



## Programme/Project Assessment Review (PAR)

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<b>Programme/project Title:</b>	<b>Innovation Matrix and Innovation Precinct Project</b>
<b>IAH ID number:</b>	<b>AH/24</b>

<b>Version number:</b>	V1.0 (final)
<b>Senior Responsible Owner (SRO)</b>	Ian Walsh and Geraint Flowers (acting)
<b>Date of issue to SRO:</b>	25th September 2023
<b>Department/Organisation of the programme/Project</b>	University of Wales Trinity Saint David's Swansea Bay City Deal
<b>Programme/Project Director (or equivalent)</b>	Jonathan Burnes (SBCD) Martin Nicholls (Digital District)
<b>Business Case stage reached:</b>	FBC for SBCD approved
<b>Review dates:</b>	19 – 21 <sup>st</sup> September 2023
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<b>Previous Review:</b>	N/A
<b>Security Classification</b>	Official

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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**

The Innovation Matrix and Innovation Precinct Project sits within the Digital District Programme (DDP) as part of the overall Swansea Bay City Deal (SBCD). Work has commenced on the Matrix build and is on schedule to complete by May 2024, with occupancy commencing from July 2024. The Matrix will provide a new platform for the University research and knowledge exchange to connect with and support a range of businesses to stimulate commercial growth and the economy of Wales.

The Matrix is funded through a strategic partnership between the University and the SBCD. A change request was raised to divert funding from the Precinct element of the Project to expedite the Matrix when private sector funding was withdrawn. It was recognised that this put a large financial risk on the Precinct, which is covered in more detail in this report, but it has enabled the Matrix which was always considered to be the first part of the project.

Construction of the Matrix is progressing to plan, and tenants/partners have either been secured or at advanced discussion stage. The early partners have been able to contribute to the design of the building to ensure the space is fit for their needs. The design has built in flexibility to be able to adjust room sizes as required by partners. There is positive support for the operating model and a confidence that the building will be close to full occupancy by July 2024. This confidence is supported by learning from other University projects which have full occupancy and, in some cases, waiting lists. The open design of the shared space encourages networking and collaboration between the occupants with the planned café being central to this.

Work has commenced on the handover planning stage, and again, the Project Team have experience of implementing similar projects and are able to bring this to the table. The scale of this implementation (and potential for specialist equipment requirements) must not be underestimated.

There is considerable support for the project, and its outcomes, from all parties and widespread acknowledgment of the strength and expertise of the team driving the vision and delivering the project.

Risks remain, as with every construction project of this nature given the many challenges impacting the construction industry. Risks are known and mitigation has been considered in each case. Key risks are part of every project report (whether from the construction Project Manager or the Project Team), and there is an up-to-date project risk register.

At first sight, the governance structure appears heavy, with numerous Boards and reports, up through the University, into the Digital Programme, into SBCD and the Joint Committee, along with Scrutiny and Audit panels. However, governance and reporting is well understood and well managed, with recognition that it works in practice. Good use is made of the Project Board and a recently established Digital District project forum encourages collaboration between the Matrix, Precinct and 71/72 Kingsway.

There has been a recent change in the leadership at the University with the appointment of a new Vice Chancellor, and it will be important to understand the priorities going forward and how they might impact the Matrix and eventually the Precinct. There has also been a recent change in leadership of this project with regard to the Senior Responsible Owner (SROs). This review worked successfully with the acting SROs.

The Precinct element of this project remains in an embryonic stage, and a considerable effort is now required to identify the vision for the Precinct, along with the best delivery options and finally how to bridge the funding gap created by the loss of private investment and the diversion of funding to the Matrix. Work has commenced on all of these aspects.

The Terms of Reference for this Project Assurance Review (PAR) specified that the effort required is 80% on the Matrix and 20% on the Precinct.

