

Dydd Mawrth, 5 Chwefror 2019

*Rydym yn croesawu gohebiaeth yn Gymraeg.
Rhowch wybod i ni os mai Cymraeg yw eich
dewis iaith.*

*We welcome correspondence in Welsh. Please
let us know if your language choice is Welsh.*



Annwyl Cyngorydd,

**Cyfarwyddiaeth y Prif Weithredwr / Chief
Executive's Directorate**

Deialu uniongyrchol / Direct line /:

Gofynnwch am / Ask for: Sarah Daniel, Scrutiny
Officer 01656 643387

Ein cyf / Our ref:

Eich cyf / Your ref:

Dyddiad/Date: Dydd Mercher, 30 Ionawr 2019

PWYLLGOR CRAFFU AR Y CYD CYTUNDEB DINESIG PRIFDDINAS RANBARTH CAERDYDD

Cynhelir Cyfarfod Pwyllgor Craffu Ar Y Cyd Cytundeb Dinesig Prifddinas Ranbarth Caerdydd yn Ty
Beechwood, Parc Beechwood, Heol Christchurch, Casnewydd, NP19 8AJ ar **Dydd Mawrth, 5
Chwefror 2019 am 14:00.**

AGENDA

1. Ymddiheuriadau am absenoldeb
Derbyn ymddiheuriadau am absenoldeb gan Aelodau.
2. Datganiadau o fuddiant
Derbyn datganiadau o ddiddordeb personol a rhagfarnol (os o gwbl) gan Aelodau /
Swyddogion.
3. Cymeradwyaeth Cofnodion 3 - 6
I dderbyn am gymeradwyaeth y Cofnodion cyfarfod y 15/10/2018
4. Diwydiant Lled-ddargludydd Cyfansawdd - Adroddiad Adeilad y Ffowndri 7 - 44
Gwahododdigion:
Kellie Beirne - Cyfarwyddydd Rhaglen
Elizabeth Weale - Cyfreithiwr / Rheolwr Gweithredol
Hazel Duke - Rheolwr Prosiect
Cyng Peter Fox - Aelod Cabinet
5. Cynllun Busnes Cytundeb Gwaith ar y Cyd 45 - 116
Gwahododdigion:
Kellie Beirne - Cyfarwyddydd Rhaglen
Elizabeth Weale - Cyfreithiwr / Rheolwr Gweithredol
Hazel Duke - Rheolwr Prosiect
Cyng Peter Fox - Aelod Cabinet

Yn ddifffuant

K Watson

Pennaeth Gwasanaethau Cyfreithiol a Rheoleiddiol

Dosbarthiad:

Cynghowrwyr

V Bailey

JPD Blundell

P Edwards

P Jones

Cynghorwyr

R Patel

P Pavia

M Rahman

J Ridgewell

Cynghorwyr

D Roberts

G Thomas

PWYLLGOR CRAFFU AR Y CYD CYTUNDEB DINESIG PRIFDDINAS RANBARTH CAERDYDD - DYDD LLUN, 15 HYDREF 2018

COFNODION CYFARFOD Y PWYLLGOR CRAFFU AR Y CYD CYTUNDEB DINESIG PRIFDDINAS RANBARTH CAERDYDD A GYNHALIWYD YN SIAMBR Y CYNGOR - SWYDDFEYDD DINESIG, STRYD YR ANGEL, PEN-Y-BONT AR OGWR CF31 4WB DYDD LLUN, 15 HYDREF 2018, AM 14:30

Presennol

Y Cynghorydd JPD Blundell – Cadeirydd

V Bailey
M Rahman

P Jones
J Ridgewell

R Patel
D Roberts

P Pavia
G Thomas

Ymddiheuriadau am Absenoldeb

P Edwards

Swyddogion:

