



OGC Gateway™ Review 0: Strategic assessment

Portfolio Title:	Swansea Bay City Deal
IAH ID number:	AH/22/017

Version number:	V1.0 FINAL
Senior Responsible Owner (SRO):	Wendy Walters
Date of issue to SRO:	25/07/2022
Department/Organisation of the Programme	Swansea Bay City Region
Review dates:	20/07/2022 to 22/07/2022
Review Team Leader:	David Wilkin
Review Team Members:	Gez Martin Andy Thomas
Previous Review:	Gateway 0 19/07/2021 to 21/07/2021 Delivery Confidence Assessment – Amber/Green
Security Classification:	Official

This assurance review was arranged and managed by:

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1.0 Delivery Confidence Assessment (DCA)

<u>Delivery Confidence Assessment:</u>	Amber/Green
<p>The Review Team finds that the Swansea Bay City Deal Portfolio continues to make progress and is well-regarded across many stakeholder groups.</p> <p>The establishment of a professional, well-resourced Portfolio Management Office (PoMO) has been key to progress, as has the evolution of the governance arrangements and continued support from the Joint Committee. It is also evident that the leadership of the individual programmes and projects has been key to successful delivery thus far and there is a keenness to ensure that ‘the whole is greater than the sum of the parts’.</p> <p>Funding from UKG and WG is on stream and there may be opportunities to accelerate delivery, resources and skills permitting, as one component to combat inflationary pressures, particularly in the construction industry.</p> <p>The Portfolio remains aligned with both UKG and WG policies and is perhaps even more important in the post-pandemic economic recovery; contributing to the long-term sustainable skills and prosperity of the region. That said, the operating environment has become even more difficult in the past 12 months; presenting risks that are largely outside the control of the Portfolio, and the PoMO is taking all reasonable measures to strengthen its position and be proactive in the event of difficult choices.</p> <p>The Review Team makes a small number of good practice recommendations in the areas of:</p> <ul style="list-style-type: none">• Business Case(s) maintenance;• Benefits Management;• Information access; and• Clarity of language <p>In summary, at Portfolio level, the SBCD is in good shape in the face of significant challenge.</p> <p>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.</p>	

The Delivery Confidence assessment RAG status should use the definitions below:

<u>RAG</u>	<u>Criteria Description</u>
Green	Successful delivery of the 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 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 programme appears to be unachievable. There are major issues which, at this stage, do not appear to be manageable or resolvable. The programme may need re-baselining and/or overall viability re-assessed.

2.0 Summary of Report Recommendations

The Review Team makes the following recommendations which are prioritised using the definitions below:

Ref. No.	Recommendation	Urgency (C/E/R)	Target date for completion	Classification
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 Dec 2022 & Ongoing	8.2
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 Dec 2022 & Ongoing	5
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 Sept 2022 & Ongoing	3.2
4.	Enhance the clarity of reports and communications through increased use of plain, clear language and executive summaries.	R - Recommended	End of Sept 2022 & Ongoing	3.5

Critical (Do Now) – To increase the likelihood of a successful outcome it is of the greatest importance that the programme 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 should benefit from the uptake of this recommendation.

3.0 Comments from the SRO

I am again grateful to the Review Team for a thorough and informative review. It is particularly welcome that the review report recognises the good progress made by the Portfolio over the last 12 months, with all programmes and projects now approved and tangible benefits being realised.

It is reassuring that the Review Team have recognised that the establishment of a professional, well-resourced Portfolio Management Office (PoMO) has been key to progress, as has the evolution of the governance arrangements and continued support from the Joint Committee. I am also grateful for the recognition that the leadership of the individual programmes and projects has been key to successful delivery so far.

The acknowledgement that the Portfolio is in good shape to meet the difficult economic environment is encouraging, noting that the risks associated with economic recovery will be difficult to fully mitigate throughout delivery. Myself, and the wider City Deal team, will strive to ensure that the Portfolio is strengthened to meet these challenges and to deliver its benefits to the communities of the region. We will do this together as a team and ensure that momentum is maintained as the Portfolio moves further into delivery over the next 12 months.

The four recommendations within the report, and the other advisory comments, will be shared, discussed and implemented with our key stakeholders. More specifically we will ensure that all projects and programmes are updating their business cases which will be aligned to fluctuating costs, re-profiling options and benefits realisation.

The Review report and outcome provides the assurance to me as SRO, the City Deal team and all our stakeholders that the Portfolio is well positioned, whilst clearly highlighting the significant challenges ahead.

Finally, I would like to thank the Review Team for the professional, constructive and thorough manner in which the Review was undertaken.

4.0 Background

The background and aims of the Portfolio are set out in the Portfolio Business Case (March 2022).

Background

The Swansea Bay City Deal (SBCD) was agreed between the UKG, the WG and the four Swansea Bay City Region (SBCR) local authorities in March 2017. The original heads of terms included funding commitments of £241m from UKG and WG, and £396m from the four regional local authorities (Carmarthenshire, Pembrokeshire, Swansea and Neath Port Talbot) and other public sector bodies, with an anticipated £637m from private sector investment. Combined, this would create over 9,000 jobs.

The Swansea Bay City Region spans across four local authority areas with a combined population of approximately 698,000 people.

