



Programme/Project Assessment Review (PAR)

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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.

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1. Executive Summary

This Project Assessment Review (PAR) focused on the Terms of Reference as agreed by the SRO and Project team.

The Swansea City and Waterfront Digital District projects will deliver:

- The construction and operation of a 3,500 capacity Digital Arena in Swansea City Centre with podium level public realm, commercial units in the public realm, a cutting-edge Digital Square around the arena, and a new hotel, to revitalise the environment, leisure and lifestyle offer in the city centre and provide events space for tech businesses.
- The construction and operation of a new Digital Village on the Kingsway in Swansea City Centre that will provide 115,000 sq. ft. of new office accommodation for growing technology-based businesses.
- The construction of a 34,000 sq. ft. Innovation Matrix and 64,600sq ft. Innovation Precinct at University of Wales Trinity Saint David Swansea Waterfront development to provide incubation space and co-working areas for start-ups and small businesses.

The Terms of Reference directed the Review Team (RT) to focus on the first two; the Digital Arena which has been delivered and has been in operation since April 2022, and the Digital Village on the Kingsway (71/72 Kingsway) which is under construction and due to complete by November 2023.

The Outline Business Case (OBC) was approved in 2017 and secured approval to invest £174.2m, including £50m of City Deal funding ambitious and transformational projects in the city. The OBC stated that developments will facilitate the growth of higher added value activities (particularly tech businesses) in Swansea, for the benefit of the wider Swansea Bay City Region. Benefits included 1,281 jobs, £39.9m of private sector investment and contribute Gross Value Added of £669.8m to the Regional Economy. The Full Business Case (FBC) associated with this project is updated to reflect the most up to date information and figures, any changes are approved by both Swansea City Council (SCC) and the Swansea Bay City Deal (SBCD) Portfolio Office, with UK and Welsh Government being sighted.

The Review Team found that the Waterfront Project is delivering successfully, with the objectives and long-term impact on the city widely understood and supported. There is evidence of effective teamwork and strong stakeholder relationships across all aspects of the Project. Governance is effective and there is a clear route for reporting and decision making. The RT was impressed by the level of capability, enthusiasm, and knowledge across all interviewees.

The Digital Arena delivered successfully in March 2022, despite a very challenging construction phase because of COVID restrictions and following Brexit. The Arena is a major success for Swansea, and without fail, all interviewees celebrated its arrival and more importantly its role as a catalyst for further regeneration and investment. The consensus is that is bringing a new confidence to the Region by demonstrating that Swansea can deliver against its ambition.

71/72 Kingsway in under construction, due to complete in late 2023. The main contractor, Bouygues signed a Fixed Price contract and construction commenced in November 2021. The RT were made aware of some challenges already being raised due to cost increases (budget overspend, impact on quality as two examples), but were encouraged by the level of discussions taking place with the contractors and with the level of on-site monitoring in place to ensure that quality was not compromised.

The RT heard from private investors/developers who have chosen to work with Swansea as they recognise the ambition and ability to deliver. There are a variety of schemes, at different

stages of maturity, with plans to develop residential and office accommodation, along with leisure/lifestyle projects to fulfil the ambition of encouraging city centre regeneration.

2. Delivery Confidence Assessment (DCA)

Delivery Confidence Assessment:	Amber Green
<p>Evidence from documentation, interviewees and a site visit enabled the Review Team to give an overall assessment for the two elements of the Waterfront Project of Amber Green - Successful delivery appears probable. However, constant attention will be needed to ensure risks do not materialise into major issues threatening delivery.</p> <p>The report details the findings, and the assessment is based on:</p> <ul style="list-style-type: none"> • The Digital Arena has delivered successfully, providing a multi-purpose centre, attracting a variety of events, including music, theatre and comedy acts, conferences, and ceremonies. • To date over 100,000 visitors have attended events, with evidence of repeat bookers and a positive customer experience. The Arena has been well received by the Acts, and diary bookings are considerable throughout 2023. • Being able to secure Ambassador Theatre Group (ATG) early in the design and remaining involved throughout. The team are getting to grips with a multi-purpose venue and ways of working. • Securing a 30-year Operating Lease with ATG for the Arena. The car park, access lifts and walkways, and coastal park remain the responsibility of Swansea Council. Whilst there are monthly meetings between both parties, consideration needs to be given to joint operating arrangements to manage the interface between responsibilities. • As a new venue, there are obvious teething problems, not least the ongoing work with the contractor (Buckingham) to work through construction defects, and the delay in letting some commercial units, these are in hand. There were early Lift access and car-parking barriers issues affecting customer experience. • It is too early to assess the long-term benefits as detailed in the business case, but early indications are positive. Benefits Plans remain high level, and more attention to identifying measures and ways of tracking is advisable. • 71/72 Kingsway construction is progressing to plan, with a fixed price contract secured with an experienced contractor – Bouygues, although there are already stresses on the overall budget, dialogue remains positive and open at this stage but will need to be carefully managed. • There is an effective Project Management team in place, along with an experienced team of designers and supervisors (quality control). • Early discussions are progressing with a service Provider to manage the lower floors. • Discussions have commenced with letting Agencies, with a view to market the premises and secure long-term and suitable tenants, no documents were available as this was in early stages. • There is no single integrated plan showing all activities associated with 71/72 Kingsway (construction, marketing and fit out, etc) to define the critical path and assist with monitoring progress. • Risks relate to Economic climate, supply chain and increasing material costs, changing work patterns meaning demand for office space is low, these are well understood, but will need constant monitoring. 	