Kellie Beirne	Cyfarwyddyd Rhaglen
Sarah Daniel	Swyddog Gwasanaethau Democrataidd - Craffu
Mark Galvin	Uwch Swyddog Gwasanaethau Democrataidd - Pwyllgorau
Michael Pitman	Prentys Busnes Gweinyddol Gwasanaethau Democrataidd
Hrjinder Singh	Swyddog Cyllid Cytundeb Dinesig
Elizabeth Weale	Swyddog Cyfreithiol Cytundeb Dinesig

1. ETHOL CADEIRYDD

Yn unol â'r cylch gorchwyl awgrymedig ar gyfer Cyd-Bwyllgor Trosolwg a Chraffu (JOSC) Bargaen Ddinesig Prifddinas-Ranbarth Caerdydd (CCRCD) fel yr amlinellir yn Atodiad A i'r adroddiad, ynghylch y fethodoleg awgrymedig ar gyfer ethol Cadeirydd, cytunwyd y dylid ethol y Cynghorydd Philip Edwards, Cyngor Blaenau Gwent i'r safle hwn am y flwyddyn ddilynol.

Yn absenoldeb y Cynghorydd Edwards cytunwyd y dylid penodi'r Cynghorydd Jon-Paul Blundell fel Cadeirydd ar gyfer y cyfarfod.

Cadeiriodd y Cynghorydd Blundell y cyfarfod.

2. ETHOL IS-GADEIRYDD

Yn unol â'r broses uchod, cytunwyd y dylid ethol y Cynghorydd Jon-Paul Blundell, Aelod Etholedig dros Gyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr fel Is-gadeirydd am y flwyddyn ddilynol.

3. YMDDIHEURIADAU AM ABSENOLDEB

Derbyniwyd ymddiheuriadau am absenoldeb gan y Cynghorydd Philip Edwards, Aelod Etholedig dros Flaenau Gwent

4. DATGAN BUDDIANT

Dim

5. CYLCH GORCHWYL DRAFFT

Cyflwynodd Pennaeth Gwasanaethau Democrataidd, Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr adroddiad, a'i bwrpas oedd cyflwyno Cylch Gorchwyl drafft y JOSC fel y'i drafftwyd gan Gyd-Gabinet CCRCD i'w ystyried a'i gymeradwyo.

Drwy wybodaeth gefndirol, mae Cytundeb Cydweithio CCRCD yn datgan y dylai Cyngorau gydweithio i greu a chytuno ar gylch gorchwyl ar gyfer, i'r graddau a ganiateir gan y gyfraith, Cyd-bwyllgor Archwilio a JOSC a sut y darperir yr adnoddau a'r arian ar gyfer y rhain.

O ran y sefyllfa bresennol, cyflwynwyd y Cylch Gorchwyl drafft i Bwyllgor Trosolwg a Chraffu a chyfarfodydd Cyngor perthnasol bob un o'r deg awdurdod lleol er gwybodaeth cyn ei gyflwyno i'r JOSC ei ystyried a chymeradwyo.

Atodwyd Cylch Gorchwyl drafft y JOSC yn Atodiad A (tudalen 7) er gwybodaeth ac ystyriaeth gan y JOSC.

Roedd Atodiad A hefyd yn cynnwys gwybodaeth mewn perthynas â'r canlynol:

- Aelodau'r Cyd-bwyllgor Craffu
- Gofynion cworwm
- Proses ar gyfer ethol Cadeirydd ac Is-gadeirydd (y JOSC)
- Rheolau Gweithdrefn
- Ymddygiad Aelodau
- Datganiadau o Fuddiant
- Gwybodaeth Gyfrinachol ac Eithriedig/Mynediad at Wybodaeth
- Materion Gonestrwydd a Thryloywder
- Swyddogaethau i'w harfer gan y Cyd-bwyllgor Craffu
- Hyd y Cyd-graffu
- Tynnu'n ôl (gan unrhyw un o'r Awdurdodau sy'n cymryd rhan o'r trefniadau Cyd-graffu)

Yna, cyfeiriodd y Swyddog Craffu at oblygiadau ariannol yr adroddiad fel y'i nodir ym mharