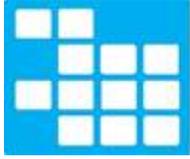


Complete Agenda



north wales economic ambition board
bwrdd uchelgais economaidd gogledd cymru



Meeting

NORTH WALES ECONOMIC AMBITION BOARD

Date and Time

11.00 am, FRIDAY, 12TH APRIL, 2019

Location

Conference Room 1a & 1b, County Hall, Wynnstay Road, Ruthin. LL15 1YN

Contact Point

Eirian Roberts

01286 679018

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(DISTRIBUTED 05/04/19)

NORTH WALES ECONOMIC AMBITION BOARD

MEMBERSHIP OF THE JOINT COMMITTEE

Voting Members

Councillors

Hugh Evans	Denbighshire County Council
Llinos Medi Huws	Isle of Anglesey County Council
Gareth Jones	Conwy County Borough Council
Mark Pritchard	Wrexham County Council
Aaron Shotton	Flintshire County Council
Dyfrig L. Siencyn	Gwynedd Council

Advisers - Non-voting

Dafydd Evans	Grwp Llandrillo Menai
Maria Hinfelaar	Glyndwr University
David Jones	Coleg Cambria
Vice-chancellor, Professor Graham Upton	Bangor University
Ashley Rogers	North Wales and Mersey Dee Business Council
Sasha Davies	Business Delivery Board

Chief Officers - Non-voting

Dr Gwynne Jones	Isle of Anglesey County Council
Iwan Davies	Conwy County Borough Council
Colin Everett	Flintshire County Council
Judith Greenhalgh	Denbighshire County Council
Ian Bancroft	Wrexham County Council
Dilwyn Williams	Gwynedd Council

Officers in Attendance

Dafydd L. Edwards	Section 151 Officer
Iwan Trefor Jones	Board Lead Director
Iwan G. Evans	Monitoring Officer

A G E N D A

1. APOLOGIES

To receive any apologies for absence.

2. DECLARATION OF PERSONAL INTEREST

To receive any declarations of personal interest.

3. URGENT BUSINESS

To note any items that are a matter of urgency in the view of the Chair for consideration.

4. MINUTES OF THE PREVIOUS MEETING 4 - 10

The Chair shall propose that the minutes of the previous meeting held on 15th March, 2019 be signed as a true record (attached).

5. UPDATE ON THE NWEAB WORK PROGRAMME 11 - 26

Report by Iwan Trefor Jones, Lead Director (attached).

6. RISK REGISTER 27 - 39

Report by Iwan Trefor Jones, Lead Director (attached).

7. APPOINTMENT OF A TRANSPORTATION SUB-BOARD 40 - 44

Report by Iwan Evans, Monitoring Officer (attached).

8. BUSINESS DELIVERY BOARD 45 - 50

Report by Iwan Trefor Jones, Lead Director (attached).

9. WELSH GOVERNMENT IMPROVING PUBLIC TRANSPORT WHITE PAPER 51 - 64

Report by Iwan Prys Jones, Programme Manager (attached).

10. SWANSEA BAY CITY DEAL (SBCD) REVIEW(S) 65 - 114

Report by Iwan Trefor Jones, Lead Director (attached).

NORTH WALES ECONOMIC AMBITION BOARD 15/03/19

Present:

Voting Members - Councillors:- Gareth Jones (Conwy County Borough Council), Mark Pritchard (Wrexham Council), Aaron Shotton (Flintshire Council), Dyfrig L. Siencyn (Gwynedd Council), Robin Williams (Isle of Anglesey County Council).

Advisors – Sasha Davies (Chair of the North Wales Business Workshop), Dafydd Evans (Grŵp Llandrillo Menai), Maria Hinfelaar (Glyndwr University), Steve Jackson (Coleg Cambria), Prof. Jo Rycroft-Malone (Bangor University), Ashley Rogers (North Wales Mersey Dee Business Council).

Chief Officers - Marc Jones (Isle of Anglesey County Council), Iwan Davies (Conwy County Borough Council), Colin Everett (Flintshire Council), Judith Greenhalgh (Denbighshire Council), Ian Bancroft (Wrexham Council), Dilwyn Williams (Gwynedd Council).

Officers in attendance – Dafydd L. Edwards (Section 151 Officer), Iwan Trefor Jones (The Board's Lead Director), Iwan Evans (Monitoring Officer) and Annes Sion (Member Support Officer).

1. WELCOME AND APOLOGIES

Everyone was welcomed to the meeting.

Apologies were received from Cllr Llinos Medi Huws (Isle of Anglesey County Council), Cllr Hugh Evans (Denbighshire Council), Prof. Graham Upton (Bangor University) and David Jones (Coleg Cambria).

2. DECLARATION OF PERSONAL INTEREST

A declaration of interest was received from Iwan Trefor Jones for item 9 - Programme Director of North Wales Economic Ambition Board - due to the nature of the post in question it was a prejudicial interest and he withdrew from the meeting for this item.

3. URGENT BUSINESS

There were no urgent items.

4. MINUTES OF THE PREVIOUS MEETING

The Chair signed the minutes of the previous meeting held on 1 February as a true record.

5. NORTH WALES ECONOMIC AMBITION BOARD GOVERNANCE

Submitted by Iwan Evans, Monitoring Officer.

DECISION

Resolved to:

1. Accept the report
2. Accept that the North Wales Economic Ambition Board as far as reasonably practicable will meet at a single appropriate North Wales venue in accordance with the report.
3. Pending the establishment of a formal Business Leaders Group Appoint the Chairman of Business Delivery Board as an Adviser to the Economic Ambition Board and to confirm the Advisers structure.
4. That a further report on proposed Sub-Boards be presented to the next meeting of the North Wales Economic Ambition Board.
5. To accept the Operating Protocol for the North Wales Economic Ambition Board subject to confirming rights for the Monitoring Officer and the Section 151 Officer to report directly to the North Wales Economic Ambition Board as and when required.

DISCUSSION

The report was submitted and it was stated that its main purpose was to proceed with the Governance programme. A discussion followed about the individual recommendations contained in the decision.

An appropriate venue for the meetings was discussed with the intention of having a central location. It was noted that the next meeting had been arranged in Conwy. It was noted that a time would not be noted in the protocol, rather a decision was made that the meeting would aim to start at 1pm, stressing that there was flexibility in terms of the time. The appointment of the Chair of the Business Delivery Board as an adviser to the Economic Ambition Board was discussed and agreed upon.

It was noted that, of the key themes, Transport and the Digital Plan had been prioritised as the first sub-committees to be established. It was added that a further discussion was needed on the matter in order to agree plans to establish the sub-committees in terms of membership and reporting back to the Ambition Board.

Attention was drawn to the Operational Protocol for the Joint-committee which sets the foundation and timetable for meetings and reports as well as certainty regarding the direction of the Board.

Observations arising from the discussion

- A discussion ensued regarding the key themes that were prioritised and it was noted that a further discussion was needed in the executive group and to consider a timetable.
- Attention was drawn to the Ambition Board reports being submitted to the Executive Group a fortnight prior to the meeting, noting that reports from the Monitoring Officer and the Section 151 Officer should not be included in this

arrangement and that they would be able to submit their reports directly to the Board.

6. A GROWTH DEAL FOR NORTH WALES - DRAFT IMPLEMENTATION PLAN

The report was submitted by Iwan Trefor Jones

DECISION

To approve the Implementation Plan as a basis for further negotiations with the UK and Welsh Governments on a potential Heads of Terms agreement for a North Wales Growth Deal subject to incorporating the following adaptations in the Plan:

1. Flexibility in terms of time-frame, expenditure portfolio and project priorities in Section 7 of the Implementation Plan based on their maturity and affordability.
2. Flexibility on the financing package from both Governments in order to implement the projects in the Implementation Plan.
3. Add a timetable for establishing July 2019 as the date for agreeing Heads of Terms for both Governments.

DISCUSSION

The report was submitted noting that the purpose of the Implementation Plan was to highlight the Ambition Board's proposal as well as the context and growth vision. It was explained that the document had been created in collaboration and had been approved by the Executive Group. It was added that the plan brought together the main issues, including the time-scale of the projects, outline business cases and programme office arrangements. It was explained that the Implementation Plan would highlight to UK Government and Welsh Government that the projects were exciting and that there were effective arrangements in the region.

Attention was drawn to Wylfa, noting that the Plan had given full consideration to Wylfa together with the next steps which would need to be taken. It was added that the role of businesses could be seen in full now in the Plan, with a Champion from the Business Sector assigned to every project.

It was noted that the Outline Business Cases presented evidence for all the projects as part of the Implementation Plan. It was noted that a meeting had been held the previous week with the North Wales Business Delivery Board to discuss all the projects noting outcomes and concerns and highlighting the relationship between the Private Sector and the Ambition Board. In addition, the need to proceed with some projects was stressed.

Observations arising from the discussion

- It was noted that a meeting had been held with the North Wales Business Delivery Board and the constructive discussions held there were outlined. It was explained that group members felt positive that much of the work had been done. It was noted that momentum needed to be raised and projects developed, noting the importance of developing employment in the first years. Looking at the budget, it was explained that the Board was happy that more funding was going to delivering the Sites and

Property theme. It was added that additional funding would be needed to deliver the Digital theme. It was outlined that key businesses were now part of the deal and therefore the Board believed that a second advisory board was not needed. It was emphasised that further work needed to be undertaken to communicate and build the confidence seen in the region.

- Pride was expressed that businesses wanted to be part of the deal, something which had caused concern at the beginning of preparing the deal.
- The need for projects to proceed now in order to retain the credibility of the entire deal was discussed. It was noted that challenges would arise, but clear leadership needed to be displayed to move projects forward. It was added that every project did not need to move at the same pace, and that the time-frame of the projects was flexible and could therefore be developed when they were ready.
- The importance of the Ambition Board giving a time-frame to UK Government and Welsh Government was stressed, in order to reach Heads of Terms agreement by July and ensure that projects were proceeded as some themes, such as Transport, were ready for the operational steps.
- A question was asked regarding whether there would be objective criteria for any further implementation/prioritisation of projects and whether there would be an opportunity to invite full business cases.
- It was also questioned whether work had been carried out to contact house builders directly - it was noted that contact had been made with them but further work needed to be done.
- The need to move ahead with the Implementation Plan was highlighted, and to ensure that North Wales Growth was on Welsh Government's agenda.
- It was added that there was a need to communicate the work that the growth vision was undertaking with all elected members in the region, so that they would all be aware of the Deal

7. 2019-20 BUDGET

The report was submitted by Dafydd Edwards

DECISION

- I. To accept and adopt the Economic Ambition Board's Budget for 2019/20, which is split to show the Programme Management Office, Accountable Body Support Services and Joint-Committee costs.
- II. To approve the arrangements and finance for Gwynedd Council to deliver the Accountable Body functions as set out in the report.
- III. To delegate the authority to the Programme Director and Gwynedd Council's Section 151 Officer to implement the budget approved.
- IV. To approve transferring the underspend from the former shadow arrangements to the

Economic Ambition Board Joint Committee.

- V. To approve transferring the underspend at the end of the 2018/19 financial year to an earmarked reserve that will be available to fund one-off costs in future years.

DISCUSSION

The report was submitted noting the need to approve the budget and the recommendation submitted. It was noted that 2019/20 would be the first full budget year of the Joint-committee and specific attention was drawn to the budget headings. It was noted that only three posts had been funded within the cost of the Programme Management Office and that a small amount of funding was available for Property. It was noted that as no decision had been made about the location of the Programme Management Office, costs could change accordingly. It was added that the budget for the Programme Management Office presumed that services would need to be bought in in order to plan and develop projects.

It was noted that the cost for the Support Services of the Accountable Body was a conservative figure, and that a high proportion of the budget was directed towards the Finance Department. It was added that this budget included information technology costs for information technology equipment and support for the three posts in the Programme Management Office. It was added that costs could change depending on the location etc.

It was noted that the Partners' Contribution (Others) was a contribution by the six Councils and that the heading had been changed in order to simplify the budget. The Joint-committee was asked to adopt the budget in order to be able to proceed.

Observations arising from the discussion:

- A request was made for a detailed breakdown of the support costs of the Finance Department, as the figure of £105,000 appeared high. It was noted that a detailed copy would be sent to the members in the coming days.
- A request was made for a report on the top tier cost of each heading, to ensure that the level available for the top tier was accurate, but it was explained that there would be more clarity about the matter when looking at the business case models over the coming three months.

8. UPDATE ON THE ECONOMIC AMBITION BOARD WORK PROGRAMME

The report was submitted by Iwan Trefor Jones

DECISION

To approve the RAG status (Red, Amber, Green) on all actions within the Work Programme, noting that two actions under the Heads of Terms heading noted below will change from amber to red.

- Challenge sessions with Ministers from UK Government and Welsh Government
- Formal approval to Heads of Terms for the Growth Deal.

Modify the timetable and the responsibility for some tasks in the Work Programme, in

accordance with the explanation in section 4.3 and 4.4 of the report.

DISCUSSION

The report was submitted, noting that it provided details about the status of each element of the work programme. It was added that the RAG status (Red, Amber, Green) highlighted the opinion of the Executive Group. Attention was drawn to the tasks scheduled for Quarter 1 but would not be completed within the time-frame. One of these was the challenge sessions with Ministers from UK Government and Welsh Government. It was noted that assurances were needed that these challenge meetings would be held.

It was explained that a request had been received to submit a project to the LFFN (Local Full Fibre Network) which had now been approved and that schemes were in place in order to secure additional funding. It was added that the document was being worked on regularly and the Lead Director would report to the Board in order to be entirely open if there were any slippages in the projects.

Observations arising from the discussion

- It was noted that the report explained the development and obstacles within the Deal.
- It was noted that the main concern was the time-frame for formal approval of Heads of Terms, and the frustration this caused the Board. It was added that the colour for this point should be changed from amber to red in order to ensure that a time-frame was in place. It was explained that it would be a good idea to send a letter to both Governments providing the Ambition Board's time-frame to reach Heads of Terms.
- It was explained that discussions would be held regarding the Trawsfynydd location and it was noted that it would be possible for this project to have a different governance arrangement from the others. Despite discussions to develop Trawsfynydd, it was noted that Wylfa needed to be supported also, in terms of location and opportunities.

9. NORTH WALES ECONOMIC AMBITION BOARD PROGRAMME DIRECTOR

The report was submitted by Dilwyn Williams - Accountable Body Chief Executive

DECISION

It was decided that:

- I. A scheduled meeting of the North Wales Economic Ambition Board will agree on a short list of candidates to be invited for further consideration.
- II. All short-listed candidates will be invited to attend a Professional Assessment Centre. The Assessment Centre will be led by an external assessor used by the Accountable Body for appointments to senior posts. The assessor will provide a written report of each candidate's performance.
- III. Formal interview of short-listed candidates at an additional meeting of the Board to be arranged with feedback from the Assessment Centre to be provided at the

meeting prior to the appointment.

- IV. Following a job evaluation, it was agreed that the post will be advertised with a salary of £86,000 to £96,000 with the flexibility of a market addition should an exceptional candidate apply.

DISCUSSION

The report was submitted noting that the Board had already noted that it was eager to appoint as soon as possible and to ensure that the recruitment process was effective and robust. It was noted that the post had now been evaluated in line with the Gwynedd Council procedures with a salary of £86,000 to £96,000.

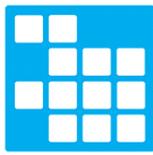
Attention was drawn to the recruitment procedure asking which steps the Board wished to take in terms of advertising and short-listing.

Observations arising from the discussion

- It was expressed that the salary was fair, but the need to be flexible with the salary was added and it was noted that market supplement would be considered should an outstanding candidate apply.
- It was noted that the Ambition Board needed to create a short list at a scheduled meeting.

The meeting commenced at 13:10 and concluded at 14:50

CHAIRMAN



REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD

12th April, 2019

TITLE: *Update on the EAB Work Programme*

AUTHOR: *Iwan Trefor Jones, Lead Director – North Wales Economic Ambition Board*

1. PURPOSE OF THE REPORT

- 1.1. The purpose of the document (included in Appendix 1) is to provide an update on the progress of the actions within the EAB Work Programme. All actions within the Work Programme have been given a RAG (Red, Amber, Green) Status to update on the progress.
- 1.2. The Work Programme was approved by the North Wales Economic Ambition Board on the 1st February 2019.
- 1.3. At the NWEAB meeting on 15th March 2019 there was a request to review the Work Programme on a regular basis.

2. DECISION SOUGHT

- 2.1. Review, update and approve the RAG status of all actions within the Work Programme.
- 2.2. To delegate the authority to the Programme Director in consultation with the Chair and Vice Chair of the NWEAB to agree the Job Description and recruitment process for the Digital Programme Manager.
- 2.3. Commit up to £55,000 (subject to job evaluation and the success of the Growth Deal) of the “Project, Planning, Development and Support budget” to finance the temporary Digital Programme Manager post for a year.

3. REASONS FOR THE DECISION

- 3.1. To update on the progress of the actions within the Work Programme.
- 3.2. To appoint the Digital Programme Manager.

4. BACKGROUND AND RELEVANT CONSIDERATIONS

- 4.1. The Work Programme sets out initial key actions for the Economic Ambition Board over 3 quarters. The Work Programme outlines 10 key categories, supported by key actions required. Each action has a timeframe and has been assigned responsibility, and a RAG Status.

4.2. All tasks have been reviewed and given a RAG Status, in accordance with the guidelines below:

RAG Status	Action Status	Action Required
GREEN	On track for completion within the desired timescale	No action required
AMBER	Action may be at risk to meet the deadline	Action required to address issues
RED	Action is at risk to miss the completion date	Immediate action required to address issues

4.3. All tasks scheduled for completion during Q1 2019 have a Green RAG status, and are complete.

4.4. The majority of tasks scheduled for completion during Q2 2019 have a Green or Amber RAG status. However, two of the risks have a Red RAG status:

- Challenge Sessions with UK and WG – these sessions will be arranged during Q2 2019.
- Formal Approval of the Heads of Terms for the Growth Deal – Following the NWEAB meeting on 15/03/2019 letters were sent to both Government Ministers outlining the twin track approach and stating that agreement of Heads of Terms should be no later than July 2019 (Appendix 2 &3).

4.5. The Work Programme states that the Programme Managers will be appointed during Q3 2019. The Lead for the Digital Connectivity Project has requested to bring forward the appointment of the Digital Programme Manager. With the appointment of the Digital Programme Manager to follow the appointment of the Programme Director. The Digital Connectivity Project is gaining momentum and there is a requirement for a full time resource to drive the project forward.

5. FINANCIAL IMPLICATIONS

5.1. Commit up to £55,000 (subject to job evaluation and the success of the Growth Deal) of the “Project, Planning, Development and Support budget” to finance the temporary Digital Programme Manager post for a year.

6. LEGAL IMPLICATIONS

6.1. None at this stage.

7. STAFFING IMPLICATIONS

7.1. Appoint a temporary Digital Programme Manager for a year to drive the Digital Connectivity Project forward.

8. IMPACT ON EQUALITIES

8.1. None at this stage.

9. CONSULTATIONS UNDERTAKEN

9.1. The Work Programme was discussed and approved by the Executive Officers Group on 29/03/2019.

APPENDICES:

Appendix 1	EAB Initial Work Programme
Appendix 2	Letter to Nigel Adams MP (25/03/2019)
Appendix 3	Letter to Ken Skates AM (25/03/2019)

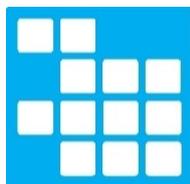
STATUTORY OFFICERS RESPONSE:

i. Monitoring Officer – Accountable Body:

“No observations in relation to propriety.”

ii. Head of Finance – Accountable Body:

“I confirm that I have reviewed the ‘Finance’ section of the Work Programme with the author. I confirm that the Economic Ambition Board can decide to use £55,000 of the budget for ‘Project Planning, Development and Support’ to fund the Digital Programme Manager post for a period of one year, as noted in section 2.3 of the report. Further comments, as required, will be presented verbally at the Board meeting.”



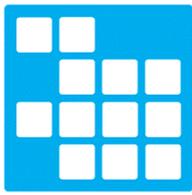
INITIAL WORK PROGRAMME FOR THE EAB

Category	Action	Timeframe (Quarters, calendar year)	Responsibility	RAG Status	Identified Risk
Heads of Terms	<ul style="list-style-type: none"> Approval of “Programmes” for the North Wales Growth Deal. (3 Key Thematic Areas and 4 Key Enablers). 	Q1 2019	Joint Committee	COMPLETE	
	<ul style="list-style-type: none"> Assessment of options and agree way forward on the £240 Million budget available from the UKG/WG to deliver the Growth Deal. (Draft Implementation Plan) 	Q1 2019	Joint Committee	COMPLETE	HT 05
	<ul style="list-style-type: none"> Review of Outline Business Cases to match commitment within the Draft Implementation Plan. 	Q1 2019	Executive Support Group	COMPLETE	HT 04
	<ul style="list-style-type: none"> Challenge sessions with UKG / WG Ministers. 	Q2 2019	Representative from Joint Committee with UKG and WG Ministers		HT 02
	<ul style="list-style-type: none"> Approve the Implementation Plan for the Growth Deal. 	Q2 2019	Joint Committee	Submitted to WG/UKG on 24/03/2019	HT 05
	<ul style="list-style-type: none"> Agreement on appropriate and proportionate level of assessment and appraisal of business cases for growth deal projects. 	Q2 2019	Joint Committee / UKG / WG		HT 04
	<ul style="list-style-type: none"> Formal approval of the Heads of Terms for the Growth Deal. 	Q2 2019	Joint Committee / UKG / WG This will need to be considered as a matter which may involve individual Councils decision at the appropriate juncture.		HT 01
	<ul style="list-style-type: none"> Agreement on “side deals” with WG or MoUs (for example Transport, Property, Business Growth, Skills to deliver the Growth Vision). 	Q3 2019	Joint Committee / WG		HT 06
Governance	<ul style="list-style-type: none"> Formal establishment of Joint Committee. 	Q1 2019	Accountable Body	COMPLETE	GO 03

	<ul style="list-style-type: none"> Practical arrangements for the Joint Committee. 	Q1 2019	Accountable Body / Joint Committee	COMPLETE	GO 03
	<ul style="list-style-type: none"> Agree Terms of Reference and engagement with Business Delivery Board (private sector advisory board). 	Q2 2019	Joint Committee	Report to EAB on 12/04/2019	GO 10
	<ul style="list-style-type: none"> Identify and agree 6 month work programme for the Joint Committee. 	Q1 2019	Joint Committee	COMPLETE	GO 05
	<ul style="list-style-type: none"> Identify initial terms of reference for sub-committees, in particular transport sub-committee and digital sub-committee. 	Q2 2019	Joint Committee	Report to EAB on 12/04/2019	GO 08
	<ul style="list-style-type: none"> Identify initial terms of reference for the "informal" sub-committees (Skills and Employment, Sites and Premises, Business and Innovation, Tourism). 	Q2 2019	Joint Committee	Report on Skills and Employment to EAB on 19/07/2019	GO 08
	<ul style="list-style-type: none"> Identification and final selection of Accountable Body for GA2. 	Q3 2019	Joint Committee		GO 07
	<ul style="list-style-type: none"> Agreement on Scrutiny Arrangements. 	Q2/Q3 2019	Joint Committee and Councils scrutiny arrangements	Report to EAB on 12/04/2019	GO 09
	<ul style="list-style-type: none"> Undertake a public appointment process for the Business Leadership Group. 	Q3 2019	Joint Committee	Report to EAB on 12/04/2019	GO 11
	<ul style="list-style-type: none"> Discuss and agree collaboration and governance with the Housing Accelerator Group 	Q2 2019	Joint Committee		
Finance	<ul style="list-style-type: none"> Identify, review and agree a budget for the transitional year 2019/20 and contributions from all partners. 	Q1 2019	Accountable Body / Joint Committee	COMPLETE	FIN 01
	<ul style="list-style-type: none"> Identify, review and agree a 3 year budget and contributions from all partners. 	Q1 2020	Accountable Body / Joint Committee Increases in contributions will be matters reserved to Parties		FIN 01
	<ul style="list-style-type: none"> Agree budget for the Accountable Body. 	Q1 2019	Joint Committee	COMPLETE	FIN 01
	<ul style="list-style-type: none"> Agree position on NNDR and capitalisation. 	Q3 2019	Section 151 Officers / Accountable Body / Joint Committee		FIN 02
	<ul style="list-style-type: none"> Identify and agree LA borrowing requirements. 	Ongoing	Partners and the Accountable Body's Finance Officers		FIN 03