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:

Ref. No.	Recommendation	Urgency (C/E/R)	Target date for completion	Classification (Please enter the categorisation number from the list provided here)
1.	Introduce a formal meeting between SCC and UWTSD, as part of Governance, thus ensuring that any joint dependencies, opportunities, risks and plans are understood and appropriately managed.	E- Essential	First meeting in January.	1.1 Governance Structures and Process
2.	Review the 71/72 Kingsway Risk and Issues Log on a regular basis to ensure that risks and issues are captured and actively managed to form a key part of the	E- Essential	Within 3 months	9.1 Risk Framework and Processes

Ref. No.	Recommendation	Urgency (C/E/R)	Target date for completion	Classification (Please enter the categorisation number from the list provided here)
	monitoring and control governance.			
3.	Develop and maintain an integrated critical path plan for 71/72 Kingsway to ensure all key activities and milestones are identified and visible. Use this plan to identify and manage dependencies and impacts, and pinch points as work progresses.	E- Essential	With 3 months	3.1 Planning
4.	Expand the Benefits Delivery framework associated with the Arena to identify qualitative benefits and detail measures and tracking arrangements.	R - Recommended	In line with next FBC update.	6. Benefits Management and Realisation
5.	Undertake an Arena Lessons Learnt workshop, involving all stakeholders, to capture learning from construction, implementation/hand over and live running phases.	R - Recommended	In line with FBC update.	11.2 Lessons Learnt
6.	Commission an independent review of the market demand for Grade A office accommodation of the type being proposed for 71/72 Kingsway within the context of the predicted national economic forecast.	E- Essential	Within 3 months.	8.3 Business Case

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

- Quality of political and officer leadership demonstrated.
- Successful delivery of Swansea Arena, raising the profile of Swansea as a city that can deliver ambitious projects.
- Regeneration Strategy vision, along with Council support to decide to build the Swansea Digital Arena COPR Bay, and surrounding area (COPR Bay) as a catalyst to further investment and regeneration activity for Swansea.
- Seeking lessons from existing Arena venues ahead of final design, as well as procuring the ATG at an early enough stage to influence design and operating mode.
- Negotiating Fixed Price contracts on both the Arena and 71/72 Kingsway
- Being open to work with private sector investors, encouraging ambitious plans to build and regenerate key parts of Swansea
- Good governance for Arena and 71/72 Kingsway, involving partners, Programme Boards, Steering Groups, Cabinet meetings, SBCD Portfolio Board. Evidence of effective working relationships at all levels.
- Community Benefits approach – Beyond Bricks and Mortar team in City and County of Swansea have been very active across all Projects from the procurement stage through to delivery. They have ensured that the community benefit principles are fully embedded in both schemes:
 - Local supply chain
 - Targeted recruitment, training to industrial standards
 - engaging with Employability network providing ‘Ready for Construction’ courses to maximise the potential of individuals in the schemes.
 - Community Initiatives and Education

The Beyond Bricks and Mortar team were successful in the Social Value category at both the Welsh and UK GO Awards (Procurement)

5. Areas of concern

- Challenges faced during the construction of the Digital Arena led to defects and has resulted in delays to the opening of one of the car parks and occupation of retail units. Whilst these are currently being resolved with the main contractor, it is important to ensure that 71/72 Kingsway does not compromise quality at any stage.
- The current Economic climate is recognised as a significant risk, although potential impact and mitigation is not captured in the risk register.
- The need to find high quality tenants for 71/72 Kingsway, some concern that this may prove challenging during the current economic climate and changing working practices. Attention must be paid to ongoing mitigation and options to minimise the impact.
- Lack of an integrated plan for 71/72 Kingsway, potentially impacting ability to track progress, identify dependencies and the critical path.
- Lack of obvious join up between the 3 elements of the Business case. There are two distinct leading offices - Swansea Council and University of Wales Trinity St. David’s (UWSTD), and both report into SBCD. Would a single project board aid identification of key dependencies and delivery of the shared outcomes?