The City Region published an economic regeneration strategy in 2013 with a common vision to enhance the long-term prospects of the region's economy, businesses and communities. The strategy will co-ordinate collective action and identify routes and initiatives to respond to the structural challenges that are holding back the SBCR economy.

The creation of the SBCR in July 2013 was based on evidence that shows City Regions of more than 500,000 people are in a better combined position than individual local authority areas to stimulate economic growth through attracting investment and generating high-value job opportunities. The population has grown by just over 1.1% (7,651) over the last five years and is expected to grow by a further 1.1% (7,850) over the next five years from 2020.

The SBCD is part of the SBCR strategy and portfolio. It's a partnership of eight regional organisations made up of local authorities, universities and health boards that aims to accelerate economic and social advancement through regional infrastructure and investment funds. The SBCD partners are:

- Carmarthenshire County Council
- City and County of Swansea Council
- Neath Port Talbot Council
- Pembrokeshire County Council
- Swansea University
- University of Wales Trinity Saint David
- Hywel Dda University Health Board
- Swansea Bay University Health Board

Strategic Driver

The strategic context for the Swansea Bay City Deal was originally framed within the Swansea Bay City Region Economic Regeneration Strategy 2013 – 2030, an ambitious strategic framework to support South West Wales and its future economic development. The document sets out that framework, which is intended to stimulate and shape the work of all our stakeholders as we come together behind a common vision, to enhance the long-term prospects of our City Region economy, its businesses, and communities. This strategy has now been updated with information from the South West Wales Regional Economic Delivery Plan that sets out the ambitions to develop a resilient, broad based and sustainable economy to 2030. The SBCD Portfolio is fully aligned with the strategic aims and objectives of the Economic Delivery Plan.

The SBCD Portfolio consists of 9 programmes and projects that together will have a significant impact on the regional economy in terms of Gross Value Added (GVA) and jobs created. The Portfolio is to be delivered over a 15 year timescale 2017-2033.

The SBCD has a current portfolio investment of £1.241bn, funded by the UK Government, the Welsh Government, public sector bodies and industry. This investment will improve regional infrastructure in high value sectors, attract inward investment from businesses and create good job opportunities.

The table below shows the intended economic impact of each of the 9 programmes and projects:

Programme / Project	15-year Impact	
	GVA £m	Net Jobs
Economic Acceleration		
Swansea City & Waterfront Digital District	669.8	1,281
Yr Egin	89.5	427
Digital infrastructure	318.8	-
Skills and Talent Initiative	-	-
Life Science & Well-being		
Life Science, Well-being and Sport Campuses	150.0	1,120
Pentre Awel (Life Science & Well-being Village)	467.0	1,853
Energy and Smart Manufacturing		
Homes as Power Stations	251	1,804
Pembroke Dock Marine	343.4	1,881
Supporting Innovation and Low Carbon Growth	93	1,320
SBCD Portfolio total	2,382.5	9,686

Current position regarding previous assurance reviews:

This is the third Gateway Review of the Portfolio. The recommendations of that review have been actioned.

A summary of recommendations, progress and status from the previous assurance review can be found in **Annex C**.

5.0 Purposes and conduct of the OGC Gateway Review

The primary purposes of a Gateway Review 0: Strategic assessment are to review the outcomes and objectives for the programme (and the way they fit together) and confirm that they make the necessary contribution to Ministers' or the departments' overall strategy.

Annex A gives the full purposes statement for a Gateway Review 0.

Annex B lists the people who were interviewed during the review.

6.0 Acknowledgement

The Review Team would like to thank all participants for their contributions to this review. The assistance provided by Ian Williams was particularly appreciated.

7.0 Scope of the Review

This is a mid-cycle Gateway 0 Review.

Additionally, the Review Team was given a number of areas for focus:

1. Review progress on the previous Gateway recommendations
2. Arrangements for the delivery and operational phases of the Portfolio including ongoing assurance arrangements and the development of business cases
3. Arrangements for monitoring and securing the anticipated private sector investment in the delivery and operation of the programmes and projects
4. How the programmes and projects are addressing the challenges of funding and designing the physical infrastructure post Covid and in the context of increases in construction costs
5. Recommendation on the purpose and role of the PoMO in the delivery phase and moving into the operational phase
6. Portfolio governance and reporting arrangements, particularly:
 - benefits realisation
 - change control
 - risk / issues
 - audit and scrutiny

8.0 Review Team findings and recommendations

8.1: Policy and business context

The Swansea Bay City Deal (SBCD) is jointly funded by the UK Government (UKG) and Welsh Government (WG) as a Capital Scheme and is subject to robust governance being enacted for the Region. In this case, the Region is defined as the geographical area covered by four Local Authorities (LAs):

- City and County of Swansea Council;
- Carmarthenshire County Council;
- Neath Port Talbot County Borough Council; and
- Pembrokeshire County Council.

The SBCD is firmly anchored in supporting overarching policy intent for both UKG and WG. SBCD supports UK Government strategies including the Industrial Strategy and Clean Growth Strategy, as well clear alignment with Wales' Wellbeing of Future Generations Act.