Programme Office	<ul style="list-style-type: none"> Agree on recruitment process for a Programme Director. 	Q1 2019	Joint Committee / Accountable Body	COMPLETE	PO 01
	<ul style="list-style-type: none"> Appointment of Programme Director. 	Q2 2019	Joint Committee		PO 01
	<ul style="list-style-type: none"> Agree design and structure of a Programme Office. 	Q2 2019	Joint Committee / Accountable Body		PO 02
	<ul style="list-style-type: none"> Agree on ESF Institutional Capacity Bid to support with the work of the Programme Office. 	Q3 2019	Joint Committee / Accountable Body	Report to the NWEAB on 21/06/2019	PO 03
	<ul style="list-style-type: none"> Appointment of Programme Managers within the Programme Office. 	Q3 2019	Joint Committee / Accountable Body		PO 04
Commissioned Strategies and Projects	<ul style="list-style-type: none"> Agree Project Approval Process (and delegation process). 	Q2 2019	Joint Committee / UKG / WG		CSP 01
	<ul style="list-style-type: none"> Agree the Business Network North Wales project and implementation Plan. 	Q2 2019	Joint Committee	Report to the NWEAB on 21/06/2019	CSP 02
	<ul style="list-style-type: none"> Delivery of the LFFN project. 	Q2 2019 onwards	Joint Committee		
	<ul style="list-style-type: none"> Develop 5 Case Business Models for Growth Deal Projects. 	Q2/Q3 2019	Joint Committee		
	<ul style="list-style-type: none"> Approval of the Skills and Employment Plan. 	Q3 2019	Joint Committee		
Legal and Procurement	<ul style="list-style-type: none"> Develop Template Funding Agreement to allow the transfer of Growth Deal funding to the recipient Project Lead Authority. 	Q2 2019	Accountable Body / Section 151 / Monitoring Officers / Joint Committee		
	<ul style="list-style-type: none"> Agree project plan and timeline for the adoption of Government Agreement 2. 	Q2 2019	Joint Committee / Monitoring Officers		LP 01
	<ul style="list-style-type: none"> Adoption of Government Agreement 2. 	Q3 2019	Matter reserved to Parties		GO 07
	<ul style="list-style-type: none"> Agree Growth Deal Procurement Strategy. 	Q3 2019	Joint Committee / Accountable Body		LP 02
Monitoring and Evaluation	<ul style="list-style-type: none"> Programme Risk Register developed. 	Q1 2019	Joint Committee	COMPLETE	MP 01
	<ul style="list-style-type: none"> Monitoring and Evaluation Plan agreed. 	Q2 2019	Joint Committee		MP 02
Stakeholder Engagement and Communication	<ul style="list-style-type: none"> Development and agreement of business and stakeholder engagement plan agreed. 	Q2 2019	Joint Committee		SEC 01
	<ul style="list-style-type: none"> Development and agreement of political stakeholder engagement plan agreed 	Q2 2019	Joint Committee		SEC 01
	<ul style="list-style-type: none"> Communication Plan agreed and protocol. 	Q2 2019	Joint Committee		SEC 01

Strategic Regional Function	<ul style="list-style-type: none"> Explore key strategic functions at a regional level that will support both the implementation of the deal and wider development activity. 	Ongoing	Joint Committee / UKG / WG		
	<ul style="list-style-type: none"> Agreement of protocol with the Minister for North Wales and the new Regional Standing Committee. 	Q2 2019	Joint Committee / Minister for North Wales / Regional Standing Committee		
Delivery Management	<ul style="list-style-type: none"> All Project Boards in place to coordinate the delivery of commissioned projects. 	Ongoing	Project Sponsors		GO 08



north wales economic ambition board

bwrdd uchelgais economaidd gogledd cymru

Councillor/Cynghorydd Aaron Shotton,
Arweinydd Cyngor Sir Y Fflint
Leader, Flintshire County Council
County Hall, Mold CH7 6NB
Neuadd Y Sir, Yr Wyddgrug, CH7 6NB

Ein cyf / Our ref:
Dyddiad/Date: 25th March 2019
Rhif union/Direct dial: 01352 702105
Ebost/Email: aaron.shotton@flintshire.gov.uk

Nigel Adams MP

Under Secretary of State for Wales
1 Caspian Point
Cardiff
CF10 4DQ

Dear Nigel,

North Wales Growth Deal

Thank you for attending the meeting of the North Wales Economic Ambition Board on 1st February, and for your follow-up letter.

The Board is keen to move with pace and decisiveness to achieve a Heads of Terms Agreement no later than July. We have held two Board meetings in quick succession to finalise our Implementation Plan for the Growth Deal since we met. A purposeful and deliverable Implementation Plan has been requested by officials from both Governments and we are now able to submit this. The Implementation Plan is attached.

At our latest Board meeting held on 15th March we signed-off this Implementation Plan with the unanimous support of all partners. Through a series of sessions preceding last week's meeting we have had intensive input from business leaders from all key sectors.

The Implementation Plan has the confidence of the business community. Government officials have also contributed to the development of the Plan over a period of time.

The Implementation Plan sets out:-

- the strategic ambition for the Growth Deal;
- the series of programmes and project interventions for the three prime sectors and the four enablers;
- a summary of the outline business case for each project including their outcomes and benefits, their financial profile, and details of private and public sector investment and financial leverage;
- an indicative timeline; and
- the inter-dependencies of the programmes and projects.



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The Plan also sets out:-

- the role, functions and governance arrangements for the Economic Ambition Board;
- the role and ongoing contribution of the private sector;
- arrangements for stakeholder engagement;
- management of programme implementation; and
- arrangements for monitoring and evaluation.

The input of the private sector to the development of the Plan has been significant. This has been co-ordinated by the newly established North Wales Business Delivery Board. There are high expectations to see delivery of the Plan from 2020/21 and strong support for the scaling up of programmes and projects, where possible with additional capital and investment leverage, to achieve transformational change on a regional scale.

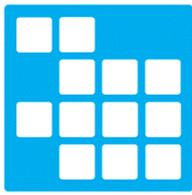
The Board has approved a first stage of resourcing to build regional capacity in readiness to manage 'live' Growth Deal funded programmes and projects from 2020/21. Agreement by Governments of a Heads of Terms no later than July is critical if we are to be ready on time to meet the expectations that we have all raised across the region.

The Board recognises that within our proposed list of fourteen project interventions, some projects are ahead of others in their state of readiness. Therefore, we propose including all fourteen projects within the scope of the Heads of Terms but only to include those that are at a more advanced stage of readiness in this first phase. Those in the first phase would immediately progress to the five case business model. The remaining projects would be further developed in a second phase to follow close behind. For clarity, by 'readiness' we mean meeting the tests of (a) proof of concept (b) outcomes and impact (c) private sector investment and leverage and (d) readiness for delivery on time.

The projects supported by the Board to be in the first phase, due to their advanced state of readiness, include:-

- Digital Connectivity Project
- Regional Land and Property Joint Venture
- Holyhead Gateway
- Smart Local Energy Network Project
- Trawsfynydd Power Station Project

This is not an exhaustive list and is provided as a guide for quick negotiation. The full set of Outline Business Cases has been supplied to officials.



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At this stage there is no financial scope for new projects to be added to the Growth Deal. We are very open to later additions with additional capital investment by Governments.

Given the impact of the decision by Hitachi in suspending the Wylfa Newydd project, the Plan:-

- re-affirms support for key Growth Deal projects within the portfolio that will have a direct economic and employment impact on North Anglesey - the Holyhead Gateway Project, Morlais Project and the Nuclear Centre of Excellence project;
- scales-up two strategic Growth Deal projects that will impact the economy of North Anglesey and create the conditions for employment growth - the Smart Local Energy Network and the Regional Land and Property Joint Venture; and
- proposes sequencing the Growth Deal projects to give some priority to those interventions that impact on North Anglesey.

We invite both Governments to set out a clear and simple process for closing negotiations to reach a Heads of Terms Agreement by July. We plan to issue public communications at the beginning of April - making a positive statement that the region is ready to close an Agreement and begin to implement priority projects from 2020/21. We would welcome a positive statement from both Governments in support.

We are writing to Minister Ken Skates AM with a similar invitation.

We very much look forward to receiving your support for the approach set out above.

Yours sincerely

**Councillor Aaron Shotton,
Chair, North Wales Economic Ambition
Board and Leader of Flintshire County
Council**

**Councillor Dyfrig Siencyn,
Vice Chair, North Wales Economic
Ambition Board and Leader of Gwynedd
Council**

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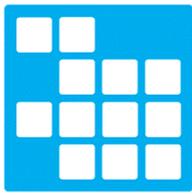


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Councillor/Cynghorydd Aaron Shotton,
Arweinydd Cyngor Sir Y Fflint
Leader, Flintshire County Council
County Hall, Mold CH7 6NB
Neuadd Y Sir, Yr Wyddgrug, CH7 6NB

Ein cyf / Our ref:
Dyddiad/Date: 25th March 2019
Rhif union/Direct dial: 01352 702105
Eboost/Email: aaron.shotton@flintshire.gov.uk

Ken Skates AM
Cabinet Secretary for Economy and Transport
Welsh Government
5th Floor, Tŷ Hywel
Cardiff Bay
Cardiff
CF99 1NA

Dear Ken,

Meeting with Leaders 7th March 2019 and an Update on the Growth Deal

Thank you for meeting with the Leaders on 7th March.

The wide ranging and lively debate was very useful for us as a group and will be of real value in helping to deliver the Growth Deal.

We welcomed your commitment to: -

- Getting the North Wales Growth Deal over the line with some form of Heads of Terms agreement achieved ideally by the end of May 2019;
- Enhanced regional working on the part of the Welsh Government with yourself and Lesley Griffiths spearheading the regionalisation agenda; and
- Integration of Welsh Government and Local Authority services in support of improved economic development and transport delivery, and investment in regions.

The regionalisation agenda is a second generation of devolution from the Senedd to the regions, which we, as Councils, must get behind to bring decision-making closer to communities.

We noted the close alignment of our views as Councils with yours on the role of the Minister for North Wales and the proposed standing committee for North Wales.

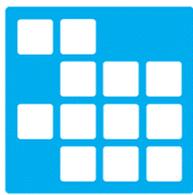


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We offered to support your officials in further developing the policy for a MNW and Standing Committee. Ian Bancroft, supported by Stephen Jones, will help your lead official working on proposals.

We noted that you have commissioned the OECD to review regional governance for economic development in Wales and that you aspire to the creation of integrated economic development units, which will bring together Welsh Government and local authority and partner resources in the field.

The Leaders are supportive of the principle of integration and are prepared to discuss the further development of regional governance. However, we should advise you that our position is that the North Wales Economic Ambition Board should be the accountable body for the delivery of the Growth Deal, and should also be the starting point for any future regional governance vehicles, and providing direction and oversight on investment for and service delivery in the fields of economic development and transport in North Wales.

We are concerned that additional regional governance bodies would undermine the developing role of the Board. We wish to be an equal partner of Welsh Government and business and we need to be given the space, resources and authority to act.

We are very prepared to discuss adapting our governance model in the future, contingent on being consulted and involved in the outcome of the OECD review.

You asked us to be flexible on our project portfolio for the Growth Deal and to be open to a phased approach to taking forward projects with a flexible Heads of Terms agreement that concentrates more on programmes than on individual projects for implementation. This would include fast-tracking key projects that receive all round endorsement in the challenge process.

Our position is that we go into the challenge process with a strong portfolio of inter-dependent projects to draw down a minimum amount of funding of £240m and £280m with further funding to follow in recognition of the ambition and quality of our programmes and projects.

To follow our meeting the Board is keen to move with pace and decisiveness to achieve a Heads of Terms Agreement no later than July. We have held two Board meetings in quick succession to finalise our Implementation Plan for the Growth Deal since we met. A purposeful and deliverable Implementation Plan has been requested by officials from



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- arrangements for monitoring and evaluation.

The full Outline Business Cases are being supplied to officials.

As you know the input of the private sector to the development of the Plan has been significant. This has been co-ordinated by the newly established North Wales Business Delivery Board. There are high expectations to see delivery of the Plan from 2020/21 and strong support for the scaling up of programmes and projects, where possible with additional capital and investment leverage, to achieve transformational change on a regional scale.

The Board has approved a first stage of resourcing to build regional capacity in readiness to manage 'live' Growth Deal funded programmes and projects from 2020/21. Agreement by Governments of a Heads of Terms no later than July is critical if we are to be ready on time to meet the expectations that we have all raised across the region.



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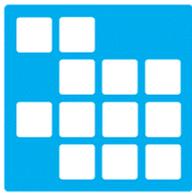
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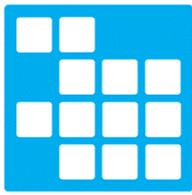
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This is not an exhaustive list and is provided as a guide for quick negotiation.

At this stage there is no financial scope for new projects to be added to the Growth Deal. We are very open to later additions with additional capital investment by Governments. We would welcome early discussion on increasing the provisional capital allocation from both Governments, and creative proposals for new projects to be matched with this additional capital.

Given the impact of the decision by Hitachi in suspending the Wylfa Newydd project, the Plan:-

- re-affirms support for key Growth Deal projects within the portfolio that will have a direct economic and employment impact on North Anglesey - the Holyhead Gateway Project, Morlais Project and the Nuclear Centre of Excellence project;
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We are writing to Under Secretary of State Nigel Adams MP with a similar invitation.

We very much look forward to receiving your support for the approach set out above.

Yours sincerely,

Councillor Aaron Shotton
Leader, Flintshire County Council
Chair, North Wales Regional Economic
Growth Joint Committee

Councillor Mark Pritchard
Leader, Wrexham County Borough
Council,
Chair, North Wales Leaders Panel

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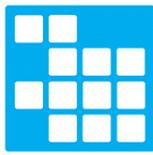


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REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD

12 APRIL, 2019

TITLE: *Risk Register Report*

AUTHOR: *Iwan Trefor Jones, Lead Director – North Wales Economic Ambition Board*

1. PURPOSE OF THE REPORT

- 1.1. The purpose of this report is to set out a detailed Risk Register for the Planning and Development Stage of the North Wales Growth Deal.
- 1.2. The Risk Register will be managed, revised and updated by the Programme Office (once it has been established). It will also be reviewed by the Executive Officers Group and the NWEAB on a regular basis.

2. DECISION SOUGHT

- 2.1. To approve the Risk Register and provide advice and feedback on:
 - The format and structure of the risk register (to ensure ease of use for the board);
 - Whether the risks and the RAG (Red, Amber Green) status are captured accurately and sufficiently;
 - Whether the mitigation as stated is proportionate in view of the identified risks.

3. REASONS FOR THE DECISION

- 3.1. In order to operate effectively the North Wales Growth Deal requires a detailed Risk Register for the Planning and Development stage.

4. BACKGROUND AND RELEVANT CONSIDERATIONS

- 4.1. The Risk Register in Appendix 1 focuses on programme risks arising from the initial work programme submitted to the Board on the 1st February 2019. The Risk Register addresses the delivery of the high level work programme and its specific work.
- 4.2. The North Wales Growth Bid is subject to a number of national (UK – Wales) political risks which are “opinion-based” and beyond the control of the Board. These are identified below:

4.2.1. Political Risks at a National Level

- That the Government may fall by way of Brexit thus losing the opportunity to conclude a Deal, primarily by way of a general election. The main means of mitigating such a risk is to conclude negotiations and moving to a Heads of Terms sooner rather than later. The main trade-off involved in concluding a deal early would be working within the currently offered cash envelope of £240m.

- The UKG see this (political risk of a general election or new administration) as a low risk because the Treasury have ring-fenced £120m for a North Wales Deal based on the projects/OBCs currently available.
- In addition, a Heads of Terms concluded in the early part of 2019 would also provide some form of contractual obligation to complete a deal.

4.2.2. Risks from Governments as Funders having different opinions

- There are risks arising from differing opinions between the UKG and Welsh Government as funders on the quality of projects. Examples of this are that the WG values investment in sites and premises whereas the UKG has expressed scepticism of the relevance of such a project to a growth deal. The UKG has expressed interest in proposals submitted by universities. The WG sees the value of such projects which may funded by the UKG but see a risk to the WG if the projects do not achieve revenue sustainability because the WG is responsible for funding universities in Wales. The region can help mitigate this risk through facilitating discussions between the governments and developing compelling OBCs.

4.2.3. Wales Act 2017

- At a national level the extension of Devolution in the Wales Act 2017 has also proved to be a moderate risk to the Deal in that it has reduced the scope for UKG funding because Growth Deals are supposed to be funded at around 50:50 by both governments. Proportionate funding by each government is currently proving to be a constraint on the Deal in that the amount of projects more appropriate for WG funding in a devolved setting.
- For example, the UKG has cited devolution as a reason why it cannot invest in certain schemes, for example the whole cost of Holyhead Port's redevelopment. From the WG perspective their officials have also cited devolution as a reason why the UKG should not invest in one or two schemes e.g. in tourism.
- The interplay of government opinions is captured to some degree in the programme register through the risks to finalising and prioritising the project portfolio.
- The main mitigation of this risk would be to scale up projects (and/or look for one or two "oven ready" additional projects) that the UKG is able to fund.

4.2.4. Regional Political Risks

- There are a set of regional political risks that relate to:
 - Affordability, where partners feel that cannot afford or fairly apportion the costs of the deal including the cost of developing, managing and delivering the programme.
 - Engagement, where the speed of decision-making regionally (and nationally at UK and Wales level) may run ahead of local opinion in councils and partner organisations thus losing the support of one or more councils or partners.
 - These are addressed in the risk register by the programme tasks, financing the deal and engagement/communications.

4.2.5. Timeline Risks

- Slippage on timescales can also have a political effect. Significant and frequent slippage in the programme could have an adverse effect on the reputation of the board and its

perceived capacity and capability to “deliver” a deal. The region is now on its third target date for Heads of Terms.

- The causes of slippage, such as issues around prioritisation have arisen from negotiations and haggling over the programme. The quality and completeness of OBCs are the foundation of assessing the benefits and impact of proposed projects in the programme and are the platform for unlocking investment through negotiations. The issue of resourcing and delivering high quality OBCs is dealt with in the programme risk register below.

4.3. Summary of the Key Risks

4.3.1. Two risks have a red status:

4.3.2. **Agreeing the Heads of Terms (HoTs)** by the 31st July 2019 due to the tasks that have to be completed to enable signing of HoTs:

- Agreeing the cash envelope and project portfolio with the funders;
- Reviewing and updating the OBCs;
- Identify interdependencies between projects in the programme and quantify the impact of the agreed growth deal programme.

4.3.3. **Agreeing Governance Agreement 2** due to its complexity.

- There was also a relatively high score for the risk of private sector and other partners withdrawing projects from the bid subject to changing economic conditions given that the deal has some to go before it is finalised with some scope for further slippage in time-scales.

4.4. Mitigating strategies are set out in the risk register.

5. FINANCIAL IMPLICATIONS

5.1. Financial risks are captured within the Risk Register.

6. LEGAL IMPLICATIONS

6.1. Legal implications are captured within the Risk Register.

7. STAFFING IMPLICATIONS

7.1. Staffing implications are captured within the Risk Register.

8. IMPACT ON EQUALITIES

8.1. None identified.

9. CONSULTATIONS UNDERTAKEN

9.1. The Risk Register was discussed and approved by the Executive Officers Group on 29/03/2019.

APPENDICES:

Appendix 1 Risk Register

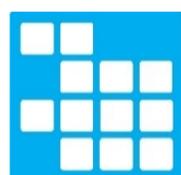
STATUTORY OFFICERS RESPONSE:

i. Monitoring Officer – Accountable Body:

“It is one of the key tasks of the EAB to monitor the project risks. The Board needs to consider the register and satisfy itself that it constitute an accurate reflection of the risk status and that mitigation actions are being addressed”

ii. Head of Finance – Accountable Body:

“I confirm that I have reviewed the ‘Finance’ section of the Programme Risk Register with the author. Some of the risk values are a matter of opinion and interpretation, while several issues have yet to be confirmed, I believe that this Risk Register reflects a fair assessment.”



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Programme Risk Register
Planning and Development Stage (Prior to Heads of Terms)

Ref	Title	Risk Description	A Probability (0-10)	B Impact (0-10)	Risk Value Total (A x B)	Mitigation	Action with	Action by	Status	Ownership
HEADS OF TERMS										
HT 01	Heads of Terms	Failure to reach Heads of Terms within the agreed timescale To deliver a HoTs by 31/07/2019 there is much to be done and that suggests a high risk of not achieving the HoTs in time.	7	10	70	(1) Approval of the Implementation Plan as requested by both Governments. (2) Approach to Heads of Terms as stated within letters to both Governments (25/03/2019). (3) Satisfactory OBCs for governments. (4) Challenge Sessions with both Governments Ministers prior to HofT.	All partners	31/07/2019	Live	NWEAB
HT 02	Setup challenge sessions with Ministers	Inability or delays in setting up Challenge sessions with UKG and WG.	6	8	48	(1) Submit OBCs and Implementation Plan to both Governments. (2) Set up challenge sessions at an early stage so that dates are in the diaries.	Lead Director / UKG / WG	31/07/2019	Live	NWEAB
HT 03	Loss of Personnel with knowledge and background	Turnover of staff and ministers with loss of expertise and relationships with an impact on timescales. (This applies to the region and both Governments)	5	6	30	(1) Complete HofTs by 31/07/2019. (2) Maintaining a strong relationship with both Governments.	NWEAB / UKG / WG	Ongoing	Live	NWEAB
HT 04	Approval of OBCs	Failure to agree/sign off OBCs (by UKG and WG).	6	10	60	(1) Submit revised OBC's to both Governments by end of March 2019. (2) Regular face to face meetings with UKG and WG to discuss OBC's (3) Challenge by NWEAB and Business Delivery Board on OBC's.	NWEAB / UKG / WG	30/04/2019	Live	NWEAB
HT 05	Delay in approval of Implementation Plan	Failure to agree Growth Deal Implementation Plan. The implementation plan is dependent on achieving a twin track approach and signing Heads of Terms (i.e. knowing what we are going to implement)	5	5	25	(1) Submit Draft Implementation Plan to the Executive Group and NWEAB during March 2019. (2) Submit Draft Implementation Plan to UKG and WG by the end of March 2019. (3) Identify twin track approach for HofT.	NWEAB / UKG / WG	30/06/2019	Live	NWEAB

Ref	Title	Risk Description	A Probability (0-10)	B Impact (0-10)	Risk Value Total (A x B)	Mitigation	Action with	Action by	Status	Ownership
HT 06	Side Deals and Partnerships with WG	Failure to agree Side Deals and Partnerships with WG on Transport, Land and Property, Business North Wales Network, Skills & Employment and Digital.	5	5	25	(1) Establish clear work-streams, negotiating processes and accountability for side deals. (2) Resource negotiations and OBCs for the agreed partnership work-streams. (3) Early exploration of the appetite for collaboration between Councils to pool resources to sit alongside WG regional teams. (4) Work on MoUs for each partnership between Councils and WG.	All Partners and WG	30/06/2019	Not yet open	NWEAB
GOVERNANCE										
GO 02	Risk of being unable to make and Appointment of the Accountable Body	Non-agreement of a chosen Accountable Body for GA2.	2	10	20	(1) Continuation with Gwynedd as Accountable Body under Governance Agreement 1. (2) Continue negotiations with Gwynedd Council to take the accountable body role.	Lead CEO and Gwynedd CC	30/06/2019	Live And ongoing	NWEAB
GO 04	Full participation of partners in the Board	Partners not sufficiently engaged in the Board's work leading to: - • Insufficient attendance at meetings of the Board by one or more partners; • Secondary status for non-LA partners; • Disengagement of one or more Las.	1	8	8	(1) Commitment by all Board members.	All Partners	Ongoing	Live	NWEAB
GO 06	Drafting Governance Agreement 2	Failure to develop a draft Agreement in good time for partners to consider and in readiness for the delivery stage of the final Growth Deal	4	10	40	(1) Legal capacity commissioned (Pinsents) to guide and advise in the drafting of Governance Agreement. (2) Project plan to be developed for GA2. (3) Councils and Partners to give GA2 full consideration.	Heads of Legal	31/10/2019	Live	Heads of Legal
GO 07	Adoption of Governance Agreement 2	Risk of Non-adoption of Governance Agreement 2 by one or more partners	7	8	56	(1) Ensuring professional networks are involved in agreeing to the content (Heads of Legal, CFOs and Professional Groups affected) (2) Careful and detailed attention by the partners to balancing risks and liabilities with benefits – collectively and individually to partners – in both Governance Agreement 2 and the final Growth Deal itself (3) advocacy of Governance Agreement 2 within all partner organisations in advance of formal decision-making to adopt with strong and determined leadership within each partner organisation (4) preparation of a compelling template report supported by legal and financial advice (5) Preparedness to progress additional or disputed functions on an incremental basis, i.e. commence GA2 on a narrower basis if there is dispute over a wider range of functions being delegated to the Joint Committee or living with more reserved matters.	All partners	31/12/2019	Not yet opened	NWEAB