6. Acknowledgement

The Review Team would like to thank Martin Nicholls, the SRO, and all interviewees for their support and openness which contributed to the Review Team's understanding of the Project and the outcome of this Review. Special thanks to Elizabeth Morris for providing the documentation, arranging the interviews and being there for us during the Review period. The RT also appreciated the Arena tour which aided understanding.

7. Comments from the SRO

The PAR gateway review was well timed to assess the recent delivery of the Arena and the current construction phase of 71-72 Kingsway. I have welcomed this independent review and outcomes and will be taking the recommendations forward into the current phases of the Swansea Waterfront City Deal projects.

I agree with the recommendation to formalise the governance between UWTSD and Swansea Council ensuring that any joint dependencies, opportunities, risks and plans are understood and appropriately managed.

We also welcome the recognition of the good practise that has been undertaken by Swansea Council whilst delivering the Swansea City Deal projects.

I do feel that the findings for the Arena align more closely with the definition of a Green rating, being delivered to time, scope and within budget. However I appreciate that the Terms of Reference covered benefits delivered, but note that the benefits to date (specifically jobs and private investment generated) are on track with where we should be at this time in the delivery phase.

I fully accept the overall rating of amber/Green

Thank you to the review team for the timely, thorough and helpful review that will help us shape the next steps in delivery of Arena benefits, and through construction and delivery of 71-72 Kingsway.

8. Summary of the Programme/Project as provided by the Project Team

Background and context:

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 Swansea Bay City Deal (SBCD) is part of the SBCR strategy and portfolio. It is a partnership of eight regional organisations made up of local authorities, universities and health boards that aims to accelerate economic and social advancement through regional infrastructure and investment funds.

Swansea City and Waterfront Digital District programme was approved in 2017 and secured approval to invest £174.2m, including £50m of City Deal funding in a number of ambitious and transformational projects in the city. These developments will facilitate the growth of higher added value activities (particularly tech businesses) in Swansea, for the benefit of the wider Swansea Bay City Region.

Swansea is a key engine of growth for Swansea Bay City Region, producing 40% of regional Gross Value Added (GVA). It has significant innovation assets, with two expanding universities and a growing capability across key sectors linked to university expertise and Swansea Techhub. However, there are currently fundamental issues with: a lack of suitable

incubation and grow-on space for businesses; a poor-quality city centre environment, commercial, leisure and lifestyle offer; low rental values (making private sector development unviable) and; business start-ups and graduates being lost to the city. These issues need to be addressed for the city and region to prosper.

The Swansea City and Waterfront Digital District projects will deliver:

- The construction and operation of a 3,500 capacity Digital Arena in Swansea City Centre with podium level public realm, commercial units in the public realm, a cutting-edge Digital Square around the arena, and a new hotel, to revitalise the environment, leisure and lifestyle offer in the city centre and provide events space for tech businesses.
- The construction and operation of a new Digital Village on the Kingsway in Swansea City Centre that will provide 115,000 sq. ft. of new office accommodation for growing technology-based businesses.
- The construction of a 34,000 sq. ft. Innovation Matrix and 64,600sq ft. Innovation Precinct at University of Wales Trinity Saint David Swansea Waterfront development to provide incubation space and co-working areas for start-ups and small businesses.

Together these three complementary schemes will combine to future proof the city and create a strong and vibrant digital city that will be economic engine of the wider City Region. The Digital Arena project has provided a 3,500 capacity high tech facility that is capable of holding major digital events, including worldwide computer gaming competitions and other digital and data driven events, alongside more traditional live theatre and concert events. The arena will be located within a new cutting-edge Digital Square in Swansea City Centre to create a distinctive and unique destination. The Digital Arena will provide the digitally enabled conference and events space required by Swansea's tech businesses and Universities and help revitalise the environment and leisure offer of Swansea city centre to attract and retain people and businesses in the City Centre. A hotel will also form part of the development, to meet the requirements of business and entertainment tourism linked to the Arena. Construction works for the Digital Square & Arena.