## 2. Delivery Confidence Assessment (DCA)

<b><u>Delivery Confidence Assessment:</u></b>	<b>Amber/Green</b>
<p>The Review Team finds that the Innovation Matrix element of this project is on track for successful delivery whilst acknowledging that at this stage in the project there remain risks that will need careful attention.</p> <p>The Gateway definition follows “Successful delivery appears probable. However, constant attention will be needed to ensure risks do not materialise into major issues threatening delivery.”</p> <p>This is based on the following:</p> <ul style="list-style-type: none"><li>• Construction is well advanced, and on track, with effective project management and assurance methodologies in place.</li><li>• A highly experienced University Project Team who have a track record of successful builds and lettings, e.g., Yr Egin.</li><li>• An innovative and well thought through operational model offering benefits for both Business and Academia through partnership and collaboration.</li><li>• Enthusiastic and widespread buy-in for the Matrix operating model.</li><li>• The University has invested in a dedicated team (INSPIRE) to connect University staff, students and knowledge centres with businesses and organisations, Resource is allocated to the Matrix in support of the partnering model.</li><li>• Very positive working relationships across all areas associated with the project, and this is being seen a ‘single’ team.</li><li>• Lessons have been learned from previous projects and where possible incorporated into the design of the Matrix build.</li><li>• Potential occupancy forecast is positive with some 75% of the space under contract or Head of Terms (HoT) type agreements.</li><li>• Partners/Tenants being able to work with Architects to ensure the design meets their needs.</li><li>• Flexible internal layout can cater for short, and longer-term partner needs.</li><li>• Sound and supportive Governance structure</li></ul> <p>Whilst this is a very positive Delivery Confidence Assessment attention needs to be paid to the following:</p> <ul style="list-style-type: none"><li>• The budget for the construction has very little flexibility and constant focus is required to minimise over-spend or design change at construction phase.</li><li>• Handover Planning to continue at pace to take account of the post-construction/pre-occupancy stage and beyond.</li><li>• Turning the HoTs into firm contracts with prospective partners/tenants.</li><li>• Conclude the procurement for the onsite café.</li><li>• Maintain communication and engagement at all levels within the University, ensuring staff and students have the opportunity to understand what the Matrix offering could offer them.</li><li>• Maintain focus on the benefits realisation and outcomes agreed in the FBC.</li></ul> <p>With regard to the Precinct element of the project, the Review Team did not consider it appropriate or helpful to the SROs to consider a Delivery Confidence rating at this Gateway Review, there is insufficient clarity around the future direction to be able to provide a full and fair assessment.</p> <p>There is a wide understanding of the reasons why the Precinct is in its current position, and there remains positive support for the Precinct despite this hiatus. We were encouraged by the workshops that have commenced and the early change notification and options</p>	

appraisal documents made available to us, The Precinct can be subject to a separate PAR at a more appropriate date when delivery plans and the business case can be fully assessed.

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

<b>RAG</b>	<b>Criteria Description</b>
<b>Green</b>	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.
<b>Amber/Green</b>	Successful delivery appears probable. However, constant attention will be needed to ensure risks do not materialise into major issues threatening delivery.
<b>Amber</b>	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.
<b>Amber/Red</b>	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.
<b>Red</b>	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-baselining and/or overall viability re-assessed.

### **3. Summary of report recommendations**

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

***[N.B. When assigning a classification to a recommendation, reviewers will need to consult the “Guide to the Classification of Recommendations” where they will find a list of the classifications and their meanings.]***

<b>Ref. No.</b>	<b>Recommendation</b>	<b>Urgency (C/E/R)</b>	<b>Target date for completion</b>	<b>Classification (Please enter the categorisation number from the list provided here)</b>
1.	<b>Appoint an appropriate and accountable SRO, supported by the project team in the first instance, and enable the person to access the appropriate training.</b>	C- Critical	Do now.	1.1 Governance Structures and Processes.
2.	<b>Develop enduring change and engagement capability that will ensure the vision for the Matrix and eventually the</b>	E- Essential	In advance of occupation (July 2024)	4.2 Organisational Capability

Ref. No.	Recommendation	Urgency (C/E/R)	Target date for completion	Classification  (Please enter the categorisation number from the list provided here)
	<b>Precinct is successful and sustainable.</b>			
3.	<b>To consider what benefit existing partners can offer to the assessment of suitability, and subsequent negotiation with prospective partners.</b>	R - Recommended	November 2024.	4.4 Customer Engagement
4.	<b>Review the benefit of creating and maintaining a pipeline of potential partners and consider how this would work in practice in order to manage expectations.</b>	R - Recommended	In line with operating model plans.	4.4 Customer Engagement
5.	<b>As the project moves into next phase, emphasis should be given to a greater focus on benefits management and monitoring of outcomes.</b>	E- Essential	Post July 2024 as the Matrix is occupied.	6 Benefits management and Realisation
6.	<b>Develop a more formal lessons learned process to identify, discuss, capture, and act on these as part of the Project delivery process. Include all parties in this process.</b>	R - Recommended	Commence now, and maintain throughout the project.	11.2 Lessons Learnt
7.	<b>Establish a clear purpose/requirement for the Innovation Precinct, ensuring that this forms the base information for the delivery options workshops.</b>	E- Essential	Ahead of the detailed options analysis work.	3.8 Planning

**Critical (Do Now)** – To increase the likelihood of a successful outcome it is of the greatest importance that the programme/project should take action immediately

**Essential (Do By)** – To increase the likelihood of a successful outcome the programme/project should take action in the near future.