The Portfolio is complex in its content, and needs to be delivered against a changing political backdrop in both Governments, further exacerbated by the advent of Covid-19 and the inevitable economic challenges that will present. SBCD is scoped to be delivered over a 15-year period, during which many events could influence investment priorities: the structure and control of the Portfolio will need to cater for momentum to be maintained through periods of change, yet also provide the ability to absorb change in emphasis according to the prevailing strategic direction.

In the context of Covid-19, there is much talk of the need to invest in infrastructure to revive the economy. As such, Portfolios such as SBCD would appear to be strong candidates to receive firm support from both UKG and WG.

8.2: Business Case and stakeholders

Business Case Status

The Portfolio Business Case acts as a strategic 'wrapper' for the Programmes and Projects within SBCD. Each Programme/Project (Pg/Pj) Business Case justifies the case for their respective investments and funding requirements. Each Business Case follows the standard 'five case' model.

The Portfolio Business Case has been approved by both UKG and WG. It is important now that the Portfolio Business Case is used routinely by the Programme Board and Joint Committee to maintain alignment with strategic priorities and evolving operational environment changes.

All nine constituent Pg/Pj now have approved business cases and many of the Pg/Pj are into delivery. In the intervening 12 months since the last Gateway Review, the economic context of the Portfolio has worsened significantly, with inflationary pressures threatening the affordability of many aspects of daily life. Those pressures are highly likely to have a direct impact on the Portfolio, potentially both negatively and positively, and this will need to be a constant factor throughout the delivery of the constituent Pg/Pj and the balancing of priorities within the Portfolio.

As residents in West Wales now have the option of taking up employment elsewhere (e.g. London) in the post-Covid hybrid-working era, this could have a positive effect (in that they do not leave) and a negative effect (in that they do not participate in local employment and growth). Constant prominence of the SBCD and its progress will be needed to ensure that the 'what's in it for me' message highlights the outcomes and benefits for businesses and individuals in both the short and long term. In short, the Business Case needs to be maintained as the fundamental basis for the investment as the costs and subsequent benefits impact change over time.

As the economic context evolves, all Pg/Pj will need to be alert to potentially changing scope, timelines and costs that could affect the validity of their respective business cases; and the Portfolio will need to focus on maintaining cross-Pg/Pj dependencies and the benefit contributions of each Pg/Pj to the strategic intent. The Review Team observes that the Portfolio Management Office (PoMO) has in place a Change Control mechanism that appears to be bedding in and still has opportunities for further tuning as all Pg/Pj get up to speed. The Review Team supports the view that business cases are not there simply to achieve approval, whereupon they become 'shelfware'; rather that they should be used as live control tools and a key feature of Portfolio and Pg/Pj governance.

The Portfolio is well placed for the delivery and operational phases, including assurance and ongoing development/evolution of business cases. An Integrated Assurance and Approval Plan (IAAP) is in place. Notwithstanding some teething troubles in the early years of the Portfolio establishment, the mechanisms now work well and there is broad support across the investor/authorising and Pg/Pj community.

Recommendation 1: Ensure that individual Business Cases are maintained as live governance tools to keep pace with changing dynamics of the operating environment. (Recommended)

Funding

The funding mechanism for SBCD is not directly linked to the approval of individual Pg/Pj business cases. The SBCD is a 15-year Portfolio of work, and has been running for approx. 4 years with a total funding envelope of £241m from UKG/WG. This funding is to be released in annual tranches, to fund across all projects in the SBCD Region.

The WG element of the funding remains over 15 years, but UKG funding element has been compressed from 15 years to 10 years with the total funding amount remaining unchanged. This has the potential to enable Pg/Pj to progress more rapidly and bring forward benefits realisation; particularly relevant in the increasingly difficult inflationary environment. In practice, whilst funding might be available, it could prove difficult to spend it if the Pg/Pj cannot staff necessary positions to make progress in an accelerated timeframe and if labour cannot be sourced to progress Pg/Pj; this would be an opportunity cost and ought to feature in staffing options considerations. It would be logical to spend a little more on the right skills sooner to derive benefits early, rather than to be hamstrung by recruitment policies that stifle innovation & progress and dilute successful delivery.

The Review Team was told that funding has been accrued from the four annual increments and that it has been allocated to constituent Pg/Pj. The compression of the UKG element is particularly helpful for those Pg/Pj that would otherwise have required lead LAs to seek borrowings to cover the mis-match between Pg/Pj delivery timetables and the funding flow.

The Review Team is of the view that the Portfolio needs to delegate and empower to the respective Pg/Pj SROs but also needs to maintain a dynamic view across the SBCD. This should ensure that benefits are optimised and that delays or rising costs in Pg/Pj can be assessed in the context of potential re-balancing – either to surge resources to bring a Pg/Pj back into profile or potentially the opposite; to pause and re-focus elsewhere in the Portfolio. Active benefits profiling and tracking, alongside cost monitoring and projection, will be core disciplines required throughout the delivery phase. Some interviewees expressed a perception that funding processes are somewhat rigid and could impede flexibility across the Portfolio. Conversely, the Review Team also heard that there is a willingness to re-prioritise and re-profile as required. It would be prudent for the PoMO to agree protocols with Pg/Pj SROs to be enacted in the event of Pg/Pj running into problems with inflation, labour shortages, planning etc.