Ref	Title	Risk Description	A Probability (0-10)	B Impact (0-10)	Risk Value Total (A x B)	Mitigation	Action with	Action by	Status	Ownership
GO 08	Establish the Sub-Committees	Failure to set up the sub-committees, to meet the requirements set out within the Governance Agreement. Failure to develop Terms of Reference of Sub-Committees.	6	8	48	(1) Set up the Sub Committees as and when required. (2) Accountable Body's Legal department to support with drafting the terms of reference.	All partners The Exec Group Initially	30/06/2019	Not yet opened	NWEAB
GO 09	Scrutiny Arrangements	Failure to agree on Scrutiny Arrangements.	6	5	25	(1) Report on Scrutiny Arrangements to the NWEAB on 12/04/2019. (2) Detailed arrangements to be made within GA2.	Heads of Legal and Exec Group	30/06/2019	Not yet opened	NWEAB
GO 10	Agree Terms of Reference with Business Delivery Board	Failure to agree the Terms of Reference for the Business Delivery Board.	3	8	24	(1) Report on the ToFR of the Business Delivery Group presented to the NWEAB on 12/04/2019.	Programme Office and BLG	31/03/2019	Live	EAB
GO 11	Public Appointments Process for Chair of the Business Delivery Board	Failure to appoint a Chair to the Business Delivery Board.	6	8	48	(1) Report on the appointment process presented to the NWEAB on 12/04/2019.	Programme Office	31/10/2019	Live	NWEAB and Programme Office
FINANCE										
FIN 01	Budget contributions from partners	Failure from partners to agree budget contributions. Insufficient funding contributions from partners	4	7	28	(1) Budget contributions are incorporated within GA1. (2) NWEAB to agree budget contributions for 2019/20 at the NWEAB meeting on 15/03/2019.	Gwynedd and all partners	31/03/2019	Live	NWEAB and accountable body CFO
FIN 02	NNDR and capitalisation	The WG have asked the Board to make a proposal on the financial aid it needs from WG to make the NW Growth deal work. The risks are: - <ul style="list-style-type: none"> Unable to agree the ask for NNDR and capitalisation. The region is unable to identify / agree project commitments and profiles soon enough to submit a timely response Ask not accepted The issue is high impact because of budget limitations within Local Authorities and the requirement to fund the Growth Deal (interest and programme office) in the context of cutting local services with reducing government grants due to austerity.	3	6	20	(1) A pre-condition of this is to scope the programme and calculate how much it will cost (2) The region needs to commission a piece of work to submit to the WG with a number of well-argued asks including: - <ul style="list-style-type: none"> A rate of NNDR retention, Capitalisation of salaries where possible and Interest subsidy. (3) Work with elected members to prepare them for a Growth Deal revenue pressure offset by a set of benefits locally and for the region.	All partners	30/06/2019	Not yet open	NWEAB and accountable body CFO
FIN 03	LA borrowing requirements	Failure to identify and agree LA and partner borrowing requirements. The key risks are: <ul style="list-style-type: none"> Exposure to the cost of interest 	3	8	24	(1) Sequencing of projects. (2) Continue the good work of the CFOs and involve partner CFOs, producing indicative costs and funding mechanisms for consideration by the Board.	Programme Office and CFOs	31/12/2019	Live	NWEAB and accountable body CFO

Ref	Title	Risk Description	A Probability (0-10)	B Impact (0-10)	Risk Value Total (A x B)	Mitigation	Action with	Action by	Status	Ownership
		payments <ul style="list-style-type: none"> • Apportionment of costs between councils and partners 				(3) Borrowing requirements will vary with the sequencing and profiling of projects.				
PROGRAMME OFFICE										
PO 01	Programme Director	Failure to recruit / appoint Programme Director	3	9	27	(1) Agree on recruitment process. (2) Proceed in a timely fashion.	All partners	30/04/2019	Live	NWEAB and accountable body
PO 02	Programme Office	Failure to agree and design the structure of Programme Office. Lack of capacity and capability to deliver the programme.	5	8	40	(1) Report to the NWEAB on the Programme Office structure during Q3 2019 following the appointment of the Programme Director. (2) Undertake a realistic assessment of the resources and capabilities needed. Agree the design and structure of the Programme Office. (3) Devise financing strategies that reduce the cost exposure of the partners to the programme office (capitalisation, ESF and partnerships with WG)	All partners	30/09/2019	Live	NWEAB and accountable body
PO 03	ESF Institutional Capacity Bid	Failure to secure ESF funding to support the work of the Programme Office.	3	6	18	(1) Submit OLT to WEFO in a timely manner. (2) Submit Full Business Plan to WEFO. (3) Secure and agree match funding.	Accountable Body / WEFO	30/06/2019	Live	NWEAB
PO 04	Programme Managers	Failure to appoint Programme Managers.	3	6	18	(1) Agree on a recruitment process. (2) Robust and inclusive appointment process.	All partners	30/09/2019	Not yet opened	NWEAB
COMMISSIONED STRATEGIES AND PROJECTS										
CSP 01	Project Approval Process	Failure to agree a project approval process which will then lead to long and complicated sign off procedures for business cases involving multiple partners and delaying investment.	4	7	28	(1) Agree twin track approach for the 14 projects. (2) Deliver strong 5 Case Business Models. (3) Challenge sessions with UKG and WG. (4) Delegated approval process (delegation from Councils and Partners and governments to the NWEAB).	Lead Director / All partners	30/06/2019	Not yet open	NWEAB
CSP 02	Business Network North Wales	Risk of Duplication with Welsh Government regionalisation model and lack of support from WG and Councils as a result	6	8	48	(1) Escalation to the Minister. (2) Joint venture to engage support in WG. (3) Clear visibility and accountability to the Board for negotiations. (4) Close joint working between councils to agree a model that has the support of all councils.	All partners	30/06/2019	Live	Business Network North Wales
CSP 03	Side Deals	Failure to agree "side deals" with WG or MoUs. The regionalisation agenda and its relationship to the Programme Office along with concerns about civil service reluctance to commit to partnerships are the perceived risks in this work-stream	5	8	40	(1) Report on Side Deals to the NWEAB. (2) Discuss and agree Side Deals with WG. (3) Deliver individual project risk register and implementation plans.	All partners	30/06/2019	Not yet open	NWEAB
CSP 04	Project Delivery	Failure to deliver on the projects prompts a	2	10	20	(1) Agree HofT.	All partners	30/06/2019	Live	NWEAB

Ref	Title	Risk Description	A Probability (0-10)	B Impact (0-10)	Risk Value Total (A x B)	Mitigation	Action with	Action by	Status	Ownership
		review of funding – lose credibility				(2) Commitment of resources for the projects. (3) Programme Office in place and managing the projects.				
CSP 05	Private sector withdrawal	Risk of significant private sector partner withdrawing from a project within the region undermining the region's basic strategy and/or projects.	7	8	56	(1) Pipeline of projects. (2) NWEAB to be reactive to any changes within the region, as demonstrated with the withdrawal of Wylfa Newydd. (3) Timely delivery of the deal so that projects remain viable over the deal's development lifetime.	All partners	Ongoing	Live	NWEAB
LEGAL AND PROCUREMENT										
LP 01	Legal and Procurement	Failure to agree the detail within the timescale.	5	8	40	(1) Quality of the preparation work (OBCs). (2) Flexibility in negotiation.	NWEAB	NWEAB	Open	NWEAB
LP 02	Procurement	Failure to agree a Procurement Strategy.	4	7	28	(1) Adopt accountable body's procurement strategy.	Accountable Body and Programme Office	31/10/2019	Not yet open	NWEAB
MONITORING AND EVALUATION PLAN										
MP2	Monitoring and Evaluation	Failure to develop a Monitoring and Evaluation Plan.	5	5	28	(1) Develop a Monitoring and Evaluation Plan. (2) Develop a performance framework. (3) Central Coordination.	Programme Office	Exec and Programme Office	Not yet open	NWEAB
STAKEHOLDER ENGAGEMENT AND COMMUNICATION										
SEC 01	Stakeholder Engagement and Communication	Failure to comply with the communication protocol. Reputational damage to partners and projects as well as the overall deal.	5	5	25	(1) Communication Plan and Protocol in place. (2) Communication Plan and Protocol shared with all involved. (3) Appoint a PR Manager as a central PR Contact.	All partners	Ongoing	Live	NWEAB

CLOSED RISKS

Ref	Title	Risk Description	A Probability (0-10)	B Impact (0-10)	Risk Value Total (A x B)	Mitigation	Action with	Action by	Status	Ownership
CLOSED RISKS										
GO 01	Governance Agreement 1	Non-adoption of Governance Agreement 1 by one or more partners	0	10	10	(1) advocacy of Governance Agreement 1 within all partner organisations in advance of formal decision-making to adopt (2) strong and determined leadership within each partner organisation (3) preparation of a compelling template report supported by legal and financial advice	Closed	Closed	Closed	Heads Of Legal
MP 01	Risk Register	Failure to develop and update risk register	4	7	28	(1) Develop a risk register for improvement over time and regularly review and update the risk register	Accountable Body, Executive Group and Programme Office	Closed	Closed	NWEAB
GO 03	Transition to Joint Committee	Failure to transition to a formal Joint Committee, with full resourcing, to meet the requirements of Governance Agreement and 1 and in readiness for the delivery stage of the final Growth Deal. Financing (for the accountable body and the programme office) is the main risk to this transition.	1	10	10	(1) GA1 signed and sealed by all parties (2) planned agreement to transition to take place at Board on 01.02.19 (3) preparation for the transition agreed with the Host Authority (4) Report to NWEAB 1 st February to effect transition (2) Financing for GA1 to be agreed for 2019/20	Lead CEO and Gwynedd CC	Closed	Closed	NWEAB
GO 05	Identify and Agree the six-month work programme for the Joint Committee pursuant to GA1	The risk is that the work programme is not agreed and insufficiently developed from the outline to be submitted at the 1 st February board meeting. All Board members need to buy into the work programme as it will drive the costs of the programme and will give shape to the monitoring of the delivery of the Board's ambitions	3	9	27	(1) The work programme will be developed collectively by the Programme Office for sign off by the Exec Group and the Board. (3) Therefore, moving to appointing/resourcing a Programme Director and a programme office will reduce the risk of an inadequate and ill-thought through work programme that cannot command the Board's support.	The Exec Group and the Board	Closed	Closed	NWEAB

Assessment Criteria

POSSIBILITY (A)	High	10	10	20	30	40	50	60	70	80	90	100
		9	9	18	27	36	45	54	63	72	81	90
		8	8	16	24	32	40	48	56	64	72	80
	Possible	7	7	14	21	28	35	42	49	56	63	70
		6	6	12	18	24	30	36	42	48	54	60
		5	5	10	15	20	25	30	35	40	45	50
		4	4	8	12	15	20	24	28	32	36	40
		3	3	6	9	12	15	20	21	24	27	30
		2	2	4	6	8	10	15	14	16	18	20
	Rare Possibility	1	1	2	3	4	5	6	7	8	9	10
			1	2	3	4	5	6	7	8	9	10
			Very low		Medium					Very high		
			IMPACT (B)									

Key

HT	Heads of Terms
GO	Governance
FIN	Finance
PO	Programme Office
CSP	Commissioned Strategies and Projects
LP	Legal and Procurement
MP	Monitoring and Evaluation
SEC	Stakeholder Engagement and Communication

Version control

Version	Date	Details of changes or comments
V1	11/01/2019	Draft developed
V2	23/01/2019	Draft amended by a small working group
V3	28/01/2019	Draft Amended by Stephen Jones for submission to the NWEAB Exec Group for comment.
V4	29/01/2019	Amendments and Reformatting by Nia Medi Williams
V5		
V6	30/01/2019	Amendments by Stephen Jones (on feedback from the Lead CEO)
V7	02/04/2019	Amendments following the Executive Support Group Meeting on 29/03/2019



REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD

12th APRIL 2019

TITLE: Appointment of a Transportation Sub-Board

AUTHOR: Iwan G D Evans – Monitoring Officer – Accountable Body

1. PURPOSE OF THE REPORT

1.1. To recommend the appointment of a Transportation Sub-Board.

2. DECISION SOUGHT

2.1. To appoint a Transport Delivery Sub-board with the Role and Terms of Reference set out in Appendix 1.

2.2. Appoint a Member of the Economic Ambition Board to act as a link member for the Transport Delivery Sub-Board

3. REASONS FOR THE DECISION

3.1. Following the commencement of the First Governance Agreement (“GA1”) and the establishment of the Economic Ambition Board (“EAB”) as a decision making Joint Committee the appointment of a Sub-Committee requires a formal resolution of the EAB.

4. BACKGROUND AND RELEVANT CONSIDERATIONS

4.1. The Partners formally entered into GA1 on the 18th of December 2018 . This provided for the establishment of a Joint Committee under the provisions of the Local Government Acts 1972 and 2000. The framework as put forward in GA1 and the Proposition Document also foresaw a series of Sub-Boards around key themes in the Growth Bid and Growth Vision. These areas are as follows:

- Digital Delivery
- Skills and Employment Delivery
- Transport Delivery
- Enterprise and Innovation Delivery
- Property, Sites and Premises Delivery

4.2. Although it was not envisaged that all Sub-Boards would come into being immediately, two in particular were highlighted for implementation as soon as reasonably practicable by the Joint Committee namely in areas of Transport and Digital. At its meeting on the 15th of March the EAB determined to receive a report on the establishment of a Transport Delivery Sub-Group as an initial step. It was recognised that there is a need to prioritise the establishment of a formal local authority body to work regionally on Transportation issues.

- 4.3. In legal terms the status of a Sub-Committee in relation to membership and arrangements for meetings and publication vary little from the Joint Committee. As such meetings of Sub-Committees would need to be supported through Committee Services and will need legal governance support particularly if they are exercising delegated decision making powers. These will need to be resourced.
- 4.4. Within GA1 the proposed Sub-Boards would as a minimum undertake the functions listed in the agreement within their remit and in accordance with standard Terms of Reference. They would also be able to assume powers delegated to them by the EAB although it can be envisaged that in relation to the Growth Bid these are likely to be in relation to management and supervision of specific projects.
- 4.5. The proposed Transport Sub-Board Role and Terms of Reference are set out in Appendix 1. They reflect the model set out in GA1 with proposed additions which are underlined. These form the basis of the recommendation. It is envisaged that the Sub-Board would meet quarterly.

5. FINANCIAL IMPLICATIONS

- 5.1. The Financial implications of setting up a Transport Sub-Committee have been addressed in the EAB budget on the basis that the Sub-Committee would meet quarterly. I note for future reference, the budget does not include provision for organising and servicing the digital sub-committee.

6. LEGAL IMPLICATIONS

- 6.1. The report sets out the legal requirements in relation to the governance structures and procedures of the Economic Ambition Board.

7. STAFFING IMPLICATIONS

- 7.1. None identified

8. IMPACT ON EQUALITIES

- 8.1. None identified

9. CONSULTATIONS UNDERTAKEN

- 9.1. n/a

APPENDICES:

Appendix 1 Transport Sub-Committee Terms of Reference

STATUTORY OFFICERS RESPONSE:

i. Monitoring Officer – Accountable Body:

The report has been prepared by the Monitoring Officer.

ii. Head of Finance – Accountable Body:

“I confirm the accuracy of part 5 of the report, namely that there is provision within the NWEAB Budget for the cost of organising and servicing the transport Sub-Committee, and I support the Resource Management section of the Terms of Reference in the Appendix.”

TRANSPORT DELIVERY SUB-BOARD

The North Wales Economic Ambition Board (“NWEAB”) appoints a Transport Delivery Board to discharge the functions set out below.

The Sub-Board will be a Sub-Committee appointed under Section 102 of the Local Government Act 1972 and Section 20 of The Local Government Act 2000 and Regulation made thereunder

The Sub- Board shall comprise of 6 Councillors, one from each Partner Council who will be Executive Members.

Observers may be invited to attend based on their knowledge and potential contribution to the areas of responsibility.

TERMS OF REFERENCE

ROLE:

- To plan and co-ordinate a joined-up and integrated strategic transportation service in North Wales.
- To plan, co-ordinate and advise on regional responses to the Welsh Government Improving Public Transport proposals.
- To plan and co-ordinate the delivery of strategic transportation interventions, including Growth Bid and transport decarbonisation projects.
- To report to the NWEAB on progress, performance, outcomes and funding issues. Delivery Sub-Board will be a Sub-Committee of the North Wales Economic Ambition Board.

PURPOSE:

To respond to and implement the briefs and commissions as instructed and agreed by the Economic Ambition Board.

The Sub-Board have the following generic roles and responsibilities within their Role:

- **Strategic**
 - to co-ordinate Local Authority and other partner activity so that a strategic regional approach takes place in the relevant policy area;
 - to provide relevant strategic advice to the Board;
 - to support the Board to influence national policies and funding programmes;
 - to enact the decisions of the Economic Ambition Board. The Economic Ambition Board will provide direction and commission the Delivery Sub-Boards to undertake key tasks.
- **Programme & Project Management**
 - to co-ordinate the planning, development and delivery of relevant Programme(s) commissioned by the Economic Ambition Board;

- to co-ordinate the planning, development and delivery of relevant Projects commissioned by the Economic Ambition Board, specifically the Projects included in the Growth Deal “Bid”. This will include the development of individual Outline Business Case and 5 Case Business Models for each Project;
- to monitor and review progress and impact of relevant Programme(s) and related Projects, and to put forward any recommendations to the Board.
- **Resource Management**
 - to oversee the deployment of the relevant budget and to ensure value for money in the use of the budget;
 - to report to the NWEAB on the budget and to seek approval from the NWEAB for any variations in the budget.
- **Performance Management**
 - to co-ordinate the reporting of performance of the relevant Programme(s) and Projects to the Board;
 - to maintain and manage performance and risk management reporting system.
- **Sub-Committee Powers**
 - none delegated.

RELATIONSHIP WITH ECONOMIC AMBITION BOARD:

- The Chair of each Delivery Sub-Board will be invited to some meetings of the Economic Ambition Board to report on progress, performance and outcomes.
- The Economic Ambition Board will create a Portfolio Lead for each of the Delivery Sub-Board themes. They will be Observers in meeting of the Sub-Board, and will ensure a direct link with the Economic Ambition Board.

PROCEDURE AND GOVERNANCE:

- A Lead Officer for each of the Delivery Sub-Board will be appointed.
- Decisions will normally be reached by achieving consensus and then a formal vote amongst the 6 local authority members requiring a simple majority.
- In the event that a vote is deadlocked the issue will be referred to the NWEAB for decision.
- In all other respects the Sub-Board will apply the rules and procedures which apply to the NWEAB as set out in GA1 or any subsequent superseding agreement.



REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD

12 APRIL, 2019

TITLE: *Business Delivery Board*

AUTHOR: *Iwan Trefor Jones, Lead Director – North Wales Economic Ambition Board*

1. PURPOSE OF THE REPORT

- 1.1. The purpose of the report is to set out the role and remit of the Business Delivery Board (currently named the Business Delivery Group). It also outlines the proposed recruitment process to select the Chair and Members of the Business Delivery Board.
- 1.2. The Business Delivery Board is an integral part of the governance arrangements that has been established to develop and deliver the Growth Vision for North Wales, including the Growth Deal.
- 1.3. The Business Delivery Board will directly advise the North Wales Economic Ambition Board, who will be obliged to consider its advice. It must be outward looking and well-connected beyond the region. This will enable it to bring expertise and potential investment into the region, drawing on the experience of its members.
- 1.4. The Board was established in shadow form over 6 months ago and has already made a significant contribution to the development of the Implementation Plan and the individual OBCs. The aim now is to formalise the arrangements and firmly establish the Business Delivery Board as a key part of the governance framework to deliver the Growth Vision for North Wales.

2. DECISION SOUGHT

- 2.1. To approve the proposed role and responsibilities of the Business Delivery Board.
- 2.2. To approve the recruitment process for the Chair of the Business Delivery Board as set out in the report and to delegate authority to the Chief Executive of the Accountable Body to undertake the recruitment exercise.
- 2.3. To approve the recruitment process for Board Members as set out in the report and to delegate authority to the Chief Executive of the Accountable Body to undertake the recruitment exercise once the Chair has been appointed.
- 2.4. To confirm the use of up to £20,000 per annum from the North Wales Economic Ambition Board's 'Project Development and Support' budget to support the establishment of the Business Delivery Board.
- 2.5. To delegate authority to the Chief Executive of the Accountable Body to determine the remuneration arrangements for the Chair, in consultation with the Chair and Vice-Chair of the North Wales Economic Ambition Board.

3. REASONS FOR THE DECISION

3.1. As set out in the report.

4. BACKGROUND AND RELEVANT CONSIDERATIONS

4.1. Role and Remit

4.1.1 The Business Delivery Board will act as the voice of the business and employers in the region, working closely with organisations such as CBI North Wales, West Cheshire & North Wales Chamber of Commerce and the North Wales & Mersey Dee Business Council.

4.1.2 It will have a key role in challenging and advising the North Wales Economic Ambition Board on matters relating to the Growth Vision and Growth Deal.

4.1.3 The Board will articulate the needs of businesses in North Wales, highlighting the barriers to growth, as well as bringing forward ideas and proposals.

4.1.4 The Board is a key part of the Growth Deal governance apparatus and performs an important two-fold role:

- To ensure the voice and wishes of business shape and influence the Growth Vision for North Wales and the Growth Deal package and delivery;
- To ensure that opportunities galvanised and catalysed by the development of the Growth Deal can be accessed and led by businesses.

4.1.5 The Board is committed to optimising the opportunities within the Growth Deal, and promoting investment leverage from companies, enterprises and businesses.

4.1.6 Its membership will include representatives from the growth and foundations economic sectors across the region.

4.1.7 Its programme of work (which will be set out in an annual business plan) will demonstrate clearly the private sector opportunities stemming from the delivery of the Growth Vision and Growth Deal.

4.1.8 It will strengthen the profile of the business voice and input into the Growth Deal, in order that whilst it is politically-led, it is business and industry driven and delivered.

4.1.9 The Board will ensure that investment in growth is informed and shaped by business for business.

4.1.10 The Chair of the Board will be an advisory member of the North Wales Economic Ambition Board and will play a key role in providing leadership and key relations with Welsh Government and the UK Government. The post of Chair will be advertised and publicly appointed.

4.1.11 The constitution and role of the Board within the governance of the Growth Deal and its inter-relationship with the Joint Committee will be encapsulated in Governance Agreement 2.

4.2. Key Responsibilities

4.2.1 The Business Delivery Board will be responsible for:

- Reviewing and shaping the Growth Vision for North Wales;
- Provide review and challenge to the portfolio of projects proposed within the Growth Deal;
- Provide an advocacy role, promoting the region as a prime investor and visitor location and working with partners to increase the value and quality for inward investment;
- Provide advice on proposed intervention from other key stakeholders, including Welsh Government;
- Promoting the uptake of external funding sources to deliver interventions across the region;
- Oversee the production of business cases and put forward recommendations directly the North Wales Economic Ambition Board;
- Working with other key regional private sector organisations, e.g. CBI North Wales.