**Recommended** – The programme/project should benefit from the uptake of this recommendation.

## **4. Areas of good practice and lessons learnt**

- There is strong buy-in and level of understanding for the Project.
- The concept of the Industry/Academia partnership was widely understood and acknowledged as the best approach for the Matrix.
- Experienced and highly regarded staff across the project and within teams associated with the Project.
- One-Team ethos is evident and effective.
- Experience and learning from previous projects have been considered in both the operating model design and the design and build phase.
- Recognition of the need to avoid any conflict and duplication with other construction projects in the Programme, and being able to offer a different model, to maximise occupancy for all builds.

## **5. Areas of concern**

- Securing Private Sector funding for the Precinct.
- Agreeing the vision for the Precinct
- Rising costs in construction and managing expectation of prospective partners/tenants
- University effort required to sustain the operating model.
- Ability to achieve benefits as detailed in the original SBCD business case (2016), by 2033, considering the challenges in the intervening years (Brexit, Covid, Inflation, European conflict, supply chains).

## **6. Acknowledgement**

The Review Team would like to thank the Innovation Matrix and Precinct Project Senior Responsible Owners (SROs), and all interviewees for their support and openness through the review process, which contributed to our understanding of the project and the outcome of this review.

We also thank Sharon Lovell for organising the documentation and interviews and supporting us throughout the review period.

## **7. Comments from the SRO**

The review team have worked in an admirable way with the University's team to ensure an efficient, effective and informative running of the review process against the background created by the imminent change control process for the Innovation Precinct and challenging financial landscapes. The review has been a robust and incredibly helpful process, which has proved that the project to date, has an excellent chance of delivering on the vision and business objectives. The benefits of having such a thorough external review of the project has proven to be invaluable in providing a level of assurance to the SROs that the planning and delivery of the project is of the highest standard.

The amber/green status awarded by the review team is a testament to the dedicated and experienced project team's hard work. The University takes great encouragement from being commended for its "one team" approach and is committed to maintaining this collaborative ethos throughout the project's continuation to ensure the realisation of benefits. This could not have been achieved without the professionalism and commitment of both the internal and external members of the project team.

The Senior Responsible Officers (SROs) fully endorse and acknowledge the recommendations made by the Review Team. Their focus now shifts towards the implementation of these recommendations and the achievement of concrete outcomes by allocating appropriate resources.



The University is fully aware of the challenges associated with both implementing the groundbreaking Innovation Matrix business model and obtaining the necessary approvals for the proposed changes to the Innovation Precinct through the relevant governance channels.

The SROs would welcome future engagement with the review process at significant milestones in the progress of the Innovation Matrix and Innovation Precinct projects.

## **8. Summary of the Programme/Project (as provided by the Project Team).**

### **Background and context:**

As part of the overall Digital District Business Case (owned by Swansea Council), Innovation Matrix and Innovation Precinct are the 2 of the 3 University led projects in the Swansea Bay City Deal – The other being the Egin 2 in Carmarthenshire.

**Innovation Matrix** is currently at delivery stage with the principal contractor (Kier) on site. Due to the previous governance structure of Swansea Bay City Deal, Innovation Matrix has not been reviewed previously under the IAAP framework. It was with this in mind that the external Gateway Review Team were engaged to ranging assess both the delivery methodology. The broad scope of the review was agreed as follows:

- An assessment of the overall business case and process by which it was compiled
- The delivery model of Innovation Matrix and design process
- Procurement of the principal contractor, with particular reference to lessons learned through previous projects with the same contractor.
- The Change Notification Request and process by which this was developed.
- Tenant selection and engagement success, with particular reference to the creation of the IM ecosystem and the suitability of the Innovation Matrix Operational Plan
- The benefits of the Innovation Matrix to the wider Digital District Business Case

**The Innovation Precinct** is significantly less advanced than Innovation Matrix and is currently under a Change Notification Request process to adjust the delivery model. Whilst development is continuing on Innovation Precinct, the University is currently in a period of negotiation with both the Local Authority and a potential Private Sector Partner to assess the feasibility of delivering the scheme under a new methodology. As a result, the Review Team scope was agreed as follows:

- An assessment of the early Change Notification Request and the process by which this was undertaken.

- Proposed changes to the initial Swansea Waterfront business case to reflect the change in delivery methodology.
- A review of the new direction of travel, to assess suitability.

Given the significantly differing levels of development between Innovation Matrix and Innovation Precinct, **it was also agreed that the review would have an 80/20% in favour of Innovation Matrix**

### **Aims and objectives:**

**The University’s two projects within the Digital District Programme are Innovation Matrix and Innovation Precinct, two spaces that will deliver state-of-the-art, curated and high-quality accommodation for both new and existing businesses within the Swansea Bay Region**

**The Innovation Matrix** will connect, through co-location and partnership, the University’s research and knowledge exchange activities between staff, students and graduates with cross-sector MNEs, SMEs, micro-enterprises, entrepreneurs and investors. The resulting collaborations will generate new graduate start-ups, University spin-outs, new IP that leads to the creation of new products, processes, and services, to stimulate economic development and employment.

The original delivery model for the **Innovation precinct** was a 64,00sqft new build in at SA1. However, this delivery model has been unachievable for some time for the following reasons:

- Unprecedented inflation since original business case was agreed
- Market demand has changed

As well as this, significant opportunities have emerged that have impacted the proposed delivery model

- Partnership and joint working opportunities
- The University’s strategy has evolved considerably
- Alternative property/estates solutions have emerged

To address these issues, the University must make a significant change to the Innovation Precinct project to ensure that corresponding benefits are adhered to as closely as possible.

To capture, inform and progress the above:

- An initial CCN has been issued to the City Deal
- Options appraisal workshops have been conducted and recorded
- Appropriate advisors have been appointed

### **Key Milestones:**

<b>Innovation Matrix Milestones</b>	<b>Date (dd/mm/yy)</b>
Final procurement of tenant	Oct 23 – Mar 24

<b>Innovation Matrix Milestones</b>	<b>Date (dd/mm/yy)</b>
Construction completion	May 24
Building familiarisation and fitout	May – June 24
Operational Go-Live	June 2024
Academic engagement and commencement of benefits delivery	Sep 24 - Onwards

<b>Innovation Precinct Milestones*</b>	<b>Date (dd/mm/yy)</b>
Work with the consultancy team and partners to develop the proposed direction of travel	Sep – Dec 23
Update Business Case and complete change control request	Jan 23 – Mar 24
SBCD Approval Process	Mar 24 – Sep 24
Design, Procurement Construction	Oct 24 – Mar 24
Construction	Apr 24 – Apr 25
Innovation Precinct “goes live”	May 26

\*Highly indicative and based on assumptions around internal and external approvals

## **9. Scope/Terms of Reference of the Review**

See Annex b for the full Terms of Reference (TORs) presented to the Review Team.

The Review Team will consider the full ToRs throughout the review period, the areas that the University have highlighted for additional attention and focus would be:

### **Innovation Matrix (80%)**

- Is the number/mix of tenants in the Innovation Matrix appropriate to deliver on the aims and ambitions of the project?
- Has the design process been conducted in a way that is appropriate to the scheme? Would there be any changes in hindsight that could be put forward to Innovation Precinct?
- Has the Innovation Matrix been developed in a way sufficient to fulfil the ongoing requirements of the Digital District programme?

### **Innovation Precinct (20%)**

- How effectively has the Change Control process been utilised to describe the change in direction for Innovation Precinct?
- Are there any particular lessons learned from Innovation Matrix that could be included in the Innovation Precinct project?

In addition the Review Team will consider readiness for next phase for both elements of the project.

## **10. Detailed Review Team findings**

### **Governance**

It was clear to the Review Team that there are effective governance and reporting structures in place enabling the right level of scrutiny of the project. Interviewees and the documentation provided visibly demonstrated the effectiveness of the broader governance framework and how members are able to inform decision-making. It also validates good working relations, accountability, and transparency.

The Review Team had sight of Project Board papers and minutes, quarterly monitoring reports, minutes from the Digital District project teams meeting, etc. The August Project Board minutes reflect the fact that the Board have an increased awareness of the tight timescales and the proximity of the completion date, and the requests for further information and actions from the Project team was evident. Mott McDonald (the Construction Project Managers) also report to this Board.

The minutes of the Estates Committee also indicate their commitment to the Matrix and Precinct projects.

The FBC management case highlights the various Governance Boards and the flow of information between them, both within UWSTD, Swansea Council, to the SBCD Board and into the joint committee. Interviewees were able to clearly articulate the governance arrangements and acknowledged their effectiveness.

The Review Team were advised of changes to project leadership in that the incumbent SRO would no longer be in the role, and that Ian Walsh (Provost) and Geraint Flowers (Head of Capital projects) would act in this capacity for the duration of the Review. This arrangement worked well, and there was no negative impact associated with this late change. It is important that the SRO

situation is resolved as soon as possible and is ideally placed with a business owner who has accountability for the project's objectives and realisation of the benefits. In this case the Review Team and interviewees consider the obvious candidate to be Ian Walsh, acknowledging his impact on the design of the project, his ownership of the operational plan for the IM development, and his role as Academic Provost for the Swansea and Cardiff campuses. However, this decision remains with the University.

**Recommendation 1: Appoint an appropriate and accountable SRO, supported by the project team in the first instance, and enable the person to access the appropriate training.**

### **Strategic fit with Digital District Programme**

The Strategic Case within the Swansea City and Waterfront Digital District Full Business Case demonstrates the strategic fit of the Digital District Programme with National, Regional, and Local policies and strategies, helping to deliver against these.