In addition to the public sector funding, the delivery of the SBCD is predicated on private sector contributions. The Review Team was made aware that for some Pg/Pj that private sector funding is profiled at the 'back end', potentially increasing the risk exposure for Pg/Pj completion should it not materialise. Additionally, in the inflationary environment, there is the potential for changing appetite amongst private sector investors as their appetite for SBCD either grows (as they see the accelerated benefit), or wanes (as their ability to afford it decreases). These are well-known factors within the Portfolio and are somewhat outside control; securing anticipated private sector investment is more likely to be achieved through influence and communication. From interviews, it is unclear 'whose job it is' to excite and incentivise the private sector; the PoMO, or the individual Pg/Pj. In truth, it is probably everyone, but it would be prudent to agree a consistent approach. A good start is already evident (e.g. Parc Y Scarlets event). The Review Team heard encouraging narrative during interviews and focus will need to be maintained to keep private sector engaged and committed.

Stakeholders

The SBCD stakeholders include (but are not limited to):

- UKG and WG;
- Local Authorities;
- Universities;
- Private Sector;
- Health Boards; and
- The Public.

The Review Team interviewed a cross-section of stakeholders and found a continued strong support for the SBCD. In the context of a 'cost of living crisis', there is heightened awareness that the Portfolio needs to demonstrate prudent spending of public money by avoiding lavish events yet creating forums for effective communication.

The Review Team heard that the engagement events arranged by the PoMO have been highly beneficial in terms of enabling stakeholders to explore opportunities for added benefits through connecting with other projects, and that there was a desire for further engagement events. As delivery gets underway, tangible progress can be seen and it will be important to reinforce those positive messages to build and maintain momentum, attract staff and motivate investors. Interviewees expressed support for engagement beyond the SBCD where there might be opportunities for synergies, sharing of ideas and building relationships; this does of course have to be balanced with the avoidance of scope creep.

The four LAs are key stakeholders both in the delivery of, and benefit from, the SBCD. Several interviewees observed that some of the Pg/Pj are somewhat self-contained and that there is a tendency for artificial barriers across LA boundaries to create a degree of silo working which could be to the

detriment of the regional approach that the SBCD is supposed to take. It would be prudent for the PoMO and all Pg/Pj SROs to make consistent effort to break down those barriers and reinforce the collaborative and collegiate nature of working relationships required to optimise delivery across the region.

8.3: Management of intended outcomes

Outcomes & Benefits

The Portfolio investment Objectives include a number of targeted outcomes as shown below:

1. To create over 9,000 skilled jobs aligned to economic acceleration, energy, life sciences and smart manufacturing across the region within 15 years (2017-33)
2. To increase the Swansea Bay City Region GVA by £1.8-2.4 billion through the SBCD by 2033 and contribute to the region achieving 90% of UK productivity levels by 2033
3. To deliver a total investment in the region of £1.15-1.3 billion in the South West Wales Regional economy by 2033

In addition to the above outcomes, the City Deal will also have wider social and economic benefits at both a programme wide and project specific level. The full detail of all City Deal outcomes and benefits will be set out in a Monitoring and Evaluation Plan that will provide details on the capturing, monitoring and evaluation of key information throughout the City Deal programme.

The Review Team heard that in the preceding year, the Portfolio generated 500 FTEs – a significant success in the face of adversity, and that this has buoyed optimism and energised stakeholders. The Review Team observed that stakeholders appeared a little less clear about the impact of the pressures mentioned earlier on benefits in the medium to longer term, and whilst budgets have been reprofiled, it appears that there is a need to optimise benefits tracking, and a BCM network function may be able to support such efforts by driving and challenging projected benefits and outcomes.

Further to the recent, highly successful engagement events, interviewees expressed a desire to organise further events, to rouse interest, maintain buy-in, and publicise successes and benefits of the City Deal for the region. This is particularly important for private sector investment, which has been lagging and has been significantly reprofiled. The Review Team heard that private sector investment is expected to follow public sector investment, but it is essential to engage businesses and investors early on to ensure they can consider, offer feedback on whether Pg/Pj are a good fit with individual business ambitions, and to allow them to plan longer-term. The Review Team heard that interviewees are well aware and sensitive to this, especially given the ongoing macro-economic pressures of inflation, labour shortages, and a volatile political and global trade context which impact on the Portfolio. Interviewees noted that bodies such as Industry Wales may be in a position to support the City Deal leadership and stakeholders in this effort, and that this would be highly welcomed.

Interviewees noted that they feel there is some flexibility within the financial and legal arrangements for the Portfolio to allow Pg/Pj to be rescoped and reprioritised should progress (or lack thereof) justify such action, but that the structure of the Portfolio – with individual Pg/Pj lead by individual Local Authorities – mean that local political priorities may not align. The Review Team heard that the emphasis therefore would be on refreshing and rescoping Pg/Pj within their existing envelopes rather than across the Portfolio. This means that cross-Portfolio optimisation is not likely, which may impact on long-term outcomes and benefits for the region as a whole.

Overall, stakeholders expressed high confidence in current delivery, and were satisfied with the momentum of the Portfolio. However, the Review Team also heard that there is a level of frustration that only large contractors are likely to bid for significant contracts whilst there are many smaller local suppliers who might want to get involved; interviewees noted that this situation is mitigated somewhat by engineering procurement requirements to request successful bidders to include a percentage of smaller and local businesses in their supply chains.