The Digital Village, located on the Kingsway in Swansea City Centre, will be delivered by Swansea Council to provide low cost, flexible offices within a high quality commercial environment with high speed broadband. It will accommodate Swansea's growing technology businesses and ICT focused businesses expanding from Swansea University and UWTSD incubation facilities and will be actively managed to support the businesses located within it. The Digital Village will act as a catalyst for new private sector led development and refurbishment of further properties on the Kingsway to create a new Central Business District in Swansea City Centre. Construction commenced November 2021.

The Box Village and Innovation Precinct will be delivered by the University of Wales Trinity Saint David, as part of its new 23 acre campus at SA1 Swansea Waterfront. The Box Village is an incubator hub offering workspaces with shared services that will provide a nurturing environment for start-ups, with access to university expertise, mentors and investors. Once a business has exceeded the space requirements provided by the Box Village it could then be accommodated in the Innovation Precinct, which will be a fully integrated shared space that brings together the academic support of the University with the business innovation of SMEs. The Box Village will start on site in 2021 and Innovation Precinct will commence 2023.

Aims and objectives:

- Investment Objective: To create 115,000 sq ft of flexible and affordable accommodation in the city centre to support the growth of technology-based businesses (and other higher added value activities) by 2023
 - Outcomes to include: To create 500 net FTE jobs and act as a catalyst for new private sector led development and refurbishment of further properties on the Kingsway to create a new Central Business District in Swansea City Centre.
- Investment Objective: To create the vibrant environment, leisure and lifestyle offer (including events space) in the city centre by 2022 that attracts and retains technology-based businesses and skilled workers for the benefit of the wider region.
 - Outcomes to include: To create 450 net FTE jobs and provide a 3,500 capacity high tech facility that will be capable of holding major digital events, including worldwide computer gaming competitions and other digital and data driven events, alongside more traditional live theatre and concert events

The Swansea City and Waterfront Digital District projects align to the following local, regional, Welsh Government and UK Government strategies

Local:

- The well-being objectives of Swansea Council, as set out in the Corporate Plan 2017-22, in particular “Transforming our Economy & Infrastructure
- University of Wales Trinity Saint David Transformation Strategy
- Swansea Central Area Regeneration Framework (SCARF), .

Regional:

- Swansea Bay City Region Economic Regeneration Strategy
- The South West Wales Regional Economic Delivery Plan 2022-2030 updates and re-focusses the SBCR Economic Regeneration Strategy
- Regional Economic Framework 2021 (REF) for South West Wales

Wales:

- Wellbeing of Future Generations (Wales) Act 2015
- Welsh Government’s Prosperity for All strategy
- Welsh Government’s Economic Action Plan

UK:

- UK Industrial Strategy.2017
- Build Back Better: Our plan for growth 2021
- Levelling Up White Paper 2022
- Digital Strategy 2017

Key Milestones:

Milestone	Date (dd/mm/yy)
Digital Arena Milestones	
Outline planning consent granted	June 2017
End of Design Stage 2	Nov 2017
Arena Operator Contract Signed (Agreement for Lease)	Jan 2018
Hotel Procurement	May 2018
Contractor Procurement	July 2018
Arena Operator Lease Agreement	Oct 2021
Construction complete	Jan 2022
Arena Opening	Mar 2022

Milestone	Date (dd/mm/yy)
Digital Arena Milestones	
Digital Village (71-72 Kingsway) Milestones	
Detailed Design Stage 2	Aug 20
Planning Submission	Mar 20
Tender and Contractor Procurement	May 21
Enabling infrastructure works	Sept 21
Construction completed	Oct 23
Completion and Fit Out	May 24

9. Terms of Reference of the Review

Swansea Arena (70% weighted) and 71/72 Kingsway (30% weighted) Project Assurance Review (November 2022).

The Project Assurance Review (PAR) will provide assurance to the SRO, the region and to the UK and Welsh Governments (the funding sponsors) that the Swansea Arena (delivered) and 71/72 Kingsway (in construction) Projects are meeting expectations as set out in the Programme Business case.

9.1 Has the Council's intervention (for both Swansea Arena and 71/72 Kingsway given the market confidence to invest in Swansea?

9.2 Early assessment of the impact on city centre regeneration (Arena <12 months opened)?

9.3 Is Governance appropriate with controls and measures in place to manage and mitigate project risks, milestones, and deliverables?