The projects within the programme support the SBCD aims of raising productivity levels by enabling growth of higher value activities, and in particular providing the much needed digitally enabled space.

The objectives for both the Matrix and the Precinct focus on an innovative partnership model between business and academia, whilst 71/72 Kingsway (SCC), offers the more traditional, but high end digitally enabled office space. The linkage between them is that they are focused on Digital growth and are therefore complimentary whilst avoiding duplication, and all support economic growth.

The Review team heard from interviewees that the Matrix and Precinct vision of collaborative working was a conscious decision to be able to provide a different offering to that being provided by 71/72 Kingsway and ensure that the projects would not be targeting the same customers, whilst maintaining the digital linkages.

Swansea City Council, UWSTD and the SBCD have always been aware of the different elements of the Programme. Whilst previously seeing the projects as separate entities they have now established a formal meeting, chaired by the SCC Chief Executive to ensure that they work together and that they have a better understanding of progress and plans associated with the individual projects and their alignment. Whilst introducing an additional meeting, interviewees involved in the meetings already recognise the benefits of this forum.

### **Risk Management**

The Review Team recognise that there is a well-managed risk management process across all partners, with appropriate risk registers in place covering the full scope of deliverables from planning, utilities, design & construction through to contract, procurement and wider SBCD risks.

The majority of the interviewees highlighted the following as the key risks to the Project:

- Delays to the completion of the Matrix build by May 2024 (for any number of reasons including adverse weather conditions) and may not be completed/handed over within the specified timescale.
- Securing the right mix of partners/tenants to deliver the desired outcomes which are documented as crucial to the success of the project.
- Delays caused by being unable to secure private sector investment and overall funding of the Precinct. This has a dependency on the outcome of the dispute with MOBH (the original private investor who withdrew from the Project) and has led to the requirement to seek further private investment to cover the loss.
- Development of the commercial and academic model for the Precinct due to lack of a clear vision.

Risks are included in all reports (project dashboard, monitoring reports, MM reports, etc.), and well understood. The only red risk on the Project risk register is "failure to agree a revised approach to the Precinct Project with the City Deal" and this aligns with last two risks above.

## Innovation Matrix

There is evidence of a clear vision for the innovation matrix concept which has come a long way since the “creative shed” and the Box Village concepts. Interviewees expressed a shared view of creating an ecosystem of like-minded communities who come together in a space that they occupy to share ideas and knowledge, collaborate, and exploit research opportunities.

The Review Team were advised that whilst there is strong support for the model, there was evidence of some nervousness around how the proposed operational model will work in practice. It is important that potential partners (who have expressed interest in occupying a space within the matrix) progress through to contract signing and be able to access the “on the ground” support that university staff will be providing to support to Matrix partners. We were encouraged to learn that the University has established a dedicated team, INSPIRE, to link external business with the University staff and student (research and development opportunities as well as commercial development).

There is strong belief that this is not just a build and rent project like some of the existing University buildings (Yr Egin, Technium 1 and 2, etc). Put simply, the vision for the Matrix and the Precinct Project is to enable mutually beneficial collaboration between business and academia, and also between the businesses themselves, thus achieving the economic growth laid out in the FBC. The Review Team were made aware that as this project moves to the next phase, consideration should be given to establishing enduring change capability (through effective and experienced resourcing) to oversee the cultural, behavioural changes that will be needed to ensure the vision remains successful and sustainable.

### **Recommendation 2: Develop enduring change and engagement capability that will ensure the vision for the Matrix and eventually the Precinct is successful and sustainable.**

The Review Team had sight of the operational plan which provided detailed explanation of how the business/academia model will work, along with the commercial opportunities and the associated risks. The partnership model and the various level of member packages and offering to potential partners are well understood and there is confidence that the operational plan is both realistic and achievable. In addition, in terms of lessons for the future, the Matrix development and model will help inform the Precinct.

Throughout the process there was strong evidence of the key partners working collaboratively to realise the Matrix vision and anticipated benefits. There was a “one team approach” to making things happen with ability to draw upon expertise as and when required. This is to be commended.

There was recognition that the Matrix would not be a competitor to 71/72 Kingsway development, and we were advised of lessons learned from earlier builds such as Yr Egin, Technium 1 and 2, and reference was made to challenges associated with the Energy and Automotive Techniums. The location of the Matrix on the SA1 campus is deemed to be of considerable benefit to the partnership approach, and key to achieving the vision.

The 1<sup>st</sup> iteration of the design is now fixed for this phase, with some partners/tenants having been able to influence the design in support of their needs. There is an effective change control process in place to manage any design changes from this point (i.e., changes to the base design and any incurred costs). Such costs would need to be met by the partner/tenant and would be for negotiation between the partners and the University.