4.3. The Chair of the Board

4.3.1 An interim Chair has been in place since December 2018.

4.3.2 The new Chair will be appointed on a two-year fixed term basis, with the maximum number of terms limited to two.

4.3.3 The time commitment, whilst flexible, is assumed to be an average of 1 day a week, though the level of commitment will fluctuate across the term.

4.3.4 The role will be remunerated at a level which reflects the significance of the role.

4.3.5 The Chair will be responsible for:

- Leading the Board, ensuring it fulfils its responsibilities;
- Chair meetings of the Board, collecting views expressed by each stakeholder group and where necessary arriving at a consensus;
- Communicating and representing the recommendations of the Board on the North Wales Economic Ambition Board;
- Being a “business” figurehead and champion of the region both nationally and internationally.

4.3.6 The Chair should have the following background and experience:

- Be a member of the private sector business community;
- Have extensive senior leadership experience;
- Have a wide network of public, private and government contacts which extends beyond the region.

4.3.7 Strategic, research, policy and media support will be provided to the Chair and the Business Delivery Board by the Programme Office (once fully established).

- 4.3.8 Both the UK Government and Welsh Government will be consulted on the appointment of the Chair. The process will be overseen by the North Wales Economic Ambition Board.
- 4.3.9 The Chair will be appointed in accordance with the acknowledged standards for public appointments, including an open advert.
- 4.3.10 The Board will consist of a Chair and between 9-12 members.

4.4. Selecting the Business Delivery Board Members

- 4.4.1 The selection process must be open and transparent, accompanied by the selection criteria listed below.
- 4.4.2 The Appointment Panel will consist of the Chair and Vice-Chair of the North Wales Economic Ambition Board and the Chair of the Business Delivery Board. The Panel will put forward recommendations to the Economic Ambition Board for approval of the most suitable candidates to appoint.
- 4.4.3 The Board Membership role will be advertised publicly to encourage a diverse range of applications. The collective set of skills and experience of the Board will be a key consideration.
- 4.4.4 Collectively, the Board should have the following knowledge and skills:
- Understanding of the economy of North Wales and an appreciation of opportunities in the growth and foundation economic sectors across the region;
 - A wide network of contacts across the UK and internationally;
 - Experience of analysing and assessing commercial, technical and financial information in order to provide quality advice to decision makers;
 - Experience of providing impartial advice on projects and initiatives, particularly in relation to their viability and impact on economy and employment issues.
- 4.4.5 In appointing members consideration will be given to establishing a membership which as far as possible is balanced overall so that it reflects and represents the whole of the geographical area of North Wales its business sectors and communities and this will need to be taken into account during the appointment process.

4.5. Conflict of Interest

- 4.5.1 To allow the Business Delivery Board to undertake all its function, a clear distinction will be drawn between those involved in specific project development and those preparing recommendations on those projects to the North Wales Economic Ambition Board. A robust system of declaration of conflict of interest will be put in place. In addition, Advisors to the Economic Ambition Board are governed by a Code in relation to personal interests. Members appointed to the Business Delivery Board will be expected to comply with the same provisions.

4.6. Next Steps

- 4.6.1 The next steps will involve advertising the role for Chair. The process would be as follows:
- The North Wales Economic Ambition Board to approve a proposed recruitment process, based on the process set out above;
 - Advertise the position for 2 weeks;

- The North Wales Economic Ambition Board to undertake shortlisting assessment, and to undertake interviews;
- To consult with the UK and Welsh Governments;
- The North Wales Economic Ambition Board to approve the appointment of the preferred candidate.

4.6.2 The proposed annual cost for supporting the Chair, and other associated Business Delivery Board costs, is £20,000 p.a. This is based on a review of the UK LEPs and other Growth Partnerships. The remuneration of the Chair will be negotiated, but will be limited by the resources allocated to the Business Delivery Board. This will cover the costs such as expenses and attendance allowances.

5. FINANCIAL IMPLICATIONS

5.1. The proposed annual cost for supporting the Chair, and other associated Business Delivery Board costs, is £20,000 per annum.

6. LEGAL IMPLICATIONS

6.1. The Business Delivery Board will act as a consultative and advisory body to the Economic Ambition Board. It will have no delegated decision making power. It is important to note that the decision to create the Business Delivery Board as a consultative and advisory body, will give rise to the legitimate expectation that the North Wales Economic Ambition Board will take into consideration the views of the Business Delivery Board when making decisions. This is also addressed by the proposed appointment of the Chair as Advisor to the Economic Ambition Board.

6.2. The Regional cabinet will need to be satisfied that it can meet all the costs of the Business Delivery Board from its Annual Budget

6.3. Legal advice should be sought on the proposed terms and conditions of those appointed to the Business Delivery Board.

7. STAFFING IMPLICATIONS

7.1. None at this stage.

8. IMPACT ON EQUALITIES

8.1. The recruitment processes will be undertaken in compliance with the Partners duties under the provisions of the Equalities Act 2010.

9. CONSULTATIONS UNDERTAKEN

9.1. A meeting of the Executive Officers' Group on the 29th March, 2019 agreed that this report should be submitted to the North Wales Economic Ambition Board for consideration.

APPENDICES:

None.

STATUTORY OFFICERS RESPONSE:

i. Monitoring Officer – Accountable Body:

“As stated in the report this moves to set the Business Delivery Board on a formal footing as part of the developing structure of the project. It appropriately sets out a process which will be governed by a transparent and fair appointments process and reflects the key role of the body in the governance of the project. As reported these arrangements will form the basis for incorporation into the second Governance Agreement, GA 2.”

ii. Head of Finance – Accountable Body:

“The Board may decide to use part of its ‘Project Development and Support’ budget for the Business Delivery Board Chair’s remuneration package, as noted in part 2.4 of the report.”



REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD

12 APRIL, 2019

TITLE: *Welsh Government Improving Public Transport White Paper*

AUTHOR: *Iwan Prys Jones, Programme Manager NWEAB*

1. PURPOSE OF THE REPORT

- 1.1. To update Members on the Welsh Government White paper on Improving Public Transport and the regional response which has been submitted.

2. DECISION SOUGHT

- 2.1. Members are invited to note this summary report on the Welsh Government proposals for Improved Public Transport and the attached response to the White Paper consultation.

3. REASONS FOR THE DECISION

- 3.1. The Welsh Government published the long awaited White Paper on Improving Public Transport on 10th December 2018.

The White Paper sets out proposals to reform passenger transport, delivery structures and taxi licensing. The policy document is intended to try and reverse a rapid decline in bus usage in recent years; the paper suggests that bus use in Wales is declining at a faster rate than any other country or region across the UK.

A consultation period until 27 March 2019 was allowed for responses. The attached NWEAB response was submitted by the due date.

https://beta.gov.wales/sites/default/files/consultations/2018-12/improving-public-transport_0.pdf

The Transport Cabinet Members Group discussed the White Paper with Welsh Government officials present at their meeting on 04 February. A further opportunity to finalise a response to the consultation was given before the closing date.

3.2 Considerations

The White Paper falls into three broad sections:

- Changes to organisational structures that are responsible for the delivery of passenger transport services
- Legislative changes to enable more control over bus routes and services.
- Changes to taxi and Hackney Carriage licensing and organisational process so that Taxi services are better coordinated alongside other passenger transport.

The various proposals are discussed in the report below.

Decline in Bus Usage

There are a number of other factors at play, all of which contribute to declining patronage across Wales.

- The centralising of services making it easier for private motorists over public transport passengers e.g. for acute hospitals
- Polycentric employment nodes difficult to serve by public transport
- Changes to working patterns, with the private car offering more flexibility for journeys. Often, buses cannot compete in terms of time taken or changes of buses or between modes required
- Congestion which adds additional and expensive resources to longer-distance bus services
- A sharp reduction in footfall in town centres.
- The car-orientated rise of retail developments, which are less easy to serve by bus than town centres.

It is clear that change is needed, both to the way services are managed and procured, but also to the controls around bus networks and the relationship with the industry.

Whilst organisational structures have a role to play in this decline, the most significant issue has been the reduction in funding to support bus services by both Welsh Government and local authorities. This has led to difficult decisions in terms of service reductions and the loss of funding may have contributed to the high profile failure of a number of bus operators in the past few years.

4. BACKGROUND AND RELEVANT CONSIDERATIONS

4.1. Proposal to establish Joint Transport Authority / Authorities

The White Paper proposes a transfer of local authority responsibilities to Joint Transport Authorities (JTA)

The WG has existing powers to enable them to establish one or more JTA. It proposed to add further powers to direct local authorities to participate onto the existing powers to establish.

There are two alternative proposals, to establish one national JTA or a national JTA and three regional JTA.

A single JTA would be a national body, to deliver national programmes and also any required regionally based activity, with regional delivery sub committees of the JTA being established.

An alternative approach is to have one national body plus 3 separate regional bodies.

There is no reference in the document to any current regional approach or regional committees. This is a surprising omission. Discussions with Welsh Government following the publication of the White Paper suggest that there may be some flexibility where current proposals for regional bodies could be integrated with the WG proposals to reach a partnership for regional delivery.

There is some merit in the proposals to establish JTA. Local authorities have seen significant reductions in capacity and experience in recent years. For example there are now relatively few Chartered Transport professionals in North Wales. There are also widely differing approaches to funding local bus networks across the authorities; this has a real impact on the network across the region.

The White Paper does not comment substantively on school and learner transport. Whilst a reference is made, there are no firm proposals in relation to integration of how this could work within a JTA. Given the high level of integration of school and learner transport with other bus services, especially in rural areas, this is a significant issue.

4.2. A range of National / Regional Functions

The White Paper attempts to set out which services could be included within a National JTA and which would be the responsibility of regional JTA.

National Functions - Proposals based around having single or consistent national standards and contractual arrangements, it includes proposals for joint approaches to infrastructure procurement, consolidated back office functions and branding.

Regional / Implementation Functions – Proposals for activities such as local network planning, contracts with operators, implementation of quality partnerships, procurement and maintenance of infrastructure, to be managed regionally.

Importantly, Ministers are seeking powers to issue guidance and direction to JTA and also have intervention powers. This is a significant step up from the current powers to establish JTA in the current legislation.

4.3. Enhanced Quality Bus Partnerships

The White Paper is looking at better ways of government organisations working formally with operators. EQPs should be welcomed as probably the most important element of the package of operational changes proposed.

There have been no statutory quality partnerships established in Wales and few in England. This is because of the hurdles required. To date, only voluntary partnerships exist and these are somewhat one-sided.

The White Paper proposed improved mechanisms to establish quality partnerships with bus companies that will reduce some of the barriers to implementing partnerships at the current time.

One of the key changes is to remove the requirement for infrastructure improvements from LA where EQP are entered into.

The introduction of EQP should be seen as an additional tool for local authorities to manage bus networks. This should not be the only tool available, but the proposals to address the unequal relationship that exists at the moment.

Potential opportunities include, the potential for services to be directed towards employment, social exclusion and health and away from providing services targeted at concessionary pass holders to access retail areas. The Proposal would also allow targeted bus services to support the Integrated Travel Zones set out in the emerging North Wales Metro strategy.

In summary, this is a proposal that has some merit, but there are potential issues in terms of implementation, cost and achieving a balance between fares and subsidy.

4.4. Franchising

As expected, the WG are seeking powers to be able to franchise bus corridors or geographic areas. Simplified powers are proposed, but 5 case business cases will be needed before implementation.

The greater flexibility and opportunity to manage networks should be broadly welcomed, however it should not be seen as the single tool to achieve change. Franchising is best used to eliminate wasteful duplication between operators, however following the collapse of some operators in North Wales; there is little duplication on main routes at the moment.

Franchising under current legislation allows an authority to specify and tender all services in its area, whether these were formerly commercial or under contract. The main benefit of franchising would be to spread the benefit accrued from commercial services to enable a greater or wider improvement

The weakness is that, unless there is additional funding, to do so may result in some passenger detriment from a reduction in daytime, core services, as profits pay for off-peak services.

It is unlikely that bus operators will welcome this measure. However the option to franchise could be a useful tool to those procuring bus services.

4.5. Local Authority Bus Services

The White Paper contains a proposal to make it easier for Local Authorities to establish their own bus companies, by removing the prohibition contained in the Transport Act 1985. The proposal is that LA could establish such operations through an arms length vehicle, subject to having a 5 case business model in place.

The changes proposed are broadly positive. The additional powers could be useful in areas where there is little or no competition among private operators, which can result in higher tender prices or where authorities struggle to attract sufficient bids.

In such circumstances, the ability to reinvent municipal bus operators is therefore a step forward. Direct provision would be preferred rather than through arms-length organisations.

The key issues in relation to the viability of bus services will still remain however. The costs of the services and the revenue implications will need to be balanced against fares and other income, in the same way as any commercial operator, unless there is significant additional subsidy available.

This is a welcome proposal and matches regional aspiration to have alternative delivery models. Careful consideration through developing a detailed business case, will be needed before any such operation is established.

4.6. Concessionary Fares Scheme

The White Paper proposes changes to the future issuing of concessionary bus passes.

The change to the age when a pass is issued will increase the age from 60 to a women's pensionable age. No other changes in eligibility are proposed, even though there may be a case for some changes in order to reduce the cost of the scheme.

The concessionary pass scheme has mostly been successful, however it has had an impact on the way services are provided, has driven an increase in the cost of single fares and has been an expensive scheme to implement.

The changes to the eligibility of the scheme are relatively minor, but will have the impact of increasing the age when passes are issued. This change could be beneficial if any savings arising from the change were to be recycled back into improved public transport provision.

4.7. Public Transport Information and Monitoring

The White paper contains a proposal to give ministers the ability to require bus operators, traffic commissioner and LA to provide information on passenger transport.

Currently this is voluntary and subject to commercial confidentiality. Lack of information has hampered scheme development in the past, but again this is not likely to be welcomed by the industry.

There is nothing especially controversial or indeed radical in these proposals. Ensuring all operators register services electronically and making the resultant open sources data widely available to a range of organisation would probably be the best way of delivering improvements in information.

There should be a consistent approach to the provision of information, especially printed timetable information. Currently not all authorities provide information in this format.

4.8. Taxi Licensing

This is a more radical section of the White Paper than had been expected.

It proposes a single set of standards and licensing conditions across Wales, which will be set by regulation, with no further consultation.

Current LA discretion will be removed. These national standards will apply irrespective of whether they are managed by LA or JTA. There are concerns about the consistency and quality in some areas when compared to others.

As long as the national standards are as good as the best of the local licensing conditions, this should be supported.

Any LA will be able to enforce against any operator working in its area, irrespective of where the licence is issued.

Provided standards are the same, this should be straightforward and should be welcomed.

A single approach to the sharing of Safeguarding information is proposed. This is a long over due proposal and one where LA have been poor at agreeing a joint approach in the past.

The most significant change is the proposal to redirect all taxi and PHV licensing from LA to a national licensing Authority, within the national JTA. There are however two options highlighted in the proposals.

Option A is to have a single national organisation delivering taxi and PHV licensing.

Option B is where existing licensing functions within LA continues, but using national standards, information sharing and enforcement.

A single JTA could be seen as distant and unresponsive to local needs, there should be a discussion about whether there are better regional alternatives.

4.9. Implementation

The White Paper sets out some radical proposals to change bus regulation and also the way in which bus services and taxi licencing are currently delivered. The document is written almost as a consultation document with a number of options, rather than clear proposals for legislation. As a result, it is almost more of Green (Policy) Paper, rather than proposals for legislation.

It is understood that as the paper proposes changes to legislation, it is unlikely that implementation can take place before 2020 – 21, subject to the outcome of the consultation process.

Preliminary discussions between WLGA and Welsh Government have indicated a willingness to have discussions at a regional level over the potential establishment of JTA and how this could be developed alongside emerging proposals for regional transport bodies. There could be some flexibility over future structures, if local authorities are committed to a regional approach for transport.

Discussions with the Transport Cabinet Members group in North Wales focussed on the need for some urgent action given: -

- the rate of decline in patronage,
- high profile bus operators going out of business,
- significantly increased costs of tendered services due to a shortage of capacity in the market,
- rapid changes in registration of commercial routes leading to further demands on budget.

Preliminary discussions with Welsh Government have indicated there could be an opportunity to pilot some proposals in the region, pending any new legislation. This could involve some regional work on bus service delivery, support for Welsh Government to prepare for the legislation post White Paper and development of proposals for a regional transport body. There could also be an opportunity to pilot an approach based on the proposed Enhanced Quality Partnerships on a network of strategic routes across the region. An offer to Welsh Government in line with the suggestion above has been made.

4.10. Consultation Process

The consultation period for the White Paper was open to the 27 March 2019.

The WLGA also arranged an all Wales Transport Cabinet Members meeting to City Hall Cardiff for the 25th March, at which Ken Skates was in attendance for at least part of the event. A meeting of the Chairs of the four regional member groupings in Wales was also held to shape the all Wales responses through the WLGA.

5. FINANCIAL IMPLICATIONS

- 5.1. There are no significant costs in responding to the White Paper consultation that cannot be accommodated within existing budgets.

There will be costs associated with establishing and managing any JTA established. The proposals in the White Paper are high level at the moment and more detailed work will be needed to fully quantify the costs of the approach. It is likely that further evaluation work will be carried out as more details of the firm proposals emerge.

6. LEGAL IMPLICATIONS

- 6.1. There are no significant legal implications in relation to the consultation response.

As the more detailed proposals emerge after the first consultation process. The implications could be significant. Establishing a Joint Transport Authority and its subsequent administration will involve detailed development. In addition the devolution of powers from local authorities to the JTA could also have significant implications. It is envisaged that a period of detailed work leading up to full proposals will need to be undertaken prior to any implementation.

7. STAFFING IMPLICATIONS

- 7.1. The staffing implications of any implementation of the proposals is not known at this stage. The move to establish a JTC could involve transfer or secondment of staff, however until the proposals are finalised the details are unknown.

8. IMPACT ON EQUALITIES

- 8.1. Not known at this stage. Further detailed work will need to be undertaken once the results of the consultation period have been announced by WG. There could be implications for bus users, in terms of service changes and the increased age of concessionary pass will impact on eligibility for free bus travel.

9. CONSULTATIONS UNDERTAKEN

- 9.1. The Transport Cabinet Members group has been consulted on the proposed response to the White Paper. Chief Officers and Transport managers from the six local authorities have also been consulted.

APPENDICES:

Appendix 1 Copy of the response submitted to the Welsh Government consultation

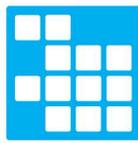
STATUTORY OFFICERS RESPONSE:

i. Monitoring Officer – Accountable Body:

“I note that the draft regional response adds to the responses submitted by individual authorities. A number of aspects of the White Paper are at relatively high level and as noted it will be in the detail of any legislation that consideration of the real implications of possible directions may be considered.”

ii. Head of Finance – Accountable Body:

“The cost-effectiveness of proposals should be demonstrated before imposing any additional layers above local authorities within the planned new regime.”



WELSH GOVERNMENT WHITE PAPER – IMPROVING PUBLIC TRANSPORT

Response by North Wales Economic Ambition

The North Wales Economic Ambition Board is a partnership of the six Local Authorities in North Wales along with the two FE Colleges, the two Universities and the North Wales Business Council.

The Board was established to support the development of the economy of the region and has placed considerable emphasis on the development of transport and connectivity links since its establishment. More recently the Board has become the governance body for the emerging North Wales Growth Deal, which includes proposals for improved transport integration supported by the establishment of a Regional Transport Body.

The NWEAB has ambitious proposals to grow the regional economy and has recognised the importance of effective cross-region transport links as a strategic requirement. Many successful employment locations are seeing businesses with recruitment issues whilst other parts of the region in need of better well paid employment, do not have effective transport network to allow access to employment and services.

There is strong regional support for improved bus services as part of a strategic regional network. Concerns have been expressed in the past few years as a result of a number of significant transport operators ceasing to trade. This has led to fewer bus services, a lack of capacity, increased costs and passengers losing journey opportunities. The NWEAB supports the general theme in the paper of securing better transport networks, providing more stability for bus operators and users and ensuring that our communities have effective transport links.

The NWEAB recognises the importance of delivering strategic transport on a regional basis. This is one of the key requests of Government in our planning for a Growth Deal for North Wales.

Response to questions

Do you agree that it is important for local authorities to work together with regard to local bus services? Yes/No? Please explain your answer to this question.

Over the past year the Cabinet Members with responsibility for transport have been meeting informally with a view to establishing a Regional Transport Body within the governance structure of the NWEAB. There is a political commitment to working collaboratively across the region to deliver strategic transport planning and services. The advantages from such collaboration are significant and members are keen to ensure that any such approach has the ability to be able to make meaningful change to transport networks.

On this basis, the principle of being able to work jointly within a Joint Transport Authority (JTA) has support. It is however essential that any such arrangement is accountable back to individual Local Authorities and that local governance and links with other local authority transport services, especially learner and social care, is respected.

The NWEAB is supportive in principle of establishing a JTA because of the need for transport networks to be managed and delivered on a regional basis. It is however essential that a JTA has the powers to be able to act and also that budget allocations are clear for the future.

A partnership approach between Welsh Government and regional partners that ensures a joint approach to the identification of strategic priorities for delivery is essential.

Please provide comments on the proposed organisational structures. Which is your preferred option and why?

There is broad support in the region for joint work on strategic transport. This is subject to any arrangement having suitable powers to be able to deliver meaningful change and that budget arrangements are clear and transparent. Members are clear that any such approach must have the “teeth” to make a real difference.

Although it is recognised that there are some critical issues that need to be managed on a national basis, the governance arrangements for a single national JTA are potentially complex, given the comments in Q1 above. We have concerns that the membership requirements would lead to a large and complex organisational structure, if all authorities were adequately represented on a national JTA.

On balance the NWEAB would support the establishment of a regional JTA in north Wales subject to further clarity over membership, powers, resource implications and budgets.

We consider that functions that need to be discharged nationally could be managed to establishing alternative structures, jointly agreed with Welsh Government to deliver specific activities on a national basis. This could involve representation from regional JTA forming a national delivery organisation for specific areas of responsibility.

It is recognised that the current White Paper makes high-level proposals, with further details to follow on some key aspects of the future role and membership of JTA. It is essential that Welsh Government, Local Authorities and other partners work together to shape proposals for the future roles etc.

Is there another organisational structure for Joint Transport Authorities that we should consider? Please describe.

The NWEAB is currently proposing to establish a Regional Transport Body as a sub-committee of the NWEAB. The NWEAB is constituted as a Joint Committee under the 1974 Local Government act.

Given that the NWEAB is working on a Growth Deal with a significant transport component, having effective working partnership with other regional delivery structures is essential. The proposed Regional Transport Body would be in a position to achieve this effective working relationship.

The NWEAB would propose that jointly developing a model for a regional JTA that achieves the effective regional working relationships but with the potential advantages that could be derived from a JTA being considered. A JTA approach might offer some advantages in terms of having the ability to act. There is however additional complexity and cost associated with a formal organisational structure.

Do you have any comments on the proposal that the Welsh Ministers should be represented on a JTA or any committees of a JTA?

The NWEAB recognises that a clear rationale for Ministerial representation on the JTA is set out in the White paper.

There is a case for ensuring that a strong partnership approach between Welsh Government and local government exists, so that transport network delivery can be effectively coordinated.

There are however potential issues of conflict where such an approach could cause difficulties. In particular the powers the Minister would have of Direction could be a conflict of interest for appointed representatives on the JTA. These apparent tensions could be resolved by co-design of the final preferred option.

We recognise the Ministers ambition to improve transport services across Wales and that there should be some harmonisation of standards. An alternative solution could be that Welsh Government provides clear guidance for any JTA established and links the guidance to funding provision.

The NWEAB would support a proposal where the Minister and the JTA were able to work in partnership to agree priorities for transport intervention and delivery in the region.

Do you have any comments on the proposals that the Welsh Ministers should have powers to issue guidance and directions, and to intervene where a JTA is failing to exercise its functions effectively?

The proposal that Ministers should provide guidance to the JTA is reasonable. In order to achieve consistent standards of service and delivery across Wales, clear guidance by Welsh Government would help. Ideally such guidance would allow regional differences to be accommodated. Linking the guidance to funding provision would also help strengthen this process.