9.4 Completeness and quality of Full Business Case.

9.5 For Swansea Arena (70%):

- Has the Project delivered against its objectives?
- Is benefit realisation on track against the planned benefits?
- How effective is the operational management (ATG)?
- Effectiveness of ongoing contract management and support and maintenance
- Ongoing stakeholder engagement, marketing, and communication plans.

9.6 For 71/72 Kingsway (30%):

- Assess whether the Business Case justification for the project is on track
- Confirm that there is still a business need for the investment. How is this assured?
- Assess progress against plans, is the project on track and how is this evidenced and assured?
- Ongoing stakeholder engagement, marketing, and communications plan.

10. Detailed Review Team findings in line with TORs

10.1 Impact of Council's Intervention on market confidence to invest in Swansea (for both Arena and 71/72 Kingsway)

City and County of Swansea (SCC) have developed an ambitious strategy for the regeneration of Swansea. As part of that strategy, they have sought support through the Regional Swansea Bay City Deal to develop an events Arena and high quality office accommodation, at 71/72 Kingsway, as part of the Swansea City and Waterfront Digital District programme.

The programme aims to support the creation of Swansea as a dynamic regional centre facilitating high quality employment within a vibrant and sustainable (work, leisure and living) environment. The programme also aims to make Swansea an attractive and viable place for private sector investment to further drive the city's regeneration.

Although it is early days, the stakeholders interviewed shared their opinion that the Council's intervention is having an impact on market confidence. In support of this opinion, the RT noted:

- SCC have entered a 20-year partnership with Urban Splash to progress a number of development opportunities across the city centre
- The development of the former Woolworths building by a local developer to provide a mixed development sustainable building based upon a "biophilic" concept designed in partnership with Swansea University.
- Several other developers have acquired interests, are progressing plans, in developing other brown field sites within the city centre.
- Footfall within the city centre has increased (the RT was told that hospitality industry in the vicinity of the Arena has increased by 200% since 2019 but were not provided with numerical data).
- Hotels and other guest accommodation are fully booked during events, with recognition of the need for additional quality accommodation.

This appeared to be based upon two key factors:

Firstly, the RT heard a consistent theme of support and admiration for the vision, ambition, and leadership (both political and officer) of SCC strategy for the regeneration of Swansea city centre. Interviewees from all stakeholder groups shared this opinion. The RT heard comments such as "remarkable", "wow" and "keep doing what you're doing".

From the evidence provided this strategy appears to be built upon the objectives of providing high quality, innovative and sustainable developments to create a digital community and maximising the natural resources of the Bay.

Secondly, in delivering the Arena and commencing 71/72 Kingsway the SCC had provided tangible evidence of their ability to deliver. The RT heard that this had moved the business and public perception from a Council with lots of plans to one who can actually deliver. The RT were told that the council used to be known as the "Artist Impression Authority" and that many stakeholders were sceptical that the strategy was just another "grand plan" that would never become reality. SCC had proved them wrong and their confidence to support and invest had grown.

Swansea was recently shortlisted for the Estates gazette awards, being one of 4 cities, this also helps to raise the profile of Swansea as a place to invest. The mix of ambition, innovative thinking, availability of funding and support measures from WG has helped to drive the private sector interest, recognising that public sector and grant funding will continue to be vital to the long-term regeneration plans.

10.2 Early Assessment of the impact on City Centre Regeneration (Arena <12 months after opening).

The RT observed that Regeneration was a key theme throughout the documentation and in the interviews. There is widespread recognition that the Digital Arena, and the other developments making up COPR bay are a key enabler for the Swansea region regeneration. These have demonstrated that Swansea can deliver against an ambitious vision.

There are effective forums – Development Advisory Group, as one example, chaired by the Leader of Swansea Council, highlighting that the Regeneration Strategy and Agenda is seen as critical to the future prosperity of Swansea and its Region.

The RT heard that the rate of shop closures has reduced, and major brands (M&S, Primark) are committed to the centre and refurbishing and considering potentially expanding their floorspace. Footfall has improved from 2021 but remains below pre-Covid levels.

Swansea has other ongoing regeneration projects – City centre library and Hub in the old BHS building, Albert Hall, Palace theatre with the latter two are already securing tenants.

Whilst there is a long list of positive activity, there is also a need to agree how the benefits of these initiatives are identified and measured (Qualitative) in enough detail to demonstrate the wider impacts and successes, and to enable benefit realisation tracking. Agreeing the measures, potentially in the form of Critical Success Factors (CSFs) and capturing the associated data will help confirm that the funding (both Grant, public and private) is also achieving the benefits associated with improving quality of life through regeneration.