The Review Team heard that interviewees perceive Digital and Skills and Talent as truly cross-cutting, with links between other Pg/Pj in the Portfolio more tentative though interviewees acknowledged that there may be overlaps and synergies which are currently not fully exploited to maximise benefits and outcomes. Whilst interviewees expressed a clear desire to engage with those cross-cutting Pg/Pj along with relevant ideas and activities, it was not entirely clear how this would be deepened and expanded. Overall, interviewees expressed a desire for 'thinking space' alongside the necessary processes, to work together creatively across Pg/Pj to develop ideas on a range of themes such as engagement, synergies and complementary activities to support both delivery and promotion of benefits produced by Pg/Pj and the Portfolio. The Review Team is of the view that, for this to be successful, benefits need to be actively tracked in relation to costs.

The Review Team heard from several interviewees that access to a skilled and work-ready pool of labour is an essential consideration for businesses and investors (and therefore for attracting private sector investment), and that training and qualifications are considered both from an immediate and longer-term, sustainable perspective. Interviewees noted that Welsh language requirements can have an impact on recruitment. There were, however, suggestions that a long-term view should be prioritised earlier in the Portfolio lifecycle to build, develop and retain local talent. Training cuts across all projects in the Portfolio and interviewees viewed Skills and Talent as a service provider across the Portfolio.

Skills and Talent has established long term links with employers, trainers, educational establishments at all levels – schools, Further Education and Higher Education – and this needs to be exploited as much as possible to attract local talent to the City Deal region. This links with the objectives of the whole Portfolio by increasing longer-term skills, aspirations and prosperity in the area.

The long-term ambition of creating sustainable skills and talent pathways highlights further the need for proactive, long-term tracking of benefits and impacts. Overall, the Review Team heard that efforts are made to track benefits and the impact of factors such as compressed funding timescales and changing of budget profiles (e.g. the reduction of UKG funding timescales from 15 to 10 years), inflation, and labour shortages on benefits realisation. Interviewees clearly recognised that this is difficult across a highly complex portfolio with many 'moving parts', and work is ongoing to refine this. Interviewees also recognised that there may be scope to strengthen the evidence regarding causal links between factors impacting on benefits, and outcomes, the time lags between investment and benefits materialising, and to refine and strengthen some of the data on which such modelling / tracking is based; this may also be useful when approaching private sector investors.

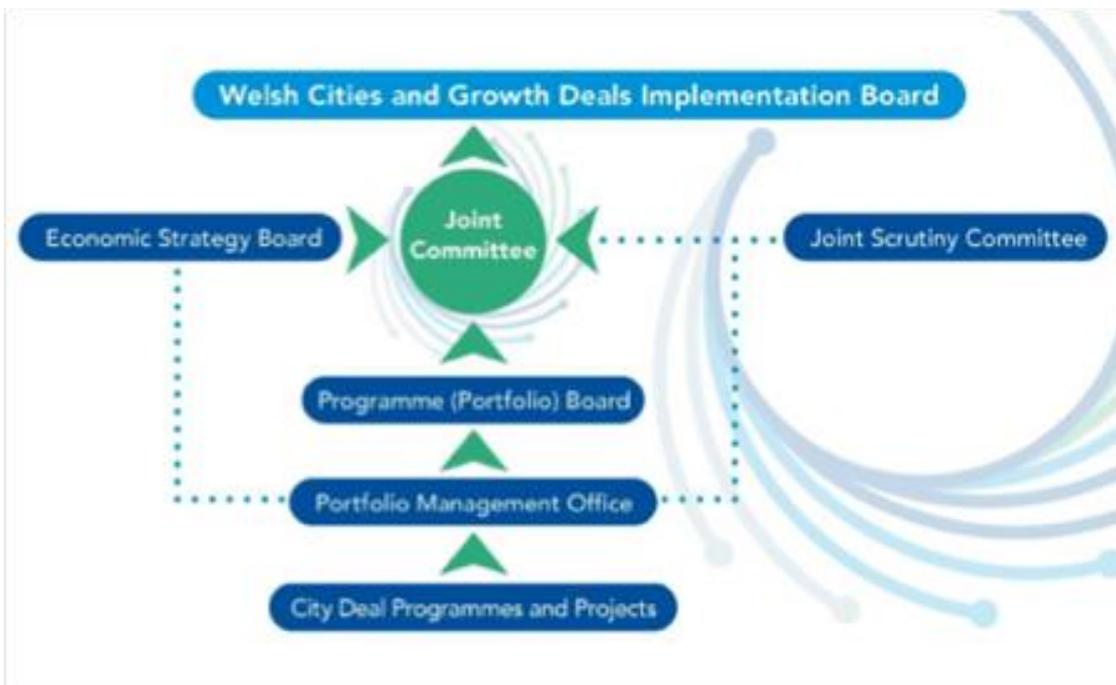
Interviewees were aware of the importance of monitoring benefits and the impact of pressures arising from inflation, the rise in construction costs, labour and skills shortages on progress. The Review Team believes that active benefits tracking would support an agile approach to reprioritising / rescoping of projects and the movement of resources to support projects across the portfolio in a way that optimises the portfolio as a whole to deliver the intended outcomes. The Review Team is also of the view that it would be beneficial for Local Authority leads to look beyond traditional, Local Authority boundaries when considering progress not necessarily only of individual projects, but the Portfolio as a whole with this in mind, and also 'sell' the benefits of the Portfolio as a whole in terms of local impact ('the whole is more than the sum of its parts') but this would need to be specific, tangible, and relatable for the audience, and

clearly needs to be set in the local political and policy context to have traction. There could be a role for the PoMO in providing Local Authority leaders with regular, 'plain English' success stories from a Portfolio perspective, augmented by information from a local, Pg/Pj perspective, to support Local Authority leaders in this effort.

