

Swansea Bay City Deal Independent Review

Terms of Reference

Context

1. Swansea Bay City Region Board published its vision document 'An Internet Coast' in February 2016; shortly afterwards the Welsh and UK Governments opened negotiations on a City Deal for the region in March 2016.
2. On 20 March 2017 the Heads of Terms for the £1.3bn City Deal were signed. This document provides the foundations for the City Deal, confirms the joint commitment among the four local authorities and the Welsh and UK Governments to ensure full implementation of the Swansea Bay City Region City Deal, subject to funding conditions set by Government being met. The Heads of Terms document also referenced a wider suite of control and governance documents, laying the foundations for the City Deal.
3. Over the next 15 years, the City Deal aims to boost the local economy by £1.8bn and generate almost 10,000 new jobs. It will be underpinned by £125.4m Welsh Government funding, £115.6m of UK Government funding, £396m from the four local authorities and other public sector bodies in the region together with £637m from the private sector.
4. The City Deal is structured around eleven project proposals, set against four themes, with major investment in the region's digital infrastructure and workforce skills and talent underpinning each.
5. In July 2018 all four local authorities approved their Joint Committee Agreement. This legal agreement establishes the key governance structures such as the Joint Committee, the Economic Strategy Board and Scrutiny Committee and commits the four local authorities to work together over the 15 years of the Deal.
6. The provision of Government funding is subject to the submission and approval of full business cases in relation to the eleven identified projects and the agreement of governance arrangements for the Deal, as was set out in the Heads of Terms.

The Joint Government Review

7. There is a requirement for a rapid, independently led joint Government review of the arrangements for the delivery of the £1.3bn Swansea Bay City Deal. The main focus of the review is to provide Ministers with an assessment of whether:
 - the projects which make up the Deal and the strategic level economic ambitions of the Heads of Terms can be delivered;
 - the governance arrangements provide a sufficiently robust framework for delivery of the aims and objectives of the City Deal; and
 - governance processes and the control mechanisms currently in place are being complied with and are operating effectively or advise whether amendments are appropriate to ensure the realisation of the outcomes envisaged in the City Deal;
 - the investment plans are robust and realistic.

8. The review will deliver a joint report to both Governments within the timeframes specified in paragraph 13, recognising a balance between urgency and comprehensive assessment which is essential to ensure both confidence and credibility of the Review. The review will provide an assessment of:
 - The capacity and capability of the Regional Office to support delivery of the City Deal and to provide the interface between the Region and Governments.
 - The appropriateness of regional governance structures, including associated processes of both Governments and the region, linked to the City Deal to provide robust assurance.
 - The confidence that the wider City Deal outcomes can be achieved by the portfolio of projects.
 - The feasibility of the proposed timescales for delivery of the 11 projects within the overall City Deal and investment package.
 - The due diligence processes and activities established in relation to the three first tranche projects.
 - The key risks to delivery.
 - Any recommendations that will improve the deliverability of the outcomes of the Deal.

9. Whilst the review should provide specific recommendations for action, all final decisions will rest with Ministers or the Joint Committee as appropriate.

Specific questions

10. The report should seek to address the following specific questions:
 - i. Are the processes, as set out under the Heads of Terms and the Joint Committee Agreement, operating effectively or are there barriers in place that are/ could impede the smooth and timely delivery of the Deal?

- ii. Are the current internal assurance processes within the region delivering an appropriate level of assurance for both Welsh and UK Ministers and Leaders of the four Local Authorities?
- iii. Are the individual projects on track to deliver the anticipated programme level economic outcomes and to evaluate any variance since the original Deal was signed to ensure the overall city deal outputs are maintained or enhanced?
- iv. Has sufficient due diligence been undertaken in relation to all aspects of the financial proposals, particularly regarding the capital and revenue affordability of all projects, including the sourcing of non-Government funding, the undertaking of an appropriate level of financial probity and investigation into the track record of key participants and promoters of the projects?
- v. Has sufficient regard been given to managing the overall City Deal risk?

Out of Scope

- 11. The development of the business cases, recommendation of any individual business case approval for release of funding or consideration of alternative projects is out of scope.

Engagement

- 12. In addition to all relevant documentation the review should engage with relevant individuals and other work in both Governments and the region.

Delivery

- 13. The Review should conclude within one month of commencement. It will primarily take the form of a written report prepared for Ministers of both Governments. The report will also be shared with the Leaders of the four City Deal Local Authorities in advance of publication.