See recommendation 4 under Governance.

10.3 Governance Review

There was evidence of appropriate Governance in place at all levels in line with that documented within the FBC and associated Terms of Reference documentations during the Review. The RT were provided with high level reporting dashboards which focused on key matters for discussion and resolution where appropriate, the concept of a “deep dive” in a particular area on a rotation basis was considered good practice. Scrutiny takes place at the Bi-monthly Regeneration Scrutiny Board.

As referenced within the Exec Summary and FBC section of this report, the FBC includes 3 projects, 2 of which are considered as part of this Review. SCC and UWSTD are subject to their own project management arrangements, but report into the SBCD Portfolio Board. The RT heard that whilst informal discussions take place on a regular basis between both teams it would be beneficial to introduce a more formal arrangement at project level to ensure opportunities and dependencies are not lost between SCC and UWSTD, and to understand impacts on FBC outcomes particularly where changes are required.

Recommendation 1: Introduce a formal meeting between SCC and UWTSD, as part of Governance, thus ensuring that any joint dependencies, opportunities, risks and plans are understood and appropriately managed.

The RT had sight of a risk register for 71/72 Kingsway and heard consistently that risks are discussed as standard as part of governance. Risks are well understood, appear to be actively managed and inform the Dashboards. The RT viewed that the Risk Register appeared to be more of a high-level log rather than being the document to actively manage the Project. There was more of a reliance on informal processes. The issue log had no entries, and full use of this could also enhance the monitoring and control process.

The RT recommend that greater attention is paid to active risk and issue management along with regular risk identification, and mitigation/action updates for 71/72 Kingsway to ensure focus in this area.

Recommendation 2: Review the 71/72 Kingsway Risk and Issues Log on a regular basis to ensure that risks and issues are captured and actively managed to form a key part of the monitoring and control governance.

The RT were provided with BYUK and Gleeds' reports for 71/72 Kingsway, both of which included construction delivery plans in Microsoft Project format. Whilst encouraging to see the level of detail for the construction element there were no plans provided that integrated all project activity to show a critical path plan to achieving the project objectives. The RT would expect to see a plan with all key activity e.g. marketing, leasing plans, hand over, fit out etc.

Recommendation 3: Develop and maintain an integrated critical path plan for 71/72 Kingsway to ensure all key activities and milestones are identified and visible. Use this plan to identify and manage dependencies and impacts, and pinch points as work progresses.

10.4 Full Business Case

As detailed in Section 8 of this Report (provided by the Project Team), the Outline Business Case (OBC) was approved in 2017 and secured approval to invest £174.2m, including £50m of City Deal funding. The OBC stated that developments will facilitate the growth of higher added value activities (particularly tech businesses) in Swansea, for the benefit of the wider Swansea Bay City Region. Benefits included 1,281 jobs, £39.9m of private sector investment and contribute Gross Value Added of £669.8m to the Regional Economy. The Full Business Case (FBC) associated with this project is updated to reflect the most up to date information and figures, any changes are approved by both Swansea City Council (SCC) and the Swansea Bay City Deal (SBCD) Portfolio Office, with UK and Welsh Government being sighted.

Box Village and Innovation precinct are being delivered by University of Wales UWTSD, and the Digital Village and Digital Square & Arena by SCC.

Having secured UK and WG approval of the OBC the FBC did not require formal approval by the SBCD, WG or UK Government (UKGOV). This is delegated to SCC (and UWTSD) unless there are significant changes. The FBC is considered to be a dynamic and "live" document that will ultimately reflect the final proposals. The RT noted that quarterly reports are provided to the SBCD Portfolio Board and there is an annual review with WG and UKGOV, this was considered good practice.

10.5 Swansea Arena (70%)

The FBC sets out the objective as “Development of a Digital Square and Arena by 2021 to revitalise the city centre to create the vibrant environment, leisure and lifestyle offer (including events space) that attracts and retains tech businesses and skilled works for the benefit of the wider region”.

The Arena construction is complete, with the Arena opening to the public in March 2022. The 3,500 seat Arena is managed by ATG who have been involved in all stages of the design and build following an early OJEU process to procure a 30-year operating lease.

The RT recognise the positive impact the delivery of the Arena is having on the City, with a tangible demonstration of the City’s ability to deliver against plans, boosting confidence not only locally but to private investors who are starting to see Swansea as somewhere “open for business”. The Arena has been designed to accommodate a wide range of event types. The mix of facilities enables the Arena to host small, medium and large-scale events though its combination of meeting rooms, ancillary spaces and exhibition areas and auditorium options. The RT were given a tour of the Arena which was a great help.

The project took time to look at similar venues during the early stages and took on board feedback from potential operators including ATG during the OJEU process which influenced increasing the final capacity of the Arena to 3.5k. The project also embraced expert views on acoustic specifications and some design features.

In the 6 months since opening ATG have delivered a range of events – graduations, music, theatre, comedy, conferences, exhibitions etc. attracting “big names” and performances with ticket sales reaching exceeding 130k. The Arena and its staff have received positive feedback, from customers and event/production companies with return bookings being made well into the next year and beyond. As previously stated, the Arena has provided a much needed boost to Swansea, feedback from some of those interviewed described the project as “remarkable”, delivering on the “enjoyment vision for the city”, “bold, brave and exciting” and “catalytic for other projects”.

The construction phase carried out by Buckingham (fixed price contract) was not without challenge, particularly as the phase coincided with Brexit and Covid. There were build quality issues with defects remaining at the point of hand over. Whilst these did not adversely impact the main Arena, they have resulted in a delay in completing a major car park and delayed occupancy of retail units on the approach ramp and use of one of the car parks. On a positive note, The RT heard that these defects are being worked through and are subject to completion at cost to the contractor with regular meetings to discuss.

An important aspect of the Arena development was the creation of opportunities for local companies and residents during the development phase and at the operational stage. The RT were sighted on the Community Benefits report highlighting what was achieved and encouraged by the fact that the Beyond Bricks and Mortar team, added further value by working collaboratively with Employability and contractors to create a course “prepare to work in construction” providing appropriate training for suitable candidates enabling a pipeline ready to start as construction roles arose. This approach is also being taken with 71/72 Kingsway. In addition, from an operational perspective the majority of ATG employees at the Arena are from the locality.

The RT were sighted on the benefits tracker for the project which includes a range of quantitative measures e.g., targets for jobs and GVA increases, targets for event numbers, etc. The RT were made aware that quantitative benefits profiles are in place with arrangements for tracking and monitoring key benefits of this project through formal governance. Maturity is expected at the 3-year stage, therefore, too early to assess at this point.

In terms of qualitative benefits, whilst there were consistent views of the wider positive impact the Arena project is having on Swansea there was no evidence that these have been identified and documented in any measurable format (potentially as CSFs) or have mechanisms to measure and track in place. The RT recommend that qualitative benefits are identified and documented with defined measures and mechanisms to track.

Recommendation 4: Expand the Benefits Delivery framework associated with the Arena to identify qualitative benefits and detail measures and tracking arrangements.

As a multi-purpose building learning is still very much in progress about its functions and facilities, and teething problems are apparent. The RT understand that there was no operational transition plan which may have enabled earlier identification and resolution of obstacles that have needed to be overcome whilst in operation. The RT learnt that whilst ATG are accountable for the operational management of the Arena impacts from other surrounding facilities managed by SCC, (the Car Park and Coastal Park area) can negatively impact on customer experience and reputation. A more integrated approach to managing the 3 elements may help to better anticipate potential challenges.

Monthly meetings take place between ATG and SCC to ensure good communication and collaboration on event co-ordination across other attractions. This forum facilitates management of capacity, carparking, accommodation, travel plans, security etc for all Swansea venues and provides opportunity for shared marketing, joint planning and staff opportunities.

There is evidence of Lessons being Learned by all parties and recommend running a workshop to ensure that these are shared, discussed and noted for the benefit of all parties, and for future Projects. This would be both a celebration of the success and a note of things that could be done differently.

Recommendation 5: Undertake an Arena Lessons Learnt workshop, involving all stakeholders, to capture learning from construction, implementation/handover and initial live running phases.

10.6 71/72 Kingsway (30%)

The Digital Village, located on the Kingsway in Swansea City Centre is intended to provide low cost, flexible offices within a high-quality commercial environment with high-speed broadband. Its target market is to accommodate Swansea's growing technology and ICT focused businesses expanding from Swansea University and UWTSD incubation facilities and will be actively managed to support the businesses located within it. The Digital Village will act as a catalyst for new private sector led development and refurbishment of further properties on the Kingsway to create a new Central Business District in Swansea City Centre. Construction commenced November 2021 and is currently planned to be completed by October 2023 with a phased occupation from May 2024.