Recommendation 2: Embed active monitoring of costs across the Portfolio and map against the benefits profiles, to inform any downstream prioritisation or re-phasing options. (Recommended)

Governance

The governance arrangement for the SBCD Portfolio is shown diagrammatically below:



Interviewees noted that governance has matured significantly since the previous Portfolio review, and was generally seen as appropriate, mostly pragmatic and working well, although there were instances where communication and governance processes were not always as clear and timely as they could be. There was evidence from some areas that governance can also be perceived as added bureaucracy which can hinder delivery and extend decision making timescales. Interviewees noted that the PoMO carried out its functions well though that sometimes it felt somewhat too process-driven. Interviewees praised the progress made by the PoMO and how it is managed. It was felt that the PoMO adds value, but that the inevitable processes can also add drag and distract from operational activity.

The Review Team heard that a specific change control process has been put in place and is gaining traction, and that the PoMO is actively working with Pg/Pj to embed this process. Interviewees universally commented on risks, especially those mentioned elsewhere in this report i.e. external / macro-economic pressures and some cultural and political constraints which impact on the Portfolio (and variably on its constituent Pg/Pj) though these are to a large extent outside of the control of the Portfolio. The Review Team believes that interviewees were well aware of potential mitigating actions and willing to flex activity to achieve the overall aims of the Portfolio.

Specialist functions (governance, scrutiny, legal, finance, audit) are distributed across LA lead partners who will work together across the portfolio. Interviewees acknowledged the significant progress made in

developing appropriate governance and management arrangements across the complex portfolio, and the key role of the PoMO in achieving this. The Review Team heard that some of this seems to be process driven and that there may be scope for streamlining information by merging some reports and to review reporting periods (monthly vs quarterly), but recognised the importance of reports in managing risks and progress and keeping all stakeholders informed and engaged.

There was a sense that the Portfolio is more than a collection of unrelated Pg/Pj and that the total should be more than the sum of its parts, with connections enabling a fuller leveraging of benefits, and there is an opportunity for the City Deal leadership and its key stakeholders to reflect, to review and refresh the vision of the City Deal and the Portfolio overall.

Interviewees expressed a strong desire to feel involved and informed of progress at Portfolio level in addition to local Pg/Pj work. The Review Team is of the view that timely (pre-meeting) sharing of Portfolio-level reports and documentation with Pg/Pj leads will support the PoMO in its efforts to generate a sense of greater transparency, joint effort, and pan-regional cohesion as it would allow leads to relate the role of their Pg/Pj better to the overall context, offer a truly regional perspective, and provide them with an opportunity to provide additional input if felt useful.

Interviewees also noted that communication was generally effective though there was still room to improve efficiency (in terms of speed and transparency), but that this was not necessarily seen as a key 'blocker'. The Review Team believes that there are clear protocols in place, affirmed in the *Swansea Bay City Deal Independent Review* (Actica, Feb 2019), and that it will be helpful if they were strictly adhered to by all parties in order to avoid confusion and potential misunderstandings. This requires speedy communications. The Review Team also heard that there appear to be a range of pathways to make decisions which are not easy to replicate time after time. This presents a risk to consistency and transparency and it will be prudent to clarify and adhere to agreed pathways, and adjust (rather than bypass) them where necessary.

As noted earlier, interviewees were concerned about a perceived disconnect between the PoMO and the individual project managers (who report up through their local reporting chain rather than to the PoMO) so there is potential for lost opportunities to identify and manage synergies.

In conclusion, Portfolio governance is seen as somewhat of an overhead by some interviewees, but overall recognised as adding value and working well. Benefits realisation needs to focus on long-term sustainable benefits, not short-term targets. Change control is good, as is risk and assurance management. The PoMO is more than just a grant management office, but the nature of Local Authorities can cause avoidable barriers in the overall Portfolio which has a regional scope. Access to information for pro-active pre-emptive analysis at Project level will further cohesion and transparency, and a focus on speedy, efficient communications and access to data, with key information presented in a way that facilitates analysis and enhanced risk management – make it easy please!

Recommendation 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. (Recommended)

8.4: Risk management

There was clear evidence of sound Risk Management practices, with many interviewees demonstrating and articulating a clear understanding of the major risks facing SBCD and confidence that they were being managed as effectively as possible. Major risks were discussed, including Tan15 flood risk maps, planning permissions, private sector inward investment, Pg/Pj slippage and rising construction costs.