In the event that a JTA is failing to deliver its responsibilities or to manage its budget effectively, there should be a mechanism to resolve such failings. This should however be balanced by appropriate and effective scrutiny through local government. Intervention should be a mechanism of last resort.

Is the proposed division of national and regional functions appropriate?

Further discussion and agreement on the proposed division of activity is needed. Our response proposes that joint development of the detailed proposals between Welsh Government and local government, in consultation with bus industry and users is required.

Should any other transport functions be transferred to a JTA? Please describe.

The White Paper proposes a transfer of functions sufficient to support the delivery of better public transport. Pooled resources within a JTA model is needed to deliver this approach. Capacity for delivery is increasingly limited in local authorities following budget reductions. A JTA or other regional delivery model can help resolve this lack of capacity.

Some services that will be retained within local government in the current proposals are however essential to the successful delivery of passenger transport. In particular, school and college transport and adult social care services are often linked with the delivery of other passenger transport services. Detailed arrangements will need to be evolved as part of the design of the JTA structures.

There is merit in considering strategic transport planning within a regional approach.

In order to support better delivery of passenger transport routes, there are clear links with Traffic Regulatory powers retained within local Highway Authorities. Consistent application across boundaries is essential to deliver efficient bus operations. Whether common standards should be coordinated through JTA should be determined during a joint co-production process.

Do you think that legislation is required to secure the benefits of enhanced partnership working? Yes / No? Please explain your answer to this question.

Making the delivery of quality bus partnership more flexible should make administrative processes easier. Additional functions could still be added to standard QP by simply entering a separate agreement with the bus operator, although these separate agreement were not always legally binding it was still possible for the operator and the local authority to work together for benefits of the public.

Few effective quality partnerships have been agreed in the past few years this suggests that revised approaches are needed to increase the number of such schemes. Legislation to simplify processes and to give a degree of incentive would be helpful

Do you agree with our proposals for Enhanced Quality Partnerships, in particular the proposed process for developing and making EQPs? Yes/No? Please explain your answer to this question.

The proposals for EQP have merit, especially the removal of the explicit link to enhanced infrastructure contained in the existing mechanisms. An agreement to work together will still however be required. Having more flexible legislative powers does not necessarily lead to an agreement being possible.

The overall approach is one the NWEAB would support.

It would be helpful to pilot some aspects of the proposals, especially those on EQP. The NWEAB would support partaking in such pilot schemes.

Do you think that the proposed scheme provides a more workable option for the franchising of local bus services? Yes / No? Please explain your answer.

Franchising is one option that could give a high degree of control over bus routes operated. It is however unlikely to be supported by some bus operators and implementation will be contentious as a result. There is some merit in the proposal but we have some significant concerns about the impact of franchising and how it would be delivered in practice.

The key issues for local government revolve around the cost and complexity of introducing a franchised network. A fully franchised network would be beyond the capabilities of current budget availability. There are also significant limitations on the capacity and capability of local authority resources to be able to design and implement such a network.

We consider that there is merit in having provision for franchising in legislation, if only as a mechanism of last resort where effective partnership relationships are not possible.

Do you think there should be a requirement for the assessment to be subject to an independent audit? Yes / No? Please explain your answer.

In order to be sure that a franchised network is viable and necessary, we would support proposals to scrutinise and be satisfied that the procedures and assessments undertaken by a LA or regional JTA are reasonable. In view of the impacts, decisions taken should be robust and ensure compliance with the relevant legislation. Such an approach could also help to resolve disputes that might arise between the different parties.

Do you have any other comments on the proposed process for franchising?

As noted above, implementation of a franchised network would be costly and administratively difficult. There is however merit in powers to franchise being available, as a mechanism of last resort where alternative partnership arrangements have proven to be impossible to implement.

Do you have any comments in relation to the proposals for the issuing of permits in circumstances where franchising arrangements are in place?

The Consultation document does not set out the terms and conditions of the permit and its duration, which would be determined by the franchising authority. Further work is needed in this area as part of the development of detailed proposals.

Different approaches could result in inconsistencies and differences arising between neighbouring franchising authorities and create potential difficulties for bus operators serving adjacent areas and potentially lead to fragmented networks. If franchising arrangements were to be introduced, then it would be sensible to have a national framework and guidance in place to ensure consistency.

Do you agree that as part of any arrangements to let franchise contracts, specific consideration should be given to how SMEs can be enabled to be involved in the procurement process? Yes/No? Please explain your answer.

Given that many parts of Wales rely on smaller operators for services, any franchise system entered into should enable smaller operators to participate. We understand that where arrangements exist in other areas that appropriate mechanisms are in place to ensure a level playing field for smaller operators.

We would support such mechanisms as part of any legislation.

What transitional arrangements should be considered in order to ensure that bus services are not compromised during the process of preparing to franchise?

There could be circumstances where existing operators could either withdraw or reduce the quality of provision of services during the period between the announcement of a planned franchise and implementation. It would be appropriate to consider an extended period of notice to change services during the transitional stage.

We would also support proposals to pilot parts of the legislation in advance of a formal implementation date. Pilot proposals, delivered in partnership between operators and transport bodies, would be an effective way of testing the proposed legislation and a way to allay specific concerns about implementation.

Do you think that local authorities should be able to run bus services directly i.e. in-house services? In what circumstances do you think this would be appropriate? What, if any, safeguards do you feel ought to be put in place with in-house services to ensure that no local authority has an unfair advantage in a deregulated market, and why?

The NWEAB supports the principle of local authorities being able to run bus services. The rationale for this is that in some areas there is evidence of market failure within the bus industry. Recent business failures and reductions in services have left some areas with very limited provision and costs of tendering services in such areas are expensive due to a lack of competition.

The proposal has merit therefore in such circumstances

Where local authorities can demonstrate that they have been unable to procure services at reasonable cost and that other marketing approaches have not been successful, directly run services should be an option that is available.

It is essential however any such proposals are designed to work along side commercial and other services rather than in competition with other operators. This could be achieved as part of a wider partnership approach.

Do you agree with the Welsh Minister's proposal to align entitlement to a mandatory concessionary fares pass with a woman's pensionable age? Please give reasons for your answer.

Changes to entitlement of concessionary passes to reflect changed demographics are reasonable. Alignment with women's pensionable age also appears to be a reasonable yardstick.

Clearly an assessment of the implications of the change is needed and there may need to be consideration of the guidance for those who have health or other issues who may be excluded from the scheme by the increased age criteria. Any such assessment should also include a review of the

long term impact of the changes on marginal bus services and also of those operated by smaller operators, who could be impacted more significantly as a result of the change.

We would also make the case that any financial savings that come from the proposal should be reinvested into alternative service provision.

Do you agree that an incremental change is the most appropriate method?

Yes – this will ensure that there is no impact on existing cardholders

Do you agree with our proposal to require the release of open data on routes, timetables, fares and tickets? Yes/No? Please explain your answer to this question.

This is a reasonable proposal and one that we would support; arguably this requirement is overdue.

The proposal would enable better co-design of services and networks and also help highway authorities to identify areas for improvement in support of services.

Any such proposals implemented should be done in a way that minimises cost and complexity for operators. The NWEAB considers that it would be appropriate for this to be delivered on a regional footprint so as to minimise the administrative burden.

Do you agree with our proposal to enable local authorities to have the power to obtain information on services which are cancelled or varied, and where appropriate, disclose this information as part of the tendering process? Yes/No? Please explain your answer to this question.

Yes – the proposals are reasonable. In many areas, effective relationships are in place to ensure information is provided in a timely way, which allows authorities to react to changed service patterns.

There are however frequent changes to timetabled services where limited notice is given and this has caused specific problems in north Wales in recent months. The recent reduction in the number of operators has exacerbated the situation.

These frequent changes to timetables and services have caused significant disruption for users and additional cost to local authorities in recent months.

Being able to access timely information to support alternative service provision is essential if local services are to be maintained.



REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD

12 APRIL, 2019

TITLE: *Swansea Bay City Deal (SBCD) Review(s)*

AUTHOR: *Iwan Trefor Jones, Lead Director – North Wales Economic Ambition Board*

1. PURPOSE OF THE REPORT

- 1.1. To review the conclusions and recommendations of the two review reports recently published for the Swansea Bay City Deal (SBCD), namely “Swansea Bay City Deal Independent Review” (Appendix 1) and the “Swansea Bay City Deal Internal Review of Governance Arrangements” (Appendix 2).
- 1.2. To take forward the recommendations as lessons learnt for the North Wales Growth Deal (NWGD).

2. DECISION SOUGHT

- 2.1. For the North Wales Economic Ambition Board (NWEAB) to consider and take into account the recommendations of both review reports, the “Swansea Bay City Deal Independent Review” and the “Swansea Bay City Deal Internal Review of Governance Arrangements”.
- 2.2. Approve the RAG (Red, Amber, Green) assessment of the North Wales Growth Deal’s status against each of the recommendations.

3. REASONS FOR THE DECISION

- 3.1. For the NWEAB to understand the conclusions and recommendations of the Report(s).
- 3.2. For the NWEAB to focus on the lessons learned and suggested improvements within the Report(s) to move forward with the North Wales Growth Deal.
- 3.3. To assess the NWEAB’s position against the recommendations and conclusions of the Report(s).

4. BACKGROUND AND RELEVANT CONSIDERATIONS

4.1. Swansea Bay City Deal Independent Review

- 4.1.1. The Welsh and UK Governments commissioned Actica Consulting Ltd in January 2019 to undertake a rapid, independently led review of the arrangements for the delivery of the £1.3bn Swansea Bay City Deal.
- 4.1.2. The purpose of the review was to provide both the Welsh and UK Government Ministers with an assessment of the deliverability of the Deal.
- 4.1.3. The report makes 7 recommendation to improve the deliverability of the Swansea City Deal’s outcomes.

4.2. Swansea Bay City Deal Internal Review of Governance Arrangements

- 4.2.1. The Joint Committee commissioned an Internal Review of the governance arrangements for the SBCD, appointing an Internal Review team.
- 4.2.2. The purpose of the Internal Review was to provide assurance to the Joint Committee, and identify areas for improvement to ensure that the governance arrangements are robust and follow best practice.
- 4.2.3. The report makes 9 conclusions and suggestions for improvement.

4.3. North Wales Growth Deal

- 4.3.1. We have assessed the progress of the North Wales Growth Deals position against the recommendations and conclusions of both reviews.
- 4.3.2. As part of the assessment we have reviewed each recommendation or conclusion and given them a RAG (Red, Amber, Green) status in accordance with the guidelines below:

RAG Status	Status/Action required
GREEN	On track no action required
AMBER	Action required to address the issues.
RED	Immediate action required to address the issues.

4.3.3. Swansea Bay City Deal Independent Review

ID	Recommendation	NWGD RAG Status	NWGD Progress/Comments
1	Pre-scrutiny should be encouraged but direct and regular face-to-face contact between those writing the Business Cases and those providing comment upon them and advising those who will grant approval is essential.	GREEN	Business Delivery Group are involved in the scrutiny of the OBC's. Regular face to face meetings have been arranged with the UK and Welsh Governments from 4/4/2019.
2	The Regional Office should be designated as a Portfolio Management Office, leveraging their skills with experienced Portfolio/Programme/Project Management (P3M) specialists.	AMBER	Lead Director will lead on the development of the Programme Office for the NWGD, and will work with experienced Portfolio/Programme/Project Management (P3M) specialists to prepare a PMO Manual.
3	The City Team should (with the support of the Welsh Government Assurance Hub and IPA as necessary) put in place a best practice Integrated Assurance and Approval Plan (IAAP) for the Portfolio. All parties should specifically consider the OGC Gateway™ Review process as a key part of that plan.	AMBER	A Gateway Review process will be used to manage the process of the Growth Deal Projects through the implementation and delivery.

4	Under the chair of the JSC each SBCD board should consider the TORs and ways of working of each to ensure that they work as intended. In doing so they should take account of this review and of the outcome of the audits currently being undertaken.		The Accountable Body's Monitoring Officer is leading on the governance arrangements and ToFR for the NWEAB and sub committees.
5	A Portfolio Director should be appointed before May 2019 to ensure continuity of Swansea Bay City Deal leadership and independent authoritative advice to the Boards.		Arrangements are in place to appoint to the NWGD Programme Director post.
6	The SBCD should be managed as a Portfolio not as a set of predetermined and immutable projects.		NWGD are delivering a Growth Vision for North Wales. The Growth Vision offers a package that includes 7 Programmes, and 14 projects. Additionally the Growth Vision includes a number of Side Deals.
7	For Yr Egin and Swansea Waterfront, the two business cases which we consider are close to final approval, senior UK Government and Welsh Government and Local Authority officials should aim to reach a swift conclusion to ensure that funding can flow as needed.		All 14 projects will be included within Heads of Terms for the NWGD. Proposing a twin track approach for the 14 projects, 5 projects will be included within the first wave, and the remaining 9 in the second wave.

4.3.4. Swansea Bay City Deal Internal Review of Governance Arrangements

ID	Conclusion and Suggestions for Improvement	NWGD RAG Status	NWGD Progress/Comments
4.1.	Redistribution of roles and functions to ensure an equitable balance across the SBCD Partnership, each acting as a check and balance for the other.		<p>All partners within the NWEAB are committed to the partnership and the delivery of the NW Growth Vision.</p> <p>Lead officers from various local authorities are leading on the projects. (For example an Officer from Wrexham Council is leading on the Digital Connectivity Project)</p> <p>Currently the roles within the NWEAB are allocated as follows:</p> <ul style="list-style-type: none"> - Lead Director (Gwynedd Council) - Section 151 (Gwynedd Council) - Monitoring Officer (Gwynedd Council) - Chair of the NWEAB (Flintshire Council) - Vice Chair of the NWEAB (Gwynedd Council) <p>A representative from the NWEAB will be nominated on each Sub-Committee.</p> <p>Currently no appointments have been made to the Programme Office – this function is currently largely resourced by Gwynedd Council's staff, jointly funded by the NWEAB partners.</p>

4.2.	Appointment of an independent Programme Director, securing the independence of the Lead Officer responsible for the Regional Office with a direct reporting line to the Joint Committee. The officer undertaking this role must be of sufficient seniority and capability to challenge and be challenged whilst remaining independent and objective. To facilitate this, there should be separation between the roles of Head of Paid Service (employer) and Lead Chief Executive (Chair of the Programme Board). Reconsideration of the funding arrangement for the RO could enable the associated costs to be contained within existing commitments.		<p>The recruitment process for the Programme Director will be managed by the NWEAB, the Board will draw the shortlist and will appoint to the post.</p> <p>Gwynedd Council as the Accountable Body for the NWEAB are leading on the appointment process for the Programme Director. The appointment process will be in line with Gwynedd Council's recruitment policy. The job description and appointment process will ensure that the officer undertaking the role will be of sufficient seniority and capability.</p> <p>The NWGD Programme Director will have a direct reporting line to the NWEAB.</p> <p>There is currently a separation of roles as outlined above.</p>
4.3.	The local approach to the delivery of the SBCD projects needs to take account of the interdependencies across the Programme. Consideration should also be given to contingency plans if Government funding is withdrawn at a later date.		The North Wales Growth Deal includes 14 regional projects that will deliver the Growth Vision. Collectively NWGD projects are transformational, inter-related and co-dependant. The main interdependencies between the projects is demonstrated within the Implementation Plan.
4.4.	The Implementation Plan needs to be revised so that delivery of the projects is prioritised and approved by the Joint Committee. The Implementation Plan should be supported by a clear Programme Financial Plan and Risk Register before being resubmitted to UK & WG for approval. The Implementation Plan should form the basis for monitoring delivery of the Programme.		<p>NWEAB formally submitted the Draft Implementation Plan to UK and Welsh Government on 25/03/2019. We are currently waiting feedback and confirmation of the next steps for approval.</p> <p>The NWGD Implementation Plan includes:</p> <ul style="list-style-type: none"> • detailed information on all projects; • 5 year Financial Profiles for all NWGD projects; • outlines a clear plan for the Risk Register; • Growth Deal programme planning and monitoring <p>An Initial Risk Register is in place to support the Implementation Plan.</p>
4.5.	The Joint Committee, as a conduit for regeneration of the Region, needs to further establish its own identity in terms of overarching standard operating principles, values and expected practice. Key areas for consideration are highlighted within the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016 for such a Partnership and include:		<p>The NWEAB operate with openness and are comprehensive with their stakeholder engagement. There is a strong relationship and synergy with the Business Delivery Group.</p> <p>The NWEAB have developed a Growth Vision for North Wales, as well as a number of other key overarching documents for the region. The</p>

	<ul style="list-style-type: none"> • Agreed risk appetite of the Partnership • Agreed risk management methodology; • Establishing the ethical values and framework; • Counter fraud, corruption & bribery procedures; • Due diligence and anti-money laundering arrangements; • Programme/project management methodology; and • Overarching record of declarations of interest and offers of gifts and hospitality by all Officers and Members. 		<p>NWEAB are currently working towards Heads of Terms.</p> <p>The Programme Office will co-ordinate the development of a high-level Programme Risk Register, focusing on strategic risks for the planning and development stage. A detailed risk analysis will be undertaken for all projects by the Project Sponsor as part of the development of the 5 Case Business Model Process, with a project specific Risk Register established to assist in the ongoing management and mitigation of all risks during project implementation. The Programme Office will also co-ordinate the compilation of the Growth Deal Projects Risk Register.</p>
4.6.	<p>If the iterative process continues to cause a bottleneck once standards have been addressed, then there should be an approach to UK & WG to reconsider the process to eliminate disproportionate effort by all parties and to ensure that focus is on the deliverability of outcomes and not only on the standard of written documents. The relationship between individual LA's, project leads, the Regional Office and UK and WG's should be recast to establish strict communication lines. Such communication is currently inconsistent and is clearly contributing to confusion and delay.</p>		<p>There are arrangements in place by the NWEAB for clear communication lines.</p> <ul style="list-style-type: none"> • The NWEAB meets on a monthly basis where representatives from all partners are around the table. • The Executive Officers Group also meets on a monthly basis – all project leads form part of this group. • Fortnightly meetings are in place between representatives of the NWEAB and UKG and WG officers.
4.7.	<p>The Programme Board, Economic Strategy Board (ESB) and Joint Committee should receive written assurance (in a format to be agreed) that each business case submitted for approval has been subject to the required checks and process as defined within the JCA, including approval by the Lead Local Authority. This should ensure that all comments from UK & WG have been addressed and concerns highlighted by the ESB have been fully considered. There should be an evidence trail to ensure all parties are held accountable.</p>		<p>The process of submitting and receiving feedback on the OBC's to date has been effective, with the NWEAB responding in a timely manner to the feedback and issues raised by Government Officers. We will propose to use a similar process when submitting the 5CBM.</p> <p>All Business Cases will be presented to the Executive Officers Group, Business Delivery Group and then the NWEAB for challenge prior to approval. Evidence trail will form part of meeting minutes.</p> <p>Comments by both Governments will be addressed and fully considered.</p>
4.8.	<p>The Regional Office, in its capacity as the SBCD Delivery Team should undertake detailed checks prior to entering into the iterative process or submitting to Programme Board and ESB, to ensure</p>		<p>All reports to the NWEAB are discussed and cleared by the Executive Officers Group (EOG). Following the EOG reports are finalised by the Programme Office, and presented to the NWEAB.</p>

	compliance with standard operating principles/values and provide an overview of the outcome of these checks, in order to provide independent assurance to the Programme Board and Joint Committee.		
4.9.	<p>Membership and remit of the Programme Board and ESB needs to be reconsidered:</p> <p>a) The Programme Board needs to undertake detailed analysis of the financial viability, deliverability and risks to the project. The Programme Board should have detailed knowledge of the business cases and the feedback from UK & Welsh Government to ensure that business cases are of the standard and quality to be submitted for approval to Joint Committee. Current membership includes the Chief Executives of the four Local Authorities. Consideration should be given to the most suitable level of Management to commit to Programme Board (possibly Director or appropriate Head of Service), consideration should be given to the appearance of lead project officers to present the case.</p> <p>b) The ESB membership needs to be streamlined to enable a well-functioning commercially minded appraisal function that is focused on identifying further opportunities for the Region and attracting inward investment. Current membership includes the Leaders of the four Local Authorities, which seems unnecessary given the ESB report to the Joint Committee. Consideration should be given to the membership of the ESB. There is an opportunity for the ESB to provide UK & WG with the confidence that is currently lacking around the commercial case; consideration could be given to including a summary report from the ESB with the Full Business Case submission.</p>		<p>The NWEAB will receive detailed information of the business cases and any feedback from both Governments.</p> <p>There is a clear separation in the membership of the NWEAB and the Executive Officers Group:</p> <ul style="list-style-type: none"> - The NWEAB membership consists of the 6 Leaders, with 6 advisers from HE/FE and sub-groups. - The Executive Officers Group membership includes other representatives from all partner organisations. - The Business Delivery Board's membership includes representatives from the growth and foundations economic sectors across the region.

5. FINANCIAL IMPLICATIONS

5.1. None at this stage.

6. LEGAL IMPLICATIONS

6.1. None at this stage.

7. STAFFING IMPLICATIONS

7.1. None at this stage.

8. IMPACT ON EQUALITIES

8.1. None identified.

9. CONSULTATIONS UNDERTAKEN

9.1. Consultation has taken place with the Executive Officers' Group on 29/03/2019.

APPENDICES:

Appendix 1 Swansea Bay City Deal Independent Review

Appendix 2 Swansea Bay City Deal Internal Review of Governance Arrangements

STATUTORY OFFICERS RESPONSE:

i. Monitoring Officer – Accountable Body:

“It is appropriate to reflect on the lessons and recommendations which stem from the review of the Swansea Bay project. The establishment of appropriate and effective governance arrangements for a project of the nature and extent of the Growth Bid and Vision is inevitably complex and challenging for any partnership. It creates a requirement to establish arrangements which promote the achievement of objectives but also maintains the partnership, manages risks and ensures propriety. I therefore welcome the opportunity to reflect on the contents of the report as we develop the governance framework here.”

ii. Head of Finance – Accountable Body:

“The reviews of the Swansea Bay City Deal are useful documents in the public domain, but the recommendations have not yet been accepted by Swansea Bay’s Joint Committee, who will be reviewing issues further before acting upon this. Therefore, it would be wise for NWEAB to note some of the issues as they develop further in Swansea Bay. The content of two separate reports is presented here. The independent review is high-level and measured, while the internal report is more detailed and specific to some Swansea Bay regional issues; some of which are not yet agreed there.

Some recommendations do provide useful ‘pointers’, for example conclusion 4.3 where it will be necessary for NWEAB to consider how to deal with potential withdrawal of Government funding (and how grant and rate yield will be shared). Others, such as conclusion 4.1, regarding distribution of roles remains unresolved in Swansea Bay and requires further analysis of the strengths and weaknesses of options. In these cases, it may be premature for NWEAB to assign RAG status here.”

Swansea Bay City Deal Independent Review

PC828D002 v1.0

26th February 2019

Executive Summary

Introduction

In January 2019, Actica Consulting Ltd was commissioned jointly by the Welsh and UK Governments to undertake a rapid, independently led Review of the arrangements for the delivery of the £1.3bn Swansea Bay City Deal¹ (SBCD). The Review was to provide both the Welsh and UK Government Ministers with an assessment of the deliverability of the Deal.

The Swansea Bay City Deal

The Swansea Bay City Region is a critically important driver for the Welsh and UK economy. It is a region with strong urban centres complemented by a wider rural landscape and a significant coastal footprint that has created a diverse economic profile with numerous opportunities and challenges.

The City Deal aims to provide the region and its partners with the new ways of working and resources to unlock significant economic growth across the Swansea Bay City Region. Both the Welsh and UK Governments have committed jointly to invest, subject to submission and approval of full business cases for the 11 constituent projects. This investment is also subject to agreement of governance arrangements for the Deal to support and further build on the Region's strengths which include health, energy and manufacturing: underpinned by a world-class digital infrastructure, successful universities and innovative health boards. The Deal's Heads of Terms - signed on 20th March 2017 by the Welsh Government, the UK Government and all 4 Regional Local Authorities - committed the Governments to jointly fund the Deal with £241M (£125.4M from Wales and £115.6M from UK) over 15 years to achieve 9,000 new jobs and a £1.8Bn uplift in Gross Value Added. The Local Authority and local partners from the private and public centre will also contribute funding. The intention is that the total funds from all sources over the period will be of the order of £1.3Bn.