The RT were provided with evidence that the business justification for the project remains valid. Reports have been commissioned from independent advisors that confirm the potential market demand. The RT noted that the original design had been adapted to reflect the changing nature of office-based work post Covid, this is good practice. The adopted design creates an increase in flexible accommodation to support "hybrid" working patterns.

However, the RT were concerned that, from the evidence provided, there appeared to be no systematic analysis of the impact of the predicted downturn in the economy on the market demand in at least the short (to medium) term. From the evidence submitted the project has made provision for a 12-18 month void period post-handover of the shell and core. Should this period be extended this is likely to have an impact on the current financial assumptions and there was concern in some quarters that there was a risk the development could be perceived as a "white elephant".

The Project would benefit from reviewing the previous assessment of market demand within the context of the predicted national economic forecast.

Recommendation 6: Commission an independent review of the market demand for Grade A office accommodation of the type being proposed for 71/72 Kingsway within the context of the predicted national economic forecast.

The RT noted that Bouygues UK have been appointed as Supply Chain Partner (SCP) on a design and build basis under the NEC Option A (fixed price) contract. Work commenced on site November 2021 and is due to complete October 2023 (9 week delay from the original contract completion date). There appears to be robust structures and processes for the management and scrutiny of the construction contract. The RT were provided evidence of monthly reporting to the project team and the expected suite of programme, risk and change/financial management tools.

As previously stated in this Report, whilst the construction programme was well defined and subject to robust contractual arrangements, there is no overarching programme that brought together the interdependent elements of construction, marketing, fit out and occupation. The RT could not see the critical path that would lead to tenant occupation. This is essential to ensure successful project delivery and mitigation of the financial and reputational risks. **See recommendation 3.**

The RT heard concerns that, given the current level of inflation within the construction industry, the fixed price contractual agreement may have a perverse impact on the outcome of the project. As margins tightened there is a risk that the SCP will seek opportunities to reduce cost, with a potential consequential impact on quality, and maximise income, through an aggressive commercial approach.

The RT were encouraged to hear that SCC recognised this risk and were seeking a flexible approach to optimise the balance between cost, benefit, and risk. There was

wider understanding of this risk within the SBCD and an acknowledgement of the potential negative impact on the region. The RT advise that SCC continue to monitor this risk and seek flexible solutions subject to the appropriate tests of business justification and scrutiny.

The RT were provided with evidence of a Joint Agents Marketing Report setting out a strategy for the leasing and marketing of the development together with a separate analysis of the Swansea office market. Whilst it was noted that plans were well advanced to secure an operator for the serviced/flexi space, there appeared to be less clarity with respect to the plan, and key milestones, for letting the remainder of the building.

Communication and engagement to date appeared to be reactive and this may in part be due to the lack of an overarching project plan. Given the financial and reputational risks of an extended void period, as outlined previously, the RT are of the opinion that this aspect of the project needs to be strengthened.

The RT noted the aspirations of ensuring a quality building targeting technology and ICT focused businesses and were re-assured that SCC had some budgetary flexibility to mitigate the risks outlined in this section.

11. Next assurance review

The RT recommend a Gate 4 (Readiness for Service) for 71/72 Kingsway, at an appropriate point, potentially 3 months prior to planned completion.

In terms of further reviews for the overall business case, the RT recommends a discussion with the SBCD Portfolio Office to identify the appropriateness and timing to be able to get the best out of a Project Assessment Review, this could cover all elements of the FBC.

ANNEX A - List of Interviewees

The following stakeholders were interviewed during the review:

Name	Organisation and role
Martin Nicholls	Interim CEO of City and County of Swansea and SRO
Huw Mowbray	Programme Manager for Swansea Arena and 71/72 Kingsway
Chris Foxall	Chair of Economic Strategy Board
Lee Wyndham	Council Officer – Project Social benefits
Cllr Rob Stewart	Leader of Swansea Cabinet
Helen Davies	Welsh Government – City Deal Portfolio
Greg Jones	Swansea Council Communication and Marketing
Keith Powles	ATG
Lara Kaple-Harding	ATG
Mark Latham	Urban Splash, Director of Regeneration
Ian Watkins and Alex Jones	Gleed (Project Management – 71/72 Kingsway)
Carwyn Davies	Local Private Sector Developer
Jon Burns	City Deal – Portfolio Director
Ben Smith	CFO Swansea Council
Russell Greenslade	BID – Impact of City Deals Projects
Gareth Ashman	UK Government - City Deal Board