Risk Management is exercised in all of the Pg/Pj with the PoMO keeping a watching brief for escalations that have an impact at Portfolio level. In addition to the Risk Register, the PoMO produces a construction impact assessment (like the Covid impact assessment) to identify areas of increased risk exposure and facilitate pre-emptive mitigation; this is good practice.

8.5: Review of current phase

Progress

The SBCD is collection of nine Programmes/Projects, grouped thematically as follows:

- Economic Acceleration
 - o Swansea Waterfront
 - o Yr Egin
 - o Skills and Talent
 - o Digital Infrastructure
- Life Science & Wellbeing
 - o Life Science and Wellbeing Village
 - o Life Science, Wellbeing and Sports Campuses
- Energy & Smart Manufacturing
 - o Homes As Power Stations
 - o Pembroke Dock Marine
 - o Supporting Innovation & Low Carbon

The Review Team found that there has been considerable progress made by the SBCD over the 12 months since the last review. The Review Team was heartened to discover that all Pg/Pj are now in formal delivery having received the necessary approvals. There was good news in that the Swansea Arena is now open with high levels of customer take-up, whilst other Pg/Pj have already delivered key, tangible progress (Swansea Waterfront & Digital District, Pentre Awel and 71/72 Kingsway). Other Pg/Pj were at various stages of delivery. It was clear from statements made by a significant proportion of interviewees from across the Portfolio that the PoMO was at the heart of the portfolio and an important factor in supporting effective delivery.

Whilst the Portfolio comprises 9 Pg/Pj, the Review Team perceive them as fundamentally individual in nature. However, it was also established that there were instances where some Pg/Pj were loosely linked with others to varying degrees. The most obvious instances of these are Digital Infrastructure and Skills & Talent, although commonality or smaller degrees of crossover could be identified which would provide opportunities for collaboration and sharing of Lessons Learnt.

The Review Team heard that some points identified by the previous review remain in the form of cross-Portfolio communication and collaboration versus local plans and agendas; a range of political orientations of joint funders (UK Government, Welsh Government, LAs) with some processes being perceived as detrimental to cross-Portfolio flexibility in terms of project re-scoping and re-prioritisation. The Review Team believe that some of these cannot be influenced by the Portfolio leads/PoMO, whilst some may have reached a workable balance and cannot be optimised further. Overall, interviewees seemed optimistic, committed and conscious of the need to work together, and of the basic common ground of wanting the investment in the Portfolio to yield successful Pg/Pj and benefits to all investors.

The Review Team established that although there are instances where some Project Managers unilaterally seek out common ground and links, this was mainly on an ad-hoc basis. Support in arranging cross-cutting forums for relevant project staff by the PoMO would help to increase collaboration across

the Portfolio and promote a culture of seeing the Portfolio as a whole and breaking down any notional barriers between projects delivering under the control of different Local Authority areas. The Review Team believe that this would have the added benefit of breaking down potential impediments to the momentum currently being built up by the SBCD as a whole.

8.6: Readiness for the next phase

Construction

The UK is currently experiencing numerous challenges as it recovers from the impacts of Covid and Brexit. Although there are numerous impacts, there are specific risks relating to high inflation driving up construction costs. Whilst some fixed-price contracts are already in place, Pg/Pj already engaged in or about to commence procurement activities are likely to see higher than expected tenders returned. This is likely to continue throughout the life of the Portfolio and are extremely difficult to forecast accurately. In addition to direct impacts on spend approvals, this is likely to have an impact on benefit realisation. In order to continue delivery, some Pg/Pj may have to evaluate whether original scope can be delivered in entirety.

The Review Team heard that there is no additional 'reserve-list' of Pg/Pj that may become partly or wholly non-viable, although consideration could be given to this approach. The Pg/Pj in the Portfolio make multi-layered and specific contributions to the overall benefits realisation and bringing in 'reserve-projects' would require them to be very specific.

To mitigate these risks, in addition to the Portfolio Risk Register, the PoMO utilises a Construction Impact Assessment template for completion by all Pg/Pj to more accurately forecast proposed capital spends. This proactivity would provide enhanced estimates of available remaining budgets thereby facilitating improved decision making regarding future direction of the Portfolio.

The Review Team heard that the Construction Impact Assessment together with a standardised (across the Portfolio) Change Management Process are key tools to manage business change across the Portfolio. This appears to be working well, with Pg/Pj increasingly using the process and thus enabling change management across the range of projects and providing a strategic overview of change and impacts.

This may be further impacted by new regulations around flooding and flood plains. Whilst the proximity for the actual flooding risks is currently forecast at around 100 years, it is likely to have the potential to block planning permissions being awarded to some construction projects. As noted elsewhere in this report, the Construction Impact Assessment serves as a key change management tool as part of the broader change management process.

Portfolio Management & Resources

As referenced elsewhere in this report, overall, interviewees commented positively on the PoMO's role as both a co-ordinating force and its pragmatic, advisory and supportive attitude and a key contributor to the success of the Portfolio. Whilst some slightly differing opinions were expressed by interviewees, the Review Team heard that there could be opportunities to streamline the reporting and information gathering processes. In addition, there was a perception that some information flows or requests fed into UKG and WG were lost or suffered unacceptably long response times. Streamlining of reports would

assist some Pg/Pj by reducing perceived bureaucracy, increasing delivery focus whilst having the potential to make reporting clearer to many Board members and strategic decision makers.

