



REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD

12 APRIL, 2019

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

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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.”