Review Team Findings

The Review Team are confident that both Governments are committed to the success of the City Deal. We note also that Regional Partners are invested in delivering a portfolio of programmes in the spirit of the Heads of Terms outcomes. We are convinced that the Swansea Bay City Deal will have a positive impact on the region. We observe that within a healthy portfolio, programmes and projects will evolve and, in some cases, change radically to meet changing circumstances. Some will succeed while others may not. It is our view that as issues of expertise and authoritative independent management are addressed, the relationship between all parties will mature, increasing collaboration and resulting in a slicker process with an increased focus on the delivery of outcomes at pace. Commitment of funds in the short term is critical: both to give confidence to all parties and to ensure that the financial exposure of Local Authorities remains manageable. In the longer term the portfolio will grow stronger as the opportunities available to the City Deal are further explored.

The report makes 7 recommendations to improve the deliverability of the Deal's outcomes which are tabulated below.

¹ Contract Award C299/2018/2019 dated 10 January 2019: Contract to commence wef 14 January 2019.

ID	Recommendation	Urgency
1	Pre-scrutiny should be encouraged but direct and regular face-to-face contact between those writing the Business Cases and those providing comment upon them and advising those who will grant approval is essential.	Urgent by end March 2019
2	The Regional Office should be designated as a Portfolio Management Office, leavening their skills with experienced Portfolio/Programme/Project Management (P3M) specialists.	Important by end June 2019
3	The City Team should (with the support of the Welsh Government Assurance Hub and IPA as necessary) put in place a best practice Integrated Assurance and Approval Plan (IAAP) for the Portfolio. All parties should specifically consider the OGC Gateway™ Review process as a key part of that plan.	Important by end March 2019
4	Under the chair of the JSC each SBCD board should consider the TORs and ways of working of each to ensure that they work as intended. In doing so they should take account of this review and of the outcome of the audits currently being undertaken.	Important by end March 2019
5	A Portfolio Director should be appointed before May 2019 to ensure continuity of Swansea Bay City Deal leadership and independent authoritative advice to the Boards.	Urgent by end April 2019
6	The SBCD should be managed as a Portfolio not as a set of predetermined and immutable projects.	Important by end June 2019
7	For Yr Egin and Swansea Waterfront, the two business cases which we consider are close to final approval, senior UK Government and Welsh Government and Local Authority officials should aim to reach a swift conclusion to ensure that funding can flow as needed.	Immediate

Addressee

	Name	Date
Prepared by	Actica Consulting	24/02/2019
Delivered to	UK and Welsh Governments	26/02/2019

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1 Introduction

1.1 Scope of the Review

1.1.1 In January 2019, Actica Consulting Ltd was commissioned jointly by the Welsh and UK Governments to undertake a rapid, independently led, joint Government Review of the arrangements for the delivery of the £1.3bn Swansea Bay City Deal. The main focus of the review was:

- a. The alignment of the constituent projects to the overall strategic objectives of the City Deal, to ensure that the benefits can be realised.
- b. The overall risks to delivery of the City Deal, including the appropriateness and deliverability of the constituent projects, in particular focussing on those that have started their delivery lifecycle as the first tranche of projects.
- c. The interactions between the Joint Committee and City Deal governance structures with the regional governance structures to make recommendations on the provision of robust assurance.
- d. The overall due diligence practices in operation on the first tranche of projects and whether these have received the appropriate level of financial assurance.

1.1.2 The Review was to deliver a joint report to both Governments within six working weeks, recognising a balance between urgency and comprehensiveness.

1.1.3 The Review Team was asked to make any recommendations that would improve the deliverability of the outcomes of the Deal.

1.1.4 It was noted that whilst the Review should provide specific recommendations for action, all final decisions would rest with Ministers or the Joint Committee as appropriate.

1.1.5 Finally, the Review Team was informed that the development of the Business Cases, recommendation of any individual Business Case for release of funding or consideration of alternative projects was out of scope.

1.2 Methodology and Approach

1.2.1 The Review Team adopted a three-stage approach based on proven well established independent peer review techniques, consisting of Discovery, Analysis and Output phases.

1.2.2 Discovery: A period of learning and engagement consisting of an Initiation meeting, pre-reading of programme documentation and Interviews with Stakeholders.

1.2.3 Analysis: A period of reflection on the findings of Discovery, cross-referencing the interview evidence with a thorough assessment of the documented processes and procedures to eliminate any biases or blind spots. This analysis was also to reflect upon the practical delivery of the programme outcomes and the governance.

1.2.4 Output: The compilation of the findings and recommendations into a report based around the key questions laid out in the Terms of Reference, with the final report issued at Ministerial level.

1.2.5 It is important to note that the final report is an evidence-based snapshot of the programmes' status at the time of the review.

1.3 Considerations

1.3.1 The Review's conclusions and recommendations need to be understood and taken within the context of its constrained scope and methodology and the limited due diligence possible in the available timescales. Its Recommendations are graded 'Immediate' (do now), 'Urgent' (do by...), and 'Important' (do by...). To ensure focus we have limited the number of recommendations. There are a number of incremental improvements and some implied recommendations within the report which we would expect the Portfolio Director and an appropriately experienced team to take forward as a matter of normal business.

1.3.2 The Review Team would like to thank all of the stakeholders who attended for interview for their support and openness, which contributed to the Review Team's understanding of the Programme and the outcome of this Review. Particular thanks go to the Swansea Bay City Deal Regional Office Secretariat for managing the key logistics for the review and coordinating the Regional interview process.

1.3.3 It is important to note that this report looks forward rather than back and focuses on the lessons learned (and hence actions that could be taken) by all parties to move the City Deal Forward. Suggestions for improvement by Stakeholders, reflecting their recent experience of the City Deal, have informed our recommendations.

1.3.4 The Review Team would also like to make it clear that this is an independent and objective review, not an audit. It does not, in any way, consider any implications arising from the recent publicity around the Life Science & Wellness Village programme, which is subject to internal audit by the University, the Local Authorities and to an external audit by the Wales Audit Office.

2 Background to this Review

2.1 The Swansea Bay City Region Deal

2.1.1 The Swansea Bay City Region is a critically important driver for the Welsh and UK economy. It is a region with strong urban centres complemented by a wider rural landscape and a significant coastal footprint that has created a diverse economic profile with numerous opportunities and challenges.

2.1.2 This City Deal aims to provide the region and its partners with the new ways of working and resources to unlock significant economic growth across the Swansea Bay City Region. It is a Deal where both Welsh and UK Governments have committed to jointly invest, subject to the submission and approval of full business cases in relation to the eleven identified projects and the agreement of governance arrangements for the deal. This is made up of £241 million of government funding which is intended to unlock other private and public sector funds on specific interventions which seek to support and further build on the region's strengths which include health, energy and manufacturing sectors and are underpinned by a world-class digital infrastructure, successful universities and innovative health boards. The City Deal is structured around eleven project proposals, set against four themes, with major investment in the region's digital infrastructure and workforce, skills and talent underpinning each.

2.1.3 The Deal provides an opportunity to continue tackling the area's barriers to economic growth through: developing higher value sectors and higher value employment opportunities to match; increasing the number of businesses within these sectors to widen the economic base; and improving the region's Gross Value Add level against the UK average.

2.1.4 As well as taking forward projects and programmes to drive economic growth, the City Deal commits local leaders and partners to implementing effective leadership across the City Region. In agreeing this deal, the four local authority leaders across the Swansea Bay City Region have agreed to create and have setup a regional Economic Strategy Board and a Joint Committee to oversee the delivery of this City Deal.

2.1.5 Local partners within the Swansea Bay City Region estimate that this City Deal will lead to:

- a. Funding of nearly £1.3 billion for interventions to support economic growth;
- b. Over £600 million of direct private sector investment leveraged to deliver interventions;
- c. Investment spread across the whole of the region to ensure all localities and citizens can benefit;
- d. An overall increase to the economy of over 9,000 gross direct jobs;
- e. A contribution to regional GVA of £1.8 billion.

2.2 Timeline

2.2.1 Swansea Bay City Region Board published its vision document 'An Internet Coast' in February 2016. Shortly afterwards the Welsh and UK Governments opened negotiations on a City Deal for the region in March 2016.

2.2.2 On 20th March 2017 the Heads of Terms for the £1.3bn City Deal were signed. This document provided the foundations for the City Deal and confirmed the joint commitment among the

four local authorities and the Welsh and UK Governments to ensure full implementation of the Swansea Bay City Region City Deal. This was subject to funding conditions set by Government being met. The Heads of Terms document also referenced a wider suite of control and governance documents, laying the foundations for the City Deal.

- 2.2.3 Over the next 15 years, the City Deal aims to boost the local economy by £1.8bn. It will be underpinned by £125.4m Welsh Government funding, £115.6m of UK Government funding, £396m from the four local authorities and other public sector bodies in the region together with £637m from the private sector.
- 2.2.4 In July 2018, all four local authorities approved their Joint Committee Agreement. This legal agreement establishes the key governance structures such as the Joint Committee, the Economic Strategy Board and Scrutiny Committee and commits the four local authorities to work together over the 15 years of the Deal.
- 2.2.5 The Regional Office was established using staff redeployed from Carmarthen County Council (CCC) to provide a secretariat function. The Office also provide this function for CCC projects without the Swansea Bay City Deal (SBCD).
- 2.2.6 The provision of Government funding is subject to the agreement of governance arrangements for the Deal and the submission and approval of full business cases in relation to the eleven identified projects, as was set out in the Heads of Terms. To date none have been submitted formally.
- 2.2.7 In January 2019, the rapid, independently led, joint Government Review of the arrangements for the delivery of the £1.3bn Swansea Bay City Deal was commissioned: the outcome of which is this report.

3 Review Observations, Analysis, Key Findings and Recommendations

3.1 Introduction

3.1.1 This section summarises the Review Team's Key Observations following stakeholder interviews, along with specific recommendations on how to move the programme forward.

3.1.2 The Swansea Bay City Deal (SBCD) Portfolio is currently faced with the following issues:

- a. A perception that the Portfolio is not making sufficient progress since the Heads of Terms were signed on 20th March 2017;
- b. Events have called into question governance and have led to wider concerns regarding assurance and confidence in the Region's ability to deliver the anticipated outcomes;
- c. Local Authorities will incur, on programmes already started in good faith, unanticipated borrowing costs and greater restrictions on their borrowing next year if Government funding is not made available as expected.

3.1.3 Consequently, both Governments, who remain committed to the success of the Deal, seek practical recommendations that may be implemented in the short/medium term.

3.2 Progress

3.2.1 The Review Team found that there is a view that progress of the SBCD has been unduly slow in comparison with other city deals in Wales. Some have expressed a view that the Heads of Terms were perhaps immature compared to those agreed subsequently; others have argued that they were only ever meant to be a loose framework. We have heard that the signing of the Heads of Terms was preceded by volatility in the City Deal management team and this caused a hiatus post signing which impacted on the drawing up of the Joint Committee Agreement (JCA). The construction of this deal is different from earlier city deals. It is project-based, with each project requiring the approval of both UK and Welsh Governments. This additional approval level has added a level of due diligence and a demand for assurance which the SBCD has found difficult to supply and consequently the relationship between the City Deal and the two Governments has suffered. We note that in later City Deals, certainly where they have been centred on one urban centre, quicker progress has been made.

3.2.2 Since the Heads of Terms was signed by all parties on 20th March 2017 in Swansea, the participants in the City Deal (the four Local Authorities, the two Health Bodies, and two Universities) together with the two Governments have, under a JCA, set in place a Governance regime that is acceptable to them all. This includes the establishment of the Regional committees - Joint Committee (JC), Economic Strategy Board (ESB) and Programme Board (PgBd) - and the appointment of individuals to key posts. In parallel, the parties at the sub-regional level were crafting the final shape of individual projects and obtaining a bespoke combination of various public and private funding streams: each of which requires negotiation with, and agreement by, individual bodies with their own approval process. As the projects matured, the Local Authorities have been leading on the construction of a Business Case for each project that is acceptable to the Regional Committees and both Governments.

-
- 3.2.3 The JC and ESB have met formally five times and three times respectively, with the last two meetings approving three of the eleven projects. These projects still require the agreement of the two Governments and of the lead Local Authority.
- 3.2.4 The Review Team considers that, whilst there might have been a desire to progress faster, it is understandable that four Local Authorities, working with two Universities and two Local Health Boards would spend 17 months setting up and staffing the SBCD management and financial structure.
- 3.3 Project Approval Process – Governance and Assurance**
- 3.3.1 The process by which Business Cases are presented formally to the two Governments does, as mentioned above, appear to have presented all concerned with difficulties: particularly when the approval process was placed under severe pressure by the perceived need to gain approval urgently in order to release funds quickly.
- 3.3.2 The presentation of a Five Case Business Case model - in line with HMT 'Green Book' guidance - to the two Governments is an implied requirement of this City Deal. It is not clear to the Review Team when this became clear to the City Deal participants. While the Local Authorities and the Regional Office are familiar with raising cases for European, Lottery and Welsh Government grant funding, the requirements of the 'Five Case Model' appear to have been less well understood.
- 3.3.3 Concerns regarding the progress of business cases arose and led to a decision by the Welsh and UK Governments to supply training and support. This was we understand helpful, but we would argue there is no substitute for expertise and experience when drafting an appropriate case which is proportional to the scope and risk of the project. The two Governments also offered to receive draft copies of the Business Cases for circulation to officials within their Departments before formal submission. This pre-scrutiny approach is used by many Central and Devolved Government Departments to ensure a smooth path to the formal approval of a Business Case.
- 3.3.4 In this situation it did not work well: there was a lack of understanding of the process at the Regional and sub region level who appear not to have had sufficient clarity and transparency regarding the approvals procedures to be followed between SBCD and Welsh/UK Governments. Some business cases were sent for pre-scrutiny through the Regional Office, whereas others were sent, out of process, direct from a Local Authority. We understand that on receipt by Welsh/UK Governments, the business cases were distributed to all those Groups or Departments with a policy interest. Comments received from those Departmental officials were collated and returned. Because the formal response on the submission was made only when all officials had responded, the collated response sometimes took months to issue. In one case the response took three months to return as an e-mailed matrix with a large number of comments reflecting individual opinions that did not appear to have been triaged, coordinated or prioritised. This caused frustration and distrust.
- 3.3.5 We understand that for other City deals in other regions of the UK there is a strong face-to-face relationship between the Programme Management Office (PMO) and relevant projects teams from the Region with the UK Government Ministry of Housing, Communities and local Government (MHCLG) and tightly focused pre-scrutiny business cases meetings ('Business Case Working Groups') are a regular occurrence. This has not been the case with SBCD. A few very large meetings between parties were held in the autumn but these did not seem to move the

projects forward, leaving the Region and the project teams reliant on the emailed comments from individual policy areas. Some of the comments were along the lines of “it would be beneficial to the case if the connection was made to XYZ policy”. These were not fundamental to the strength of the Business Case: they served only to influence the quality of the text rather than addressing quantitative programme/project Cost, Time, Performance, and Risk issues. The Review Team also observed that, while attention was focused on the main text of the business case, key annexes received less attention: for example, the Review Team saw no evidence that a critical missing annex on Benefits Management was flagged. Consequently ‘final’ but incomplete Full Business Cases (FBCs) have been approved by the JC and formally submitted to the Approving authority. This is not good practice, and has led to a position where the Business Cases lack important underpinning information regarding benefits, risk etc. We would expect that such information would inform the quantitative aspects of the Full Business Case.

- 3.3.6 However, it is important to note that there were also some very pertinent and constructive points around financial treatment which should have been identified by the SBCD and addressed during an earlier stage in the normal course of business case development. The projects should have been challenged by the Regional Office but they were not. This is we think a window to the source of the real problem - namely the nature of the Regional Office.
- 3.3.7 Many consider the Regional Office to be Programme Management Office (PMO). It is not, it is primarily a Secretariat. It does not include Portfolio/Programme/Management (P3M) specialists. This a major issue because it cannot operate as a centre of excellence with the opportunities to learn lessons for the portfolio as a whole, or provide Portfolio/Programme Management support and assurance (without recourse to external support), or give independent briefing to the City Deal Boards. As a result, the Regional Office is unable to fulfil the role that many assume it has. A combination of its inability to provide a regional tier of support advice and assurance combined with confusion over its role has been at the heart of much of the unease we have heard expressed regarding progress. There needs to be an authoritative tier of assurance and support to the individual programmes and also to the decision-making boards. We believe that a reconstituted P3M office with strong professional and independent leadership is key to delivery. The regional organisation would require additional funding to offer full PMO services. As confidence is built this will satisfy much of the two governments need for assurance and the need for extensive government involvement in the detail will reduce.
- 3.3.8 Expectations of the parties regarding the pre-scrutiny and actual scrutiny procedures were also different. This combined with a disjointed process led to misunderstandings, delay, frustration, and blame. Pre-scrutiny is good practice but the process needs to be transparent, collaborative, and intelligently managed.
- 3.3.9 In summary, the expectations of those providing the business cases for pre-scrutiny were not aligned with those receiving them. The attempt to solve the issue of a lack of expertise and experience at the Regional level by circulation of the business cases for comment by the Governments was not effective and probably could not be in the absence of a Regional PMO.
- 3.3.10 Collaborative work is needed between the SBCD members and Welsh/UK Governments to improve the Approvals process and especially the value-add of pre-scrutiny activities. The Review Team understands responsibility for City Deals is being transferred to the Economy, Skills & Natural Resources Department under the Deputy Director in Welsh Government. The Review Team supports the change as this moves responsibility from a policy-focused area into

a delivery-focused area. However, we do have a concern that this transfer, and the concomitant reorganisation, will be a distraction for the approval of two Business Cases that are very close to being finalised

- 3.3.11 The desire to spend the Governments 'in year funding' for FY 2018/19, coupled with the need to ensure that time-sensitive European funding is 'locked in' to individual projects has placed a severe time pressure on the projects and the approval bodies. Meetings of the Regional committees have taken place 'back to back' to maintain pace and incomplete business cases have been provided to the boards without prior circulation. Boards were not given adequate time to read and understand the proposals adequately nor were they provided with independent expert advice on those cases. They were therefore not in a position to provide a level of challenge which we would normally expect. We also have a concern that such a detailed (but arm's length) level of scrutiny by the two Governments sent the wrong message to the SBCD, giving the JC a licence to approve the business cases swiftly on the understanding that the two Governments were generally satisfied with them.

Recommendation 1: Pre-scrutiny should be encouraged, but direct and regular face-to-face contact between those writing the Business Cases and those providing comment upon it and advising those who will grant approval is essential. (URGENT - by end March 2019)

Recommendation 2: The Regional Office should be designated as a Portfolio Management Office, leavening their skills with experienced Portfolio/Programme/Project Management (P3M) specialists. (IMPORTANT by end June 2019)

- 3.3.12 The Review Team found no evidence that the City Deal has an Integrated Assurance and Approval Plan (IAAP). This would be good practice. As would the application of the OGC Gateway™ Review process. This internationally recognised process exists to provide Governments and Departments with external assurance, and has been used successfully by the Welsh Government on both its own and Local Authority major infrastructure projects (e.g. Vibrant and Viable Places, 21 Century schools) through its Assurance Hub. However, the Review Team was unable to establish any evidence that it had been used anywhere within the SBCD portfolio to date. Reviews can be organised by the Welsh Government Assurance Hub, ideally in line with an IAAP but if necessary, at relatively short notice. Amongst other things, this would provide the Welsh/UK Governments with an independent and objective Delivery Confidence Assessment per SBCD programme/project, or indeed of the SBCD portfolio overall. As a minimum the approach is valuable at key Approval points (such as OBC, FBC) but offers maximum benefits when used throughout the lifecycle. Peer Reviews also offer the opportunity for those engaged on other more progressed City deals nationwide to share knowledge. We would see the responsibility for this lying with the Regional Office.

Recommendation 3 The City Team should with the support of the Welsh Government Assurance Hub and IPA as necessary put in place a best practice Integrated Assurance and Approval Plan (IAAP) for the Portfolio. All parties should specifically consider the OGC Gateway™ Review process as a key part of that plan. (IMPORTANT - by end March 2019)

3.4 Swansea Bay City Deal Governance

- 3.4.1 The Review Team notes that the recent governance concerns regarding the Life Science & Wellness Village programme have been addressed by all parties. This issue has been given a high priority by the Region who assembled the Joint Scrutiny Committee in December 2018 and have appointed an internal regional audit team with members from the four Local Authorities to investigate. The University is carrying out an investigation and the Welsh Audit Office has also initiated an inquiry. We recognise that the restoration of public confidence may take some time. That said, the Review Team notes that the current publicity surrounds the alleged actions of individuals. As yet we have not heard evidence that these allegations undermine the business fundamentals of that particular project and certainly, we believe should not undermine delivery of SBCD outcomes as a whole. We suggest that the implementation of the recommendations we make within this report, supplemented by any audit findings, should provide a basis for confidence in future governance.
- 3.4.2 The ways of working of the committees are still evolving. We have discussed options with members but we do not feel it would be helpful at this stage for us to direct them to a solution - particularly with the results of the audit investigations awaited. We have a view that for the efficient conduct of business, smaller committees are better than larger ones and that it would be best not to duplicate membership. We are concerned that the level of challenge within the City Deal is low, in particular that there is no incentive for members of the JC to robustly test each other's proposals. Where one committee advises another there should be time and space between those committees for that advice to be considered and discussed as needed. Furthermore, an approval audit trail is currently established through examination of the various approving committees' meeting minutes. It might be simpler and more transparent for each FBC to have an accompanying Approvals Sheet to be signed and dated by the authorised persons.
- 3.4.3 Finally given the scarce resource of the ESB we believe that their time considering strategic issues should not be diluted by the detailed consideration of final business cases. Rather, their role should be focused, as we understand was originally intended, on identifying opportunities, and providing private sector insight and advice.

Recommendation 4: Under the chair of the JSC each SBCD board should consider the TORs and ways of working of each to ensure that they work as intended. In doing so they should take account of this review and of the outcome of the audits currently being undertaken. (IMPORTANT - by end March 2019)

3.4.4 It is our view that the appointment of an independent Portfolio Director (PfD) supported by a Regional Office will be better able than the current arrangements to support projects through a combination of advice and appropriate challenge and, importantly, ensuring that all committee members are well informed. The CEO of Carmarthenshire is to retire in the summer of 2019. Heavily involved in driving its inception and supporting it since, he has been highly prominent within SBCD for some years. We suggest therefore that his departure provides an opportunity to appoint a PfD for the SBCD with equal status to the four Local Authority Chief Executives. We suggest that the PfD should report to the JC and in turn be responsible for the Regional Office team (a PfMO in line with Recommendation 1 above). The 'person specification' for such a PfD would need to be carefully considered by the JC and the ESB. Clearly, they would need solid P3M skills and a track record of delivering major public-private programmes. They would also need to be able to command respect in the Local Authorities, Central Government and the Private Sector alike.

Recommendation 5: A Portfolio Director should be appointed before May 2019 to ensure continuity of Swansea Bay City Deal leadership and independent authoritative advice to the Boards. (URGENT - by end April 2019)

3.4.5 The SBCD is seen by many as a Programme containing a set of predetermined immutable projects with perhaps some synergistic relationships and dependences which taken together deliver an outcome (jobs/GVA). This view carries the danger that projects agreed years ago may not offer the best prospects today (or tomorrow). There is a danger of stagnation and missing out on new opportunities. We would suggest that it is better to look at the SBCD as a portfolio with programmes (and projects) kept under review with funding switched to those considered most likely to deliver the agreed outcome(s). In this scenario we would expect some individual programmes and projects to fall away as other more worthy programmes were identified and prioritised. This is a healthy process. The ESB could play a key role in actively seeking and identifying new projects and supporting the SBCD team in evaluating respective benefits. Overall, we believe that this approach offers the best chance to deliver the intended outcomes. We would also expect such competition to increase the level of robust challenge to business cases which would incidentally be beneficial in providing an increased level of due diligence and assurance. The Heads of Terms allows for this approach but the opportunity has been downplayed.

Recommendation 6: The SBCD should be managed as a Portfolio not as a set of predetermined and immutable projects. (IMPORTANT by end June 2019)

3.5 Swansea Bay City Deal Business Cases

3.5.1 There are two business cases Yr Egin (Creative Digital Cluster) and Swansea Waterfront where we detect the parties are close to an agreement. Having undertaken a deep-dive into their status, they are in our view broadly fit for purpose, have been approved by the Region and formally submitted to the Governments (although we understand that for reasons of (in)completeness they have been withdrawn and will be resubmitted).

3.5.2 Our understanding of the current status of these two business cases is provided in the table below:

ITEM	YR EGIN FBC	SWANSEA WATERFRONT FBC
VERSION NUMBER	V9.6	V18
DATE	3 Aug 2018	28 Nov 18
APPROVALS	ESB Review 8 Nov 18 PgBd Review 22 Nov 18 JC Review 22 Nov 18	ESB Review 8 Nov 18 PgBd Review 22 Nov 18 JC Review 22 Nov 18
STRATEGIC CASE	Complete	Complete
ECONOMIC CASE	Complete	Complete
COMMERCIAL CASE	Complete	Complete
FINANCIAL CASE	Complete	Complete
MANAGEMENT CASE	Complete	Complete
OPTIMISM BIAS	10% but a very round figure	10% but a very round figure
RISK MANAGEMENT	5x5 estimation but more qualitative than quantitative	5x5 estimation but more qualitative than quantitative
GENERAL COMPLETENESS	Cross-references blank Missing template elements No IAAP	No obvious blanks, but does not address all best practice aspects e.g. IAAP
KEY MISSING APPENDICES	Benefits Register - seen in Draft	Benefits Register - not seen

3.5.3 For these two business cases, which we consider are close to agreement, senior UK Government and Welsh Government and LA officials with the authority to 'do a deal' should meet in one location and together with appropriate experts address any substantive issues aiming to reach a swift conclusion. This meeting should be independently chaired and minuted by the Regional Organisation to both record agreements and take note of agreed actions, those individuals tasked and the required date recorded. The Accounting Officers' responsibilities for financial regularity and commercial propriety need to be satisfied. However, we suggest that this could be achieved with careful and appropriate use of a caveated Approval (e.g. a phased funding release to award SBCD FY 2018/19's and possibly some of FY 2019/20's funding) on the proviso that SBCD work with the two Governments to instigate a good practice approach to, for example, benefits management, within a specified timeframe and to apply this learning to later Tranches of work. We would suggest that the absence of important but essentially technical components of Five Case Business Cases can be worked through jointly: particularly where the expertise and experience currently lie with Governments (such as the approach to monitoring benefits including sustainable job creation).

The release of funding in future might also be tied to delivering the recommendations of this report.

- 3.5.4 In summary a collaborative approach should be applied in future to ensure that the intention of the Heads of Terms is upheld. If it is not possible to deliver some elements of otherwise viable business cases before the end of this financial year, immediate consideration should be given to a conditional release of funds. This would be concomitant on all parties working collaboratively to reach an agreed position on benefits modelling and monitoring.

Recommendation 7: For Yr Egin and Swansea Waterfront, the two business cases which we consider are close to final approval, senior UK Government and Welsh Government and Local Authority officials should aim to reach a swift conclusion to ensure that funding can flow as needed. (IMMEDIATE)

- 3.5.5 Annex A specifically looks at the Review Teams assessment of the deliverability of the planned Swansea Bay City Deal Outcomes and the status of the 11 programmes and projects as a whole.

3.6 Swansea Bay Future Programme delivery capability

- 3.6.1 The majority of the stakeholders interviewed were enthusiastic about the SBCD and the opportunities it offers for the people in the area. Governments remain solidly behind it. Notwithstanding our concerns, regarding the lack of PPM expertise and experience of the Regional Office mentioned above, the Review Team was struck by the high calibre of those people responsible for its successful delivery and in particular by those who are involved in its development and support without remuneration. Equally, the Local Authorities and other public bodies in the SBCD area have demonstrated that they have the capability to deliver substantial projects: whether this be Local Authorities under the Government-led 21st Century Schools or Vibrant and Viable Places programmes; or locally driven schemes involving multiple sources of funding and interests. Local Authorities are well-experienced in delivery of infrastructure projects. Health and Education institutions likewise have delivered major infrastructure schemes over many years. Where they have less experience is in the programmatic aspects of long-term benefits management within the transformation programmes that such infrastructure projects enable. This may be why benefits management appears to be presenting a problem for them.
- 3.6.2 The Review Team considers that SBCD can, provided our recommendations are followed, deliver on the broad promises set out in the Heads of Terms in March 2017. It is not possible to say whether these activities will deliver the full economic benefit aspired to and underpinned by the original economic model. The SBCD offers an opportunity to maintain partnership working in the region and expand upon it. There is an opportunity to stimulate the local economy and create sustainable jobs. The eight partners have a good track record of regeneration and building infrastructure and have the necessary capabilities to deliver it. The Government funding is not large but it is significant. It is required to build confidence and to leverage private funding and collaboration. There are large benefits on offer for the people in the region although the specific value is yet to be confirmed.
- 3.6.3 In order to deliver the intended benefits, the SBCD needs to keep its cohesion, which does face a number of risks. For example: a combination of concerns over funding and of the much-

publicised concerns on the Wellness Village could cause a loss of confidence within the Region; or the loss of a key Local Authority partner could prove severely damaging to confidence of non-public partners. In this context, real progress must be demonstrated and we suggest that the time for exchange of emails and revised business cases has passed. The approval of at least some projects this year is critical both financially and to build confidence. The financial risk to the two Governments is minimal because of the way the SBCD is structured and a failure to meet specified conditions can result in the withdrawal of funds. Some Local Authorities are already financially exposed, having borrowed funds to commence projects at risk, while others could lose critical funding streams if the Government funding fails to materialise in a timely manner. The aim should therefore be to release funds in this financial year.

3.7 Way Forward

- 3.7.1 We have outlined above our key recommendations but here we summarise them in chronological order. The most important is that the Regional Office be reconfigured as a P3MO with a strong and independent leadership.
- 3.7.2 To demonstrate Government commitment in the short-term funding must be seen to flow. A way of achieving that while managing the issues and risks through collaboration must be found.
- 3.7.3 In the medium term the parties to the agreement need to continue this collaboration. Greater delivery professionalism is needed at the Regional level to ensure that all parties speak the same language. To a large extent these two things go together. The Welsh Government have made an important start in reassigning the responsibility for City Deals in Wales to a delivery focused department. The Region must step up likewise and ensure that the Regional Office has the authority, the experience and the expertise to broker a strong professional relationship with that department and the UKG's MHCLG.
- 3.7.4 Concerns over governance and assurance must be addressed. We have made a number of proposals and these will need to be considered with the outcome of the various ongoing audits. All parties need to cooperate proactively to ensure that a process is developed and behaviours are such that all can have confidence in the Region's ability to manage the substantial funds available to City Deal. We believe that a reconstituted PfMO with strong professional and independent leadership is key to this because it will provide an authoritative tier of assurance and support to the individual programmes and to the decision-making boards. An IAAP will give structure to the assurance approach. As confidence is built this will satisfy much of the two Governments' need for assurance and they can draw back from the detail.
- 3.7.5 In the longer term the SBCD should seek to run the programmes within a portfolio and identify other programmes for it using the ESB as a fulcrum to lever positive benefits for the region.

A Confidence in the Deliverability of Planned SBCD Outcomes

- A.1.1 This Annex specifically looks at the Review Team’s assessment of the deliverability of the planned Swansea Bay City Deal Outcomes as a whole.
- A.1.2 This assessment found that there is no clear Portfolio/Programme Mandate for the SBCD that identifies required outcomes, dependencies, timelines, constraints, risks etc. The nearest available document to a Mandate is the Heads of Terms (signed by senior political leaders) that lists the SBCD’s 11 constituent projects and suggests that the anticipated SBCD investment (Central Government, Local Government, and Private Investment) would support the creation of over 9,000 additional jobs (i.e. 3% over the current 302,000) and contribute to increasing GVA by £1.8 billion. The Heads of Terms further commits the Welsh/UK Governments to up to £241M of direct funding over 15 years but is silent regarding spend profile.
- A.1.3 Since the Heads of Terms new-job/GVA outcomes were based upon the SOBCs/OBCs available at the time, and in many cases nothing has changed regarding individual projects since then, it is difficult for the Review Team to gainsay it based on the available information.
- A.1.4 All parties were taking a significant strategic risk when the SBCD was launched without any Portfolio/Programme/Project Management (P3M) work having been done to establish the top-level (top-down) plan, risks, issues, opportunities, benefits, resources etc. Best practice, followed by a number of UK Government Departments and supported by the Infrastructure and Projects Authority (IPA), would be to carry out a formal strategic assessment bringing together those responsible for policy and those responsible for delivery. This is especially critical when amongst the 11 projects there are 3 cross-cutting regional, notionally enabling projects: Digital Infrastructure, Skills & Talent and Homes as Power Stations.
- A.1.5 The Review Team has not seen the detailed economic models for each of the 11 Swansea Bay City Deal Region projects so is not in any position to comment on the Heads of Terms assertion (based on the 11 SOBCs/OBCs) that *“The Swansea Bay City Region believes that this investment will support the creation of over 9,000 additional jobs and contribute to increasing GVA by £1.8 billion”*.
- A.1.6 An alternative approach to assessing deliverability is to adopt a bottom-up approach and use the IPA guidance on assessing Delivery Confidence against each of the 11 projects: assessing delivery against the four dimensions of Time (vs Plan), Cost (vs Budget), Benefits Delivery (i.e. Performance) and programmatic Process. Such a detailed appreciation was not practical within the strict time-bounds of the review as each of the 11 projects approaching FBC approval would be subject to a separate 3-day Gateway™ 3 Review by a team of 3 people.
- A.1.7 The Review Team noted that all SOBCs/OBCs were very light on detailed planning, risk/issue management and benefits management; however, that would not be surprising at this early stage. The FBCs seen during the week of the Review (Yr Egin and Swansea Waterfront) had improved in this regard though were still immature regarding benefits management. The Review Team has seen a Draft Benefits Register for Yr Egin which is a promising start, albeit clearly a work in progress. The Review Team has not seen a Benefits Register for Swansea Waterfront. The optimism bias @ 10% looks more like a contingency figure than an HMT Green Book assessment. However, these projects (and certain other single Authority projects) were proceeding, despite the lack of promised Welsh/UK Governments funding, at Project

Partner risk thus maintaining planned timelines albeit at increasing financial exposure via increased borrowing (incurring unbudgeted interest charges and concomitant cost risk). Overall, the Review Team considers that Yr Egin and Swansea Waterfront would probably rate an 'Amber' DCA which is typical for an infrastructure-enabled economic transformation programme at the FBC stage of evolution. The balance of projects would be Red.

Swansea Bay City Deal

Internal Review of Governance Arrangements

March 2019



Internal Review Team:

Pembrokeshire County Council (Lead & Report Author)

Neath-Port Talbot County Borough Council

Carmarthenshire County Council

City & County of Swansea Council



Executive Summary

1. Introduction & Background

1.1 Political Context

The UK Government's Industrial Strategy identifies five Foundations and four Grand Challenges to ensure that the UK takes advantage of major global trends to improve productivity and the lives of people. City Deals are one of the main vehicles for driving economic activity and growth within the UK and are aligned to the five foundations of the UK Government's Industrial Strategy, they are specific to each Region and aim to build on the Region's strengths.

City Deals in Wales support Welsh Governments longer-term approach to Public Sector reform in Wales. Public Sector partnership arrangements already exist on various footprints to support and improve the provision of services for Education and Social Services & Wellbeing. The Heads of Terms signed by UK Government, Welsh Government and the Leaders of the four Local Authorities on 21 March 2017, commits the Swansea Bay City Region to working in partnership with Welsh Government to deliver local government service reforms that will see a number of strategic functions delivered at the regional level. The Joint Committee is required to keep under review the arrangements for discharging local authority functions that might be mandated to be exercised regionally (e.g. land use planning, transport planning and economic development).

Existing and future Government regeneration funding is expected to be based on a regional working approach. A key feature of the Welsh Governments Targeted Regeneration Investment Programme, which has been available to Local Authorities since April 2018, is the identification of projects through regional working. The proposed UK Shared Prosperity Fund is likely to award funding on the same basis.

1.2 Swansea Bay City Deal (SBCD)

The theme of the SBCD is the Internet Coast. There are four sub-themes, which are aligned to the UK's Industrial Strategy.

The Swansea Bay City Region covers Carmarthenshire, Swansea, Neath Port Talbot and Pembrokeshire. The SBCD is a partnership between the four Local Authorities, Local Health Boards, Universities and UK Government (UK) and Welsh Government (WG).

The four Local Authorities approved the Joint Committee Agreement (JCA) in July 2018 with the first meeting of the Joint Committee held on 31 August 2018. Prior to this and since 2016, the Joint Committee and Programme Board operated in shadow. In addition to the four Local Authorities, membership of the Joint Committee includes Swansea University, University of Wales Trinity St Davids, Hywel Dda University Health Board and Abertawe Bro

Morgannwg University Health Board. In shadow form, the Joint Committee focused on drafting the JCA, business plan development and negotiation with WG on interventions and enabling actions to assist with delivery of the SBCD.

Eleven projects, representing a £1.274 Bn investment, are expected to be completed within five years to secure maximum benefit for the Region. Government funding represents £241m (19%) of the overall investment and will be paid over fifteen years to the Accountable Body who will distribute to the partner Local Authorities on a yet to be agreed basis. In order to deliver the SBCD Programme within five years, the four Local Authorities will need to finance the Government funding through their own capital (or prudential borrowing) or revenue funding, with payback over fifteen years. Investment of £396m (31%) is required from the Public Sector and £637m (50%) is required from Private Sector investment.

2. Purpose, Scope & Methodology of the Internal Review

As required by the Joint Committee, an Internal Review team made up of representatives from the four Local Authorities Internal Audit Services formed to undertake an internal review of the governance arrangements for the SBCD. This followed the suspension of senior staff at Swansea University and potential links in relation to the Llanelli Life Science and Wellbeing Village project, which forms part of the SBCD.

The purpose of the Internal Review is to provide assurance to the Joint Committee (including co-opted Members and the wider Partnership), and identify areas for improvement to ensure that the governance arrangements are robust and follow best practice.

The Joint Committee approved the Terms of Reference for the Internal Review, which used the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016 as a basis for evaluating the effectiveness of the SBCD governance arrangements.

The Internal Review of the SBCD governance arrangements was an evidence-based appraisal, which involved meetings or discussions with stakeholders, a review of supporting documentation and an evaluation of the effectiveness of governance arrangements against best practice.

3. Summary of Key Findings

3.1.	The investigation at Swansea University, its links with the Llanelli Life Science and Wellbeing Village project and its subsequent referral to the police is having a detrimental impact on partners within the SBCD and is eroding trust across the partnership. However, all parties within the Partnership are committed to the Partnership and the delivery of the Programme.
3.2.	The statutory roles and the majority of principal roles and functions within the SBCD, as agreed within the JCA, are assigned to Carmarthenshire County Council and should be more evenly distributed across the partnership. These include three Statutory Roles (Head of Paid Service, Section 151 Officer and Monitoring Officer) and several supporting roles including Chair of the Programme Board (Lead Chief Executive), the Accountable Officer of the Regional Office function (Lead Chief Executive), and Internal Audit. Only two appointments have been made to the Regional Office - this function is largely resourced by Carmarthenshire County Council's staff, jointly funded by the SBCD partners in the sum of c£400k.
3.3.	Paragraph 55 within the Heads of Terms agreement states: "If the City Deal is not delivered as set out in the implementation plan agreed by the Swansea Bay Joint Committee, the Welsh Government and UK Government, or if any of the commitments in this deal document are not fulfilled, the Governments will review and may halt the payment of any unpaid funding for this deal." This could present a risk to the Programme for which there should be a contingency plan as recommended in the National Assembly for Wales Economy, Infrastructure and Skills Committee report on City Deals and the Regional Economies of Wales, November 2017.
3.4.	At this early stage in the programme, there is a lack of certainty over the funding in terms of how some aspects of both private and public sector funding will be secured. However, a high level estimate of funding streams and costs for each of the eleven projects is included within the draft Implementation Plan. Confidence in where the funding will come from and when it will be received is a priority as projects develop.
3.5.	The expected level of borrowing per Local Authority has not been established at this point and this will have to be determined as a priority to ensure Local Authority commitment and assurance. Local Authority funding arrangements have not been resolved to date, but are likely to require multiple funding agreements between partners and the Accountable Body; this may result in disproportionate effort and the most pragmatic methods need to be agreed promptly.
3.6.	Interviewees stated that some of the local projects were planned and would have been prioritised at Local Authority level but were included in the SBCD to access funding. The SBCD should be seen as a Programme of 11 related projects that deliver the vision of the Internet Coast on which SBCD was originally based. Reliance on local policies and procedures along with approval and scrutiny of projects at a Local Authority level detracts from the regionality of the SBCD.
3.7.	UK & WG have not approved the Implementation Plan. In order to approve the Implementation Plan they require a Programme financial plan, an improved Programme risk register and agreed prioritisation of projects.

3.8.	The iterative process requested by UK & WG to evaluate submitted emerging business cases is not operating as intended, is undermining confidence in the SBCD governance arrangements and resulting in further bureaucracy. A review of the emerging business cases submitted under the iterative process and feedback from UK & WG identified that these business cases are submitted prematurely. Lack of clarity on the economic, commercial and financial cases persists. Business cases have been referred to Joint Committee for approval when a number of outstanding issues raised by Government Officers have not been resolved. The adopted iterative evaluation process was initially devised to prevent this.
3.9.	The Regional Office is not delivering the SBCD Delivery Team function as expected by UK & WG. This has resulted in UK & WG undertaking checks that were expected (by them) to be undertaken by the Regional Office. In the eyes of UK & WG, this is undermining confidence in the SBCD governance process.
3.10	The governance functions (in relation to project approvals) identified in the JCA are not operating as intended, however, they are being relied upon to provide assurance to the Joint Committee. These functions must be strengthened.
3.11	Programme risk management is not effective. The Programme Risk Register is not an up to date reflection of the risks to the Programme and is not considered by the Joint Committee. Consideration hasn't been given to the overall risk appetite for the SBCD and how an effective risk management methodology can be delivered across the Programme.

4. Conclusion & Suggestions for Improvement

In response to the summary of key findings arising from this review consideration should be given to the following:

4.1.	Redistribution of roles and functions to ensure an equitable balance across the SBCD Partnership, each acting as a check and balance for the other. (refer to 3.1 and 3.2)
4.2.	Appointment of an independent Programme Director, securing the independence of the Lead Officer responsible for the Regional Office with a direct reporting line to the Joint Committee. The officer undertaking this role must be of sufficient seniority and capability to challenge and be challenged whilst remaining independent and objective. To facilitate this, there should be separation between the roles of Head of Paid Service (employer) and Lead Chief Executive (Chair of the Programme Board). Reconsideration of the funding arrangement for the RO could enable the associated costs to be contained within existing commitments. (refer to 3.1 and 3.2)
4.3.	The local approach to the delivery of the SBCD projects needs to take account of the interdependencies across the Programme. Consideration should also be given to contingency plans if Government funding is withdrawn at a later date. (refer to 3.1, 3.3, 3.5 and 3.6)
4.4.	The Implementation Plan needs to be revised so that delivery of the projects is prioritised and approved by the Joint Committee. The Implementation Plan should be supported by a clear Programme Financial Plan and Risk Register before being resubmitted to UK & WG for approval. The Implementation Plan should form the basis for monitoring delivery of the Programme. (refer to 3.4 , 3.7 and 3.9)
4.5.	The Joint Committee, as a conduit for regeneration of the Region, needs to further establish its own identity in terms of overarching standard operating principles, values and expected practice. Key areas for consideration are highlighted within the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016 for such a Partnership and include: <ul style="list-style-type: none"> • Agreed risk appetite of the Partnership • Agreed risk management methodology; • Establishing the ethical values and framework; • Counter fraud, corruption & bribery procedures; • Due diligence and anti-money laundering arrangements; • Programme/project management methodology; and • Overarching record of declarations of interest and offers of gifts and hospitality by all Officers and Members. (refer to 3.1, 3.6 and 3.11)
4.6.	If the iterative process continues to cause a bottleneck once standards have been addressed, then there should be an approach to UK & WG to reconsider the process to eliminate disproportionate effort by all parties and to ensure that focus is on the deliverability of outcomes and not only on the standard of written documents. The relationship between individual LA's, project leads, the Regional Office and UK and WG's should be recast to establish strict communication lines. Such communication is currently inconsistent and is clearly contributing to confusion and delay. (refer to 3.8)

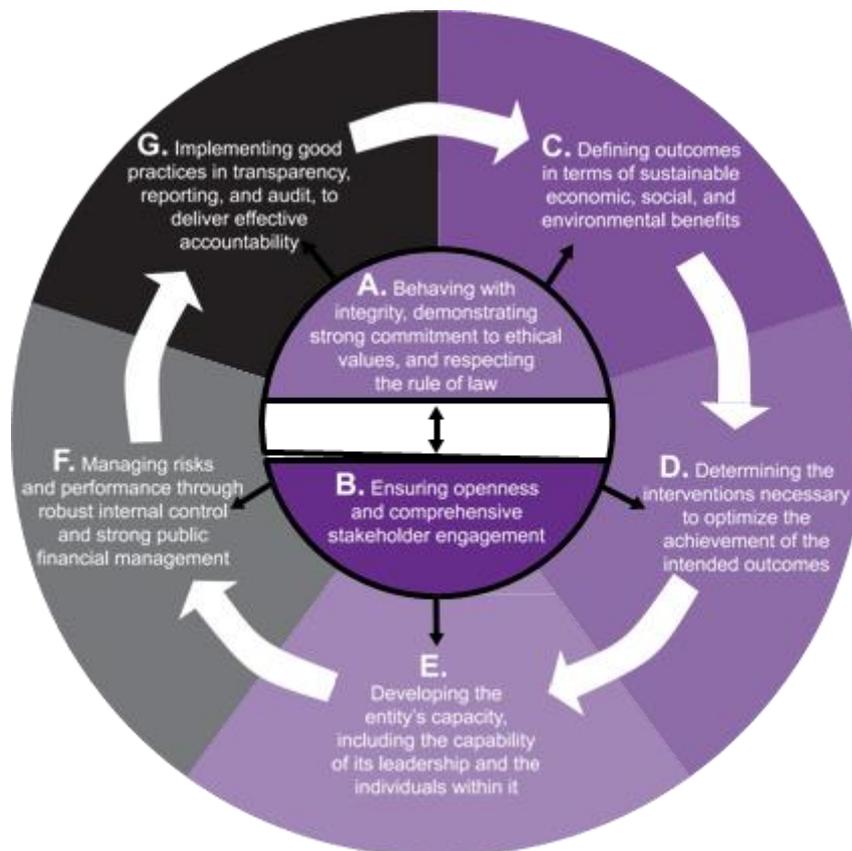
4.7.	The Programme Board, Economic Strategy Board (ESB) and Joint Committee should receive written assurance (in a format to be agreed) that each business case submitted for approval has been subject to the required checks and process as defined within the JCA, including approval by the Lead Local Authority. This should ensure that all comments from UK & WG have been addressed and concerns highlighted by the ESB have been fully considered. There should be an evidence trail to ensure all parties are held accountable. (refer to 3.10)
4.8.	The Regional Office, in its capacity as the SBCD Delivery Team should undertake detailed checks prior to entering into the iterative process or submitting to Programme Board and ESB, to ensure compliance with standard operating principles/values and provide an overview of the outcome of these checks, in order to provide independent assurance to the Programme Board and Joint Committee. (refer to 3.9)
4.9.	<p>Membership and remit of the Programme Board and ESB needs to be reconsidered:</p> <ol style="list-style-type: none"> a. The Programme Board needs to undertake detailed analysis of the financial viability, deliverability and risks to the project. The Programme Board should have detailed knowledge of the business cases and the feedback from UK & Welsh Government to ensure that business cases are of the standard and quality to be submitted for approval to Joint Committee. Current membership includes the Chief Executives of the four Local Authorities. Consideration should be given to the most suitable level of Management to commit to Programme Board (possibly Director or appropriate Head of Service), consideration should be given to the appearance of lead project officers to present the case. b. The ESB membership needs to be streamlined to enable a well functioning commercially minded appraisal function that is focused on identifying further opportunities for the Region and attracting inward investment. Current membership includes the Leaders of the four Local Authorities, which seems unnecessary given the ESB report to the Joint Committee. Consideration should be given to the membership of the ESB. There is an opportunity for the ESB to provide UK & WG with the confidence that is currently lacking around the commercial case; consideration could be given to including a summary report from the ESB with the Full Business Case submission. (refer to 3.10)

Detailed Findings

5. Overview of Good Governance Evaluation

The Governance Arrangements for the Swansea Bay City Deal have been reviewed against the CIPFA/SOLACE Delivering Good Governance in Local Government Framework. The diagram below illustrates the various principles of good governance in the public sector and how they relate to each other.