Some interviewees expressed a desire to move away from the word “tenant” – even using this word internally may be giving wrong impression. Whilst difficult to change terminology at this stage, all involved with the Matrix now need to adopt the term ‘partner’ to reflect the strength of the relationship and the operating model vision.

Partners advised the Review Team of some of their expectations, these include the ability to enhance collaboration with university experts and support their growth, research opportunities through Master and PhD students and internships, and opportunity to co-host networking events. Alongside these expectations there was great enthusiasm for the partnership model, and interviewees would welcome an opportunity to explore synergies between themselves and other potential partners. This is something for the University team responsible for letting the spaces to suitable tenant/partner to consider as it could add value and encourage further collaboration and growth.

**Recommendation 3: To consider what benefit existing partners can offer to the assessment of suitability, and subsequent negotiation with prospective partners.**

The University has an excellent track record of graduate start-ups and spin-off businesses and is recognised as a sector leader. A significant percentage of the start-ups remain in business for 3+ years. The University focus on encouraging entrepreneurship and commercialisation is seen as a key factor in being able to validate the Vision for the project and attract suitable partners.

**Preparing for Occupancy**

The Review Team were advised that 3 tenants/partners have signed up to the Matrix, 4 potential partners are currently at HoT status and engagement with 3 other potential partners is taken place. Whilst there was an overall confidence in the ability to fill the Matrix space, it was also recognised that HoT status needed to be converted into formal contract, and this was pointed out in the August Project Board minutes.

The majority of the contracted partners (and the potential partners which the University have engaged with) hold existing relationships with the University and as such there has not been a need to “market” the concept at this stage. There was recognition from the interviewees that this may change over time and there may be a need to market the Matrix concept and partnership offering in the future in order to create a pipeline of digital-based companies who would benefit (mutually) from a partnership with the University. This pipeline would inform the Precinct options work. The Review Team had sight of the Marketing brochure/Partnership Guide and understand that there are further events planned.

We understand that whilst the contracts involved a 3-year lease, a contractual break has been built into this to afford some flexibility in lease terms for start-ups and small businesses. Creating a pipeline of potential partners through active engagement and marketing will therefore become important should such contractual breaks come into fruition.

**Recommendation 4: Review the benefit of creating and maintaining a pipeline of potential partners and consider how this would work in practice in order to manage expectations.**

The matrix has been designed to be flexible and adaptable from the onset. This has been detailed within the partnership guide.

In terms of desired outcomes for Matrix the wider social and economic benefits, are widely understood whilst recognising that these need to be achieved. We were told that the project is on track to deliver the expected outcomes and realise benefits set over the next 15-year period which is evidenced in the monitoring report. Whilst recognising that the operational plan references the benefits strategy, framework and benefits ownership, there was also recognition of the ongoing need to firm up on monitoring of identified benefits (such as how growth is defined and how to manage those tenants who fail to grow through the partnership opportunities).

**Recommendation 5: As the project moves into next phase, emphasis should be given to a greater focus on benefits management and monitoring of outcomes.**

Several of the interviewees expressed the importance of the café as a collaborative space to encourage conversations between IM partners, university colleagues and students. Despite there being evidence of the plans to develop the café facility there was some concern that the café has not yet been let out. Ensure that the procurement progresses to plan.

**Construction and Implementation preparation**

The construction phase of the Matrix commenced following a re-appraisal of the approach and the approval of change request and FBC by the SBCD Executive Committee. The re-appraisal document builds on the operating plan and provides assurance on the strategic, economic, commercial, and financial rationale for the delivery of the Matrix. The Change Control was to move from Box Village concept to a more permanent build and divert money to Matrix from Precinct to cover the shortfall caused by withdrawal of private investment, and the remaining shortfall in funds of £336k was covered by the University.

The Review team did not have sight of any adverse impacts regarding the change control process which was a collaborative process between all parties. The re-appraisal document takes this into consideration along with factors that sit outside of the control of the programme and SBCD (i.e Brexit, inflation, pandemic, European conflict, and unprecedented pressure on the supply change caused by these events).

The matrix is progressing to time and quality, and revised costs, and is on track for construction to complete in May 24 and for occupancy to commence from July 24. It was evident that there is a high level of confidence that this progress will continue, and the project is on track to deliver to the revised timescales and within the financial envelope. However, there is a need to ensure that the building is made watertight as the winter period approaches.

The Review Team have confidence that lessons from previous projects/builds are being considered and there is evidence of some documented lessons and a lot of discussion about the ongoing lessons as they are being identified for this Project, and the way these will also influence the Precinct. However, we have not had sight of a more formal lessons learned process being adopted across all parties, recognising that lessons are about what went well, and what could be improved.