Interviewees accepted that monitoring and reporting were necessary when spending public money but felt that there are opportunities to reduce complexity for example merging some reporting and monitoring documentation, and sharing Portfolio Board documentation with Project Leads in advance of meetings; this might help with communication across the portfolio and enhance existing connections between projects. This could be optimised further by communicating the work and the goals of the portfolio across all participating Local Authorities to 'win hearts and minds' of a wider population and thereby continuing to build wide-spread interest and support whilst demonstrating that the PoMO supports the entire Portfolio rather than just the core.

The Review Team heard that in some instances, the language employed in reports can be difficult to understand by some stakeholders who are not specialists in Pg/Pj management, and could be enhanced by a concise, simplified summary of progress, risks etc. Interviewees expressed the view that streamlining communications – including reports – would be useful, for example highlighting or summarising changes in circulated documents rather than re-issuing the documents in their entirety, and providing plain-English summaries of complex documentation heavy on technical jargon. Consideration could be given to providing an “Executive Summary” at the front of reports and dashboards, written in Plain English/Welsh with more detailed information contained within the body of the reports.

Recommendation 4: Enhance the clarity of reports and communications through increased use of plain, clear language and executive summaries. (Recommended)

9.0 Next Assurance Review

The next Gateway 0 Review (Strategic Assessment) of the Portfolio should be undertaken in 12 months' time – **around July 2023**.

ANNEX A

Purposes of the OGC Gateway Review 0: Strategic assessment:

- Review the outcomes and objectives for the programme (and the way they fit together) and confirm that they make the necessary contribution to overall strategy of the organisation and its senior management.
- Ensure that the programme is supported by key stakeholders.
- Confirm that the programme's potential to succeed has been considered in the wider context of Government policy and procurement objectives, the organisation's delivery plans and change programmes, and any interdependencies with other programmes or projects in the organisation's portfolio and, where relevant, those of other organisations.
- Review the arrangements for leading, managing and monitoring the programme as a whole and the links to individual parts of it (e.g. to any existing projects in the programme's portfolio).
- Review the arrangements for identifying and managing the main programme risks (and the individual project risks), including external risks such as changing business priorities.
- Check that provision for financial and other resources has been made for the programme (initially identified at programme initiation and committed later) and that plans for the work to be done through to the next stage are realistic, properly resourced with sufficient people of appropriate experience, and authorised.
- After the initial Review, check progress against plans and the expected achievement of outcomes.
- Check that there is engagement with the market as appropriate on the feasibility of achieving the required outcome.
- Where relevant, check that the programme takes account of joining up with other programmes, internal and external.
- Evaluation of actions to implement recommendations made in any earlier assessment of deliverability.

ANNEX B

List of Interviewees

The following stakeholders were interviewed during the review:

Name	Organisation and role
Philip Ryder	SBCD PoMO Manager
Sion Charles	ARCH Head of Strategy & Service Planning
Tracey Meredith	SBCD Monitoring Officer and Programme Board Member
Wendy Walters	SBCD SRO, Chief Executive of Carmarthenshire Council, Chair of Programme Board
Steven Jones	Director of Community Services, Pembrokeshire Council, SRO for PDM Project
Cllr Rob Stewart	SBCD Joint Committee Chairman and Leader of Swansea Council
Chris Moore	SBCD S151 Officer. Director of Corporate Services CCC, Programme Board Member, Pentre Awel Project SRO
Steve Wilks	Swansea University Provost and SBCD Programme Board Member
Barry Liles	University of Wales Trinity Saint David Pro-Vice Chancellor, SRO Skills and Talent Programme
Lisa Willis	NPT Project Lead for HAPS and Low Carbon
Helen Davies	WG Head of City and Growth Deals, Mid and South West Wales and SBCD Programme Board Member
Gareth Ashman	UKG Programme and Project Management Lead, SBCD Programme Board Member
Chris Foxall	Chair of SBCD Economic Strategy Board, Programme Board Member
Jonathan Burnes	SBCD Portfolio Director
Gareth Jones	Programme Manager, Digital Infrastructure
Martin Nicholls	Swansea City Council Interim Chief Executive, Programme Board Member, SRO Swansea Waterfront
WORKSHOP SESSION	
Cllr Darren Price	SBCD Joint Committee Member and Carmarthenshire Council Leader
Cllr Steven Hunt	SBCD Joint Committee Member and Neath Port Talbot Council Leader
Cllr David Simpson (unable to attend)	SBCD Joint Committee Member and Pembrokeshire Council Leader

ANNEX C

Progress against previous assurance review (19/07/2021 to 21/07/2021 recommendations:

Recommendation	Progress/Status
Update the stakeholder map, engagement strategy and communications plan and establish the potential to make greater use of dashboard information to convey updates to different stakeholder groups.	Actioned
Confirm that the intended Outcomes and Benefits remain realistic given the impact of Covid and Brexit and the shortening of the UKG funding timeframe.	Actioned
Update the Terms of Reference for, and membership of, the Portfolio Board and ensure that all Members and Attendees understand their respective roles.	Actioned
Identify opportunities for the PoMO to extend its targeted support to constituent Programmes/Projects to reduce the PMO burden on those Programmes/Projects.	Actioned