Achieving Intended Outcomes While Acting in the Public Interest at all Times



As the diagram demonstrates, the principles of good governance along with the behaviours and actions that demonstrate good governance are intertwined, but are based on the two fundamental principles:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
- B. Ensuring openness and comprehensive stakeholder engagement.

The detailed findings of the review are reported by exception and demonstrate the key issues arising and suggestions for how they can be resolved.

6. Core Principle A

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Expected Actions & Behaviours: integrity; acting in the public interest; establishing & embedding values or standard operating principles; establishing, monitoring & maintaining agreed ethical values; commitment & adherence to rules and regulations; .

Areas for Improvement: values or standard operating principles need to be identified; imbalance of power.

Standard Operating Principles/Values

There is a defined vision for the Region but the standard operating principles/values for the delivery of the SBCD programme have not been identified. Projects are classed as local or regional but the expected practice in delivering those projects is not explicit. The assumed position within the Partnership is that the policies and procedures of the Project Lead Authority will be adhered to and local projects will be subject to scrutiny by the constituent Authority. There is no evidence that consideration has been given to the implications of this approach, or how the Joint Committee will be provided with assurance that all expected processes and procedures have been adhered to.

The Joint Committee forward work plan includes approval of a few overarching documents for the Programme, but given that some projects are quite advanced and the Heads of Terms was signed two years ago, these are late in development.

In addition to the overarching documents identified in the Joint Committee forward work programme for approval at future meetings, consideration should be given to developing the following:

- Risk Appetite and Risk Management Methodology for the SBCD;
- Ethical Framework – this is a high risk Programme and there needs to be clarity amongst the Partnership over acceptable ethical practice, especially around the procurement of private sector investment;
- Counter Fraud, Corruption & Bribery Arrangements;
- Due Diligence and Anti-Money Laundering Arrangements;
- Programme & Project Management Methodology.

A Co-opted Member Code of Conduct is in place and Local Authority Members and Officers are expected to adhere to their own Local Authority Code of Conduct. The Regional Office holds co-opted Member declarations of interest, but there was no evidence of declarations of interest from all Local Authority Officers and Members. Other than holding and recording the declarations of interest, there was no evidence that there had been any verification or consideration of appropriateness by the Joint Committee.

Balance of Functions & Responsibilities

The Joint Committee Agreement places too much responsibility on Carmarthenshire County Council and the Lead Chief Executive. It is expected that the Head of Paid Service as the employer of the Regional Office will be the Principal Adviser and Accountable Officer overseeing the work of the Regional Office, and as such will be the Lead Chief Executive. The Lead Chief Executive is also the Chair of the Programme Board.

In addition, Carmarthenshire County Council also undertake the following roles:

- As Accountable Body, the statutory role of Section 151 Officer and the provision of the Internal Audit service;
- Monitoring Officer;
- The statutory role of Head of Democratic Services is not defined within the JCA; however, Carmarthenshire County Council's Head of Democratic Services provides support to the Joint Committee and Neath Port Talbot County Borough Council provides support to the Joint Scrutiny Committee; The Regional Office provides support to the Programme Board and the ESB.

7. Core Principle B

Ensuring openness and comprehensive stakeholder engagement.
Expected Actions & Behaviours: open culture based on trust; shared commitment for change; acceptance or robust challenge; transparent decision-making; engagement and consultation with all stakeholders.
Areas for Improvement: openness & transparency; creating a culture of trust and shared commitment; identifying and effectively engaging with stakeholders.

Trust

It was evident through meetings with stakeholders that there is insufficient trust within the Partnership. This is attributable to a number of issues, which are expanded on in further detail within the report, however, the root causes are:

- Imbalance of power within the Partnership due to distribution of key roles;
- Lack of clarity from the JCA regarding expected practice (standard operating principles/values);
- Lack of openness and transparency across the wider Partnership as projects are being treated as local rather than regional.

Openness & Transparency

The Joint Committee meetings and the Joint Scrutiny Committee meetings are the two public meetings within the SBCD governance process. As identified within the Terms of Reference, the Joint Committee has ultimate responsibility and accountability for decisions taken in relation to the SBCD. The format and conduct of the Joint Committee meetings was

discussed with Members and Officers that attend the Joint Committee meetings, key observations include:

- Verbal updates provided
- Quick meetings which lack constructive debate and challenge
- Failure to provide the Joint Committee with accurate updates
- Lack of oversight of communications between the Regional Office and UK & WG
- Suspicion that some Members know more information than others
- Pre-meetings excluding the co-opted Members
- Reports provided at short notice
- Overload of information that cannot be effectively scrutinised prior to the meeting.

Areas that may be of particular interest to the public, such as business cases, are considered in private session as there will be an element of commercial sensitivity. However, the majority of the discussion could take place in open session as long as members of the Joint Committee observe the rules of debate and reserve questions leading to commercial sensitivity for private session discussions. Consideration could also be given to webcasting these meetings to demonstrate the commitment to openness.

At the meeting on 22 November 2018, three business cases were presented to the Joint Committee for approval for formal submission to UK & WG; however, evidence has been obtained that these business cases ought not to have been presented to the Joint Committee at that time based on the feedback from UK & WG (see Appendix B). Discussions with SBCD Representatives, WG Officers and Ministers had taken place the day before the Joint Committee meeting to discuss what was required in order to approve the three business cases. It is the opinion of the Internal Review team that the issues raised by UK & WG were reasonable requests for clarity to ensure that business cases are robust. The Regional Office has since attempted to submit two amended business cases (21 December 2018), however, these can't be accepted by UK & WG until the original submissions are formally withdrawn and revised submissions approved by the Joint Committee. A request has been made to UK & WG to 'hold' the Llanelli Life Science & Wellbeing Village project business case.

Media attention over the staff suspensions at Swansea University and the links with Llanelli Life Science & Wellbeing Village project have identified a number of issues that the Joint Committee should have been aware of as they impact on the SBCD as a whole, including:

- The links between Kent Neurosciences Limited and Sterling Health Security Holdings Ltd;
- The role of Sterling Health Security Holdings Ltd and clarity that the company was not directly providing the private sector investment;
- Links between the Llanelli Life Science Wellness Village project with other worldwide projects such as Kuwait;
- UK & WG concerns that had not been resolved;
- Declarations of interest and wider roles that current or former Officers and Members would have with this company and planned projects.

The establishment of standard operating principles would have provided clarity to the wider partnership over expectations and expected practice within an agreed ethical framework and risk appetite.

The appointments process of the ESB is unclear. UK & WG along with the Internal Review team have been unable to gain clarity over the shortlisting of applications and who determined the recommended ESB appointments to the Joint Committee in August 2018. The lack of openness and transparency over the process in respect of these appointments has undermined the trust of UK & WG.

The Joint Scrutiny Committee has only met twice. At the second meeting the Vice Chair of the Joint Scrutiny Committee gave his apologies for the meeting as he had a conflict of interest arising from an arrangement to secure access to information. The matter was reported in the media and has undermined confidence within the Partnership.

Consultation & Engagement

The expectations and timescales for engagement and formal consultation are unclear; however the review did not involve substantive testing of this area. Communication and marketing as part of the SBCD has been recorded since February 2018. There was evidence of early high-level promotional activities to stimulate private sector interest in the SBCD. There was also evidence of local consultation and engagement activity in relation to the Llanelli Life Science & Wellbeing Village project.

8. Core Principle C

Defining outcomes in terms of sustainable economic, societal & environmental benefits.
Expected Actions & Behaviours: clear vision and defined outcomes sustainable & deliverable within available resources.
Areas for Improvement: robust implementation plan that identifies the required resources, to which all Partners are committed to and can sustain.

Defining Outcomes

The Swansea Bay City Region Economic Regeneration Strategy 2013-2030 sets out the framework to support South West Wales and its future economic development. The SBCD proposal was based on the theme of the Internet Coast, which aimed to put the region at the forefront of the digital age and fourth industrial revolution; where value is created by knowledge extracted from vast data sources. In October 2016, Swansea University appraised the potential impact of the Internet Coast through the portfolio of Project Proposals within the SBCD. Job creation and Gross Value Added are the desired outcomes on which the SBCD is based. In order to demonstrate how these outcomes will be achieved the Treasury Five Case Model is used.

The Implementation Plan for the SBCD Programme was approved by the Joint Committee in August 2018 but has yet to be approved by UK & WG. Discussion with UK & WG confirmed that in order to approve the Implementation Plan they require a credible Programme risk

register, financial plan and prioritisation of projects. The Internal Review identified the same concerns regarding the Implementation Plan.

The current business case approval process involves development of the business case and presentation to the Programme Board for consideration, albeit this is presented at a high-level, not the detailed written business case. The Regional Office will engage in an iterative process with UK & WG to ensure that full business cases have the best chance of approval when formally submitted. This stage is causing a bottleneck and frustrating all parties. Appendix B provides a summary of the correspondence between UK & WG and the Regional Office in respect of the three Business Cases that were presented to the Joint Committee in November 2018; this demonstrates that the process defined in the JCA is not being followed. Business cases are presented to UK & WG prematurely resulting in UK & WG undertaking due diligence checks they would expect the Regional Office to have undertaken, which is further frustrating the process.

There is a disconnect between the project concept and the written business case. There is a degree of confidence in the deliverability of outcomes for certain projects, however, written business cases reviewed lack clarity on the economic, commercial and financial cases. Business cases are too long; they are repetitive and can appear more as marketing material than as an evaluation of the critical success factors of projects. Discussions with Members of the Joint Committee identified mixed views on the confidence and deliverability of the Programme as a whole, but there was a degree of confidence in their individual projects. There was general support for the deliverability of the Homes as Power Stations project, along with securing of Private Sector funding to deliver the project, however, the business case has not progressed and there is no clarity over the detailed funding arrangements for regional projects.

There is confusion within the region over the Yr Egin project. The opinion of UK & WG is that focus has been on the Phase 1 development, which is complete and has a high occupancy rate; however, Phase 2 was the original SBCD project. Phase 1 has now been included as part of the SBCD as there was a shortfall in funding.

Business cases need to be streamlined, there is too much information to be scrutinised locally and it is over and above the information required by UK & WG; this is a contributing factor to the delays in progressing projects.

Commitment & Sustainability

Government funding of the SBCD will be paid over a 15-year period. In order to deliver the projects within five years, Local Authorities will have to borrow to finance the Government funding. At this early stage of development of the regional projects there is no clarity over the borrowing requirements (values) and how this will be delivered by the Lead Authorities. There is a risk that Local Authorities will not support the proposed borrowing requirements (although the principal is included within the JCA) which could result in abortive work and wasted resource in developing these projects.

There is a lack of clarity over the funding and borrowing arrangements to support delivery of the SBCD. WG have agreed to Local Authorities receiving 50% NNDR generated from the Programme, however, the apportionment and distribution of this revenue has not been determined. The likely return on NNDR will be an influencing factor in determining the affordability of borrowing that Local Authorities will be willing to accept, so there is a pressing need to determine this promptly.

In order to continue to draw down Government funding over the 15-years of the SBCD, the Programme will need to be able to demonstrate that it is delivering the intended outcomes. The monitoring and evaluation process, which is currently under development, will need to be robust. Consideration should also be given to contingency arrangements should funding be withdrawn at a later date.

9. Core Principle D

Determining the interventions necessary to optimise the achievement of intended outcomes.

Expected Actions & Behaviours: strategic, operational and financial planning of projects; prioritising projects for delivery; objective and rigorous analysis of projects including an assessment of intended outcomes and risks.

Areas for Improvement: the JCA defined process for analysing projects is not operating as intended; the implementation plan needs to be prioritised and supported by a financial plan and programme risk register.

Determining Interventions

The JCA outlines the stages and responsibility for developing, appraising and approving business cases. There is a five-stage process to approving business cases for formal submission to UK & WG. Meetings with Members of the Joint Committee, Programme Board and the Chair of the ESB, along with a review of correspondence between the Regional Office and UK & WG identified that the process is not operating as intended.

Delivery Lead

Clause 12.3 (a) within the JCA outlines the responsibility of the Delivery Lead and the requirement to include a Resolution of the Project Lead Authority (and all Councils if delivering a regional project) when submitting a business case to the Regional Office. This process isn't being followed. Business Cases are referred back to the Project Lead Authority after approval has been received by the Joint Committee.

Iterative Process

Clause 12.3 (d) within the JCA outlines the role of the Regional Office in assessing the quality and financial profile of business cases before passing to UK & WG for them to undertake their own assessments. A review of business cases passed to UK & WG at this stage identified the following:

- Business cases lacking in the detail required by the 5 Case Model;
- Seemingly unnecessary information included;
- Incomplete sections;
- Lack of clarity around economic, commercial and financial cases.

Feedback to the Internal Review team reflected frustration within the Region on the delays with the iterative process and the comments/feedback from UK & WG. However, the comments and feedback from UK & WG were deemed to be reasonable and necessary by the Internal Review team.

Programme Board

The JCA expectation is that Programme Board would analyse the financial viability, deliverability and risk of the proposed business case and make a recommendation on whether or not the business case should proceed. It is expected that there would be challenge at this stage around the due diligence processes undertaken.

In reality, the Programme Board receive an update against all projects, similar to the update provided to the Joint Committee; there is no detailed review of the written business case or compliance with processes and procedures. Membership of the Programme Board is at the highest officer level, so they are unlikely to have capacity to deliver the time commitment required for this level of scrutiny and challenge.

Economic Strategy Board (ESB)

The ESB is expected to review the business cases from the private sector perspective, against the strategic aims and objectives of the SBCD and make a recommendation to the Joint Committee on whether or not the business case should proceed.

The ESB, having only met a few times, is still establishing the format of meetings and information required to provide a value-added function. The ESB considers the concept, they do not review the written business case; they undertake site visits and meet with Project Leads. The ESB have requested a SWOT analysis for the projects they are considering, using their commercial expertise to identify wider opportunities for the Region and determine if there are any threats that require further consideration.

ESB membership comprises of Private Sector Representatives, the four Leaders of the Local Authorities, and representatives from the Local Health Boards and Universities. The purpose of including the Leaders of the Local Authorities on the ESB is unclear and doesn't add value. The ESB has no decision-making powers, their purpose is to look at wider opportunities and stimulate confidence and interest in inward investment to the Region. The ESB could provide UK & WG with the confidence that they are currently lacking around the economic and commercial viability of business cases. Consideration should be given to the mechanism for providing this assurance, e.g. a covering brief for submission with the full business case.

Discussion with the Chair of the ESB on the three full business cases previously considered and then approved by the Joint Committee (22 November 2018) for formal submission to UK & WG, identified the following:

- The ESB had confidence in Phase 1 of Yr Egin but had reservations around the economic and commercial case of Phase 2;
- The ESB had queried where the private sector investment was coming from for the Llanelli Life Sciences & Wellbeing Village project but did not receive answers;
- The ESB raised questions of the Swansea City & Waterfront Digital District project in connection with transportation infrastructure.

Joint Committee

Joint Committee receive the full business cases for consideration and approval to submit to UK & WG. The business cases are extensive documents and in practice it is questionable whether the Joint Committee Members have time to read them in any detail. Reliance is placed on the process, as defined within the JCA, that the business case is expected to have been through, i.e. iterative process with UK & WG, Programme Board and ESB; however, as demonstrated above, the process is not operating as intended and cannot be relied upon.

10.Core Principle E

Developing the Partnerships capacity, including the capability of its leadership and individuals within it.

Expected Actions & Behaviours: distinction between roles and responsibilities; specification of delegated decisions versus those reserved for the Joint Committee; reviewing operations, resources and performance to ensure effectiveness.

Areas for Improvement: independence, capacity and capability of the Regional Office to deliver the Project Management Office function.

Capacity & Capability

Carmarthenshire County Council's staff have largely fulfilled the function of the Regional Office. Although a structure was costed and approved by the Joint Committee at its meeting in August 2018, positions have not been substantively filled, but duties have been covered by existing Carmarthenshire County Council employees. The Internal Review team were advised that three new appointments were made to the Regional Office.

The expectation of UK & WG was that the Regional Office (as the SBCD Delivery Team) would fulfil the role of the Project Management Office for the SBCD. In reality, the Project Leads are expected to undertake their own due diligence checks and reliance is placed on individual Lead Authorities to ensure that this is done. The Regional Office are supposed to act as the link between the Project Leads and UK & WG, however, there have been instances where the Regional Office have been bypassed. There are only three regional projects, so if reliance is placed on the individual Local Authorities it is unclear why eleven posts are required (not all substantively filled) in the Regional Office.

To date neither the Implementation Plan nor any business cases have been signed-off. Feedback from the Regional Office and Members of the Joint Committee do not accord with the feedback from UK & WG, so there is clearly a communication breakdown between parties. A review of the feedback on business cases to the Regional Office from UK & WG concluded that the questions were reasonable and should be raised. Due to the timescales to deliver this review, substantive testing was not undertaken to form any conclusions in this report.

The Heads of Terms makes reference to the SBCD Delivery Team, which is the function undertaken by the Regional Office. The Heads of Terms makes reference to the SBCD City Deal Delivery Team being appointed and reporting to the Joint Committee. Clause 9.2 within the JCA states that the 'Joint Committee shall designate the Head of Paid Service of the Accountable Body as Lead Chief Executive to act as its principal adviser and as Accountable Officer to manage and oversee the work of the Regional Office staff'. This clause compromises the independence of the Regional Office who are expected to report through the Lead Chief Executive, who is also the Head of Paid Service.

Members of the Joint Committee have questioned whether an independent Chief Executive/Managing Director should manage the Regional Office. While this could be an option, the success of this will be heavily dependent on the skills and capability of the candidate to ensure that they have the ability to challenge at all levels within the Partnership and with UK & WG and receive challenge while remaining independent and objective. In any event there will be a reporting line to one of the Local Authority Chief Executives as Head of Paid Service; however, the role of employer of the Regional Office and role of Lead Chief Executive should be separated (as with other Regional working arrangements), to promote the independence of the Regional Office.

11. Core Principle F

Managing risks and performance through robust internal control and strong financial management.
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Expected Actions & Behaviours: integrating robust risk management arrangements; monitoring delivery of the Programme and effective scrutiny arrangements.
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Areas for Improvement: risk management, performance management and the role of the Joint Scrutiny Committee.

Risk Management

Risk management arrangements require improvement. Risks are not clearly articulated to describe the event, consequence and impact. There is no consistent risk management methodology used across the Partnership. No consideration has been given to the overall risk appetite of the Partnership and articulated into any statement. The Programme risk register should be a true reflection of the current risks to the delivery of the Programme and should be a regular agenda item for consideration by the Joint Committee, but there is no evidence that this is happening. This is a significant contributing factor to the lack of confidence by UK & WG in the delivery of the Programme.

Managing Performance/Scrutiny

The issues highlighted above demonstrate the lack of performance management and scrutiny of business case development that is currently undertaken, which again is reflective of why the Implementation Plan and business cases are not progressing to sign-off stage so that Government funding can be drawn down.

The Joint Scrutiny Committee has formed, but the Terms of Reference restrict their remit to scrutiny of Regional projects, scrutiny of individual Authority projects are a matter for the relevant Constituent Authorities Scrutiny Committee. This detracts from the Regional approach of the SBCD.

Appendix A – Summary of Meetings/Discussions with Stakeholders

Regional Office

UK & WG Civil Servants: (Head of Regional Growth, UK Government in Wales; Head of Policy, UK Government in Wales; Deputy Director, Head of Cabinet Office, Welsh Government; Deputy Director, Commercial and PPM, Welsh Government; Chief Regional Officer, Mid and South West Wales, Welsh Government; Head of Programme for Government, Welsh Government; Head of City and Growth Deals, (Mid and South West Wales), Welsh Government).

Chair of the Joint Committee (Leader of City and County of Swansea Council)

Director of Place, City and County of Swansea Council

Leader of Pembrokeshire County Council

Chief Executive of Pembrokeshire County Council

Chair of UBMA Health Board

Leader of Neath Port Talbot County and Borough Council

Chief Executive of Neath Port Talbot County and Borough Council

Chair of Joint Scrutiny Committee

Vice Chair of Joint Scrutiny Committee

Chair of Hywel Dda Health Board

Leader of Carmarthenshire County Council

Chief Executive of Carmarthenshire County Council

Chair of the ESB

Registrar and Chief Operating Officer of Swansea University

Pro- Vice Chancellor, University of Wales Trinity St Davids

Monitoring Officer

Section 151 Officer

Appendix B – Summary of Correspondence between the Regional Office and UK & WG (Governments) in relation to the 3 full business case submissions and submissions to the ESB and Joint Committee

Swansea City & Waterfront Digital District Business Case

Date	Action
04/01/18	Draft Business Case sent to Governments
15/02/18	Comments received from Governments
04/04/18	Response to comments and revised business case shared with Governments (advised by RO)
18/05/18	Comments received from Governments
19/07/18	Draft Business Case sent to Governments
05/11/18	Governments sent comments back and stated meeting required to discuss Economic case
08/11/18	Draft Business Case submitted to ESB – full approval given
12/11/18	Regional office acknowledged and agreed requirement for meeting
15/11/18	Governments provided potential dates for meeting
19/11/18	Regional office stated 27/11/18 to be best date for meeting
21/11/18	Response to comments sent to Governments
22/11/18	Joint Committee approved Business Case
26/11/18	Business Case formally submitted to Governments for approval
27/11/18	Meeting held
27/11/18	Governments provided written comments on Economic case
29/11/18	Additional information provided to Governments
21/12/18	Updated Business Case submitted to Governments (though Governments state that original not withdrawn and update does not include Economic case changes)
21/12/18	Further meeting planned for 14/01/19 to discuss

Yr Egin Business Case

Date	Action
15/12/17	Draft Business Case shared with Governments
12/04/18	Comments received from Governments
03/08/18	Draft Business Case sent to Governments
31/10/18	Governments sent comments back
08/11/18	Draft Business Case submitted to ESB – full approval given
22/11/18	Joint Committee approved Business Case
26/11/18	Business Case formally submitted to Governments for approval (Governments state that this was exactly the same as the submission on 03/08/18 with no amendments)

27/11/18	During the meeting on Digital District, Governments state a conversation was had around the Economic Case with David Swallow, and Governments were informed the Business Case had changed since submission to reflect this and to reflect comments provided on 31/10/18 (no e-mail evidence to support this)
03/12/18	Business Case considered by Carmarthen County Council (CCC) Executive Board and agreed it could be submitted to UK and WG (confirmed via CCC website)

Llanelli Life Science & Well-being Village Business Case

Date	Action
15/12/17	Draft Business Case sent to Governments – no financial case included
23/01/18	Draft Business Case resubmitted to Governments with financial case included
08/03/18	Amended Draft Business Case sent to Governments
23/03/18	Review meeting with Governments
13/04/18	Economic case addendum sent to Governments
11/06/18	Review meeting with Governments
15/08/18	Draft Business Case sent to Governments – including table of response to previous feedback
19/10/18	Governments sent comments back (states that this contained specific questions about due diligence which had not been resolved) ¹
08/11/18	Draft Business Case submitted to ESB – full approval given
16/11/18	Response to comments sent to Governments
22/11/18	Joint Committee approved Business Case
26/11/18	Business Case formally submitted to WG for approval
03/12/18	Business Case considered by Carmarthen County Council (CCC) Executive Board and agreed it could be submitted to UK and WG (confirmed via CCC website)

¹ WG state that numerous phone calls/offline discussions about due diligence issues were handled informally (no e-mail evidence to support this)