**Recommendation 6 – Develop a more formal lessons learned process to identify, discuss, capture and act on these as part of the Project delivery process. Include all parties in this process.**

Mott McDonald (MM) are employed by the university to Project Manage the Kier Construction phase. The thoroughness of the assurance they provide, and the quality of their reporting was evident and progress/risks/defect resolution are reported on a monthly basis via the dashboards and a monthly report through the Project Boards. Mott employ a range of methods to assess the progress and quality associated with the Kier construction, include regular supervisory visits, and onsite meetings, use of their own quantity surveyors to scrutinise the work and hold Kier to account via the programming of work, looking at plans v actual, and forecast plans. The Review Team are assured that this is an effective process.

With regard to the procurement of the main contractor, Kier, the project considered different procurement options, and based on previous experience selected from the existing PAGABO framework. Kier was selected from the framework and is seen as a trusted partner who has been involved in a number of university construction projects with a proven track record of delivery and have the 'local' knowledge.

## **Innovation Precinct**

At the point of this Assurance Review the position of the Innovation Precinct element of the project remains unresolved. For reasons described in the Matrix Change Control Document (June 2021), and in the revised FBC (Oct 2022) (the need to commence the project, increased costs of construction, change from the Box Village concept to higher quality space, and withdrawal of private sector funding) city deal funding of £5.7m allocated to the Precinct was diverted to enable the commencement of the Matrix.

The Precinct is currently subject to an open change request that has the potential to change the delivery model of the project. The Review Team had sight on an Options Appraisal document following a workshop held in April 2023, where a long and short list of options were identified and considered. The paper stressed that this exercise was at a very high level, and further workshops and full options appraisal and economic analysis is required. There are ongoing discussions regarding potential locations, looking at the original SA1 and also city centre, with useful discussions already underway with Swansea Council and their regeneration partners.

The Precinct model remains as space for academia and business to co-locate for mutual benefit, and reference is also made to the concept of a 'grow-on' space to the matrix project. These could be seen as two very different models, and it is key for the University to consider and decide what it is they want the Precinct to be. This is key to ensuring that ongoing workshops have the correct focus and make the best use of time.

**Recommendation 7: Establish a clear purpose/requirement for the Innovation Precinct, ensuring that this forms the base information for the delivery options workshops.**



The Review Team understand that there remains a requirement for £8.9m of private sector funding to meet the total cost of the Precinct (£17m), and that the withdrawal of MoBH as investors is still subject to ongoing negotiations to resolve the dispute. This should not impact the next steps required to complete the options analysis and change request but has to be part of any discussion and economic analysis. It was encouraging that the Digital District projects have additional support from the partnership arrangements between Swansea Council and Urban Splash/Mulligans, who are engaged to look at city centre regeneration and are actively seeking private sector funding.

The Review Team are encouraged by the level of knowledge and determination observed throughout the review to complete the Change Request and subsequent business case ahead of being able to start the project. A number of interviewees recognise the risk to the achievement of the benefits as stated in the SBCD business case but did not see achievement of said benefits as out of reach at this stage.

### **Readiness for next phase.**

There are two key elements to the next phases:

- Complete the construction, partner/tenant contracts, fit out and occupation of the Matrix building.
- Agree the vision for the Precinct and develop the change request and business case based on the options appraisal work which has commenced at a high level.

In relation to the Matrix, handover meetings are already taking place and plans are being developed to ensure that all aspect of implementation are taken account of, with clear owners assigned to all tasks. We acknowledge that this work is ongoing, and it is important not to underestimate the scale of the change management exercise required to successfully land the Matrix. It is worth noting that the project team have experience from similar projects and can use best practice and learning from these previous projects to ensure success.

In relation to the Precinct, this report has documented the situation and what the plans are for the next phase, the first thing to focus on is identifying and agreeing the vision.

The RT gained confidence that the next phases are in hand. This is helped considerably by the calibre of personnel involved at all levels of the project, and the one-team ethos.

## **11. Next assurance review**

The Review team recommend that the Innovation Precinct undergoes a Project Assurance Review (PAR) once the change process concludes to assess the delivery plans and the revised Business case.

The Innovation Matrix, given the proximity of the completion and occupation of the building (May 2024 and from July 2025), the recommendation is to have a Gateway 5 / PAR within 6 – 12 months as an operational and benefits realisation review.

