldred-Jones
2024		

13th February 2024	Carbon Reduction Assessment of the SBCD Portfolio report	
16th April 2024	Homes as Power stations update	
	Pembroke Dock Update	

****To be programmed:**

- To invite Cllr Rob Stuart (Chair of Joint Committee) to discuss relationship between CJC and City Deal and future of City Deal
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Site Visits

- Homes as power stations. Visit 1 new build and 1 retrofit in each local authority area in an afternoon.
- Visit of Milford Haven