## ANNEX A - List of Interviewees

The following stakeholders were interviewed during the review:

Name	Organisation and role
Geraint Flowers	UWSTD – Acting SRO
Martin Nicholls	CEO City and County of Swansea and SRO for Swansea’s City Deal projects
Rowland Jones	Chair of UWSTD Estates Committee
Chris Holtom	UWSTD, INSPIRE Project manager
Duncan Gardner	UWSTD Property Manager
James Cale	UWSTD, Director of Digital Services
Darren Clayman	MD of IDNS, Audio Vision equipment supplier and future tenant of Innovation Matrix (IM)
Emyr Jones	Executive Head of Property and Estate Development
Ian Walsh	UWSTD Academic Provost for Swansea and Cardiff campuses
Dr. Sean Jenkins	Associate Professor of Industrial Design at UWSTD. Head of ATiC (Assistive Technologies Innovation Centre and future tenant of IM)
Richard Croydon	Innovation Matrix Project Architect (Stride Treglown)
Steve Nicholls	Kier, Contractor Design Manager
David Johnson	Mott McDonald, PM and QS
John Cain	Rockfield Global, future tenant of IM
Stuart Harris	CEO of Milligan, specialists in town centre regeneration
Anthony Swallow	External Business case consultant.
Jonathan Burnes	SBCD Programme Director

### Programme/Project name/Enw'r rhaglen/Prosiect

### Swansea Waterfront – Innovation Matrix and Innovation Precinct

### Scope of Review/Cwmpas Adolygiad

#### Innovation Matrix

Innovation Matrix is currently at delivery stage with our principal contractor (Kier) on site. Due to the previous governance structure of Swansea Bay City Deal, Innovation Matrix has not been reviewed previously under the IAAP framework. It would thus benefit from a wide ranging review that assesses both the delivery methodology and the administrative and decision making process that led to the preferred option. We therefore see the scope of the review as follows:

- An assessment of the overall business case and process by which it was compiled
- The delivery model of Innovation Matrix and design process
- Procurement of the principal contractor, with particular reference to lessons learned through previous projects with the same contractor
- The Change Notification Request and process by which this was developed
- Tenant selection and engagement success, with particular reference to the creation of the IM ecosystem and the suitability of the Innovation Matrix Operational Plan
- The benefits of the Innovation Matrix to the wider Digital District Business Case

#### Innovation Precinct

Innovation Precinct is significantly less advanced than Innovation Matrix and is currently under a Change Notification Request process to adjust the delivery model. Whilst development is continuing on Innovation Precinct, the University is currently in a period of negotiation with both the Local Authority and a potential Private Sector Partner to assess the feasibility of delivering the scheme under a new methodology. As a result, at this early stage we see the scope of the review as follows:

- An assessment of the early Change Notification Request and the process by which this was undertaken
- Proposed changes to the initial Swansea Waterfront business case to reflect the change in delivery methodology
- A review of the new direction of travel, to assess suitability

Given the significantly differing levels of development between Innovation Matrix and Innovation Precinct, we would suggest a weighted balance of time of 80/20% in favour of Innovation Matrix for this review but are happy to discuss should the review team feel this is inappropriate. This is in anticipation of a further, more focussed review of the Innovation Precinct once development has reached a sufficient level of detail.

## Why is a review needed? *Pam bod angen adolygiad?*

As previously stated, neither Innovation Matrix or Innovation Precinct have been subjected to a Gateway Review thus far and it is the University's strong belief that at this stage of development both schemes would benefit greatly from an impartial assessment.

Innovation Matrix has now started on site which presents a natural point in the development for a review, whilst still retaining the ability to act on any recommendations that are suggested as a result. This also facilitates the development of Innovation Precinct, which can take advantage of any particular lessons learned from the Innovation Matrix review.

The review will also assist in satisfying the requirements of Swansea Bay City Deal to include a series of Gateway Reviews in line with the IAAP process. As the University's projects sit underneath the overarching Swansea Waterfront bid (through City and County of Swansea), the review will form an ideal close look at the projects as opposed to the programme.

## What areas should the Review team focus on? *Ar ba feysydd y dylai'r Tîm Adolygu ganolbwyntio arnynt?*

Whilst the University does feel it would be advantageous to have a 'general' review of both Innovation Matrix and Innovation Precinct, the areas that the University would highlight for additional attention and focus would be:

### **Innovation Matrix**

- Is the number/mix of tenants in the Innovation Matrix appropriate to deliver on the aims and ambitions of the project?
- Has the design process been conducted in a way that is appropriate to the scheme? Would there be any changes in hindsight that could be put forward to Innovation Precinct?
- Has the Innovation Matrix been developed in a way sufficient to fulfil the ongoing requirements of the Digital District programme?

### **Innovation Precinct**

- How effectively has the Change Control process been utilised to describe the change in direction for Innovation Precinct?
- Are there any particular lessons learned from Innovation Matrix that could be included in the Innovation Precinct project?

**Signed/Llofnodi:**



**Dated/Dyddiedig:- 7<sup>th</sup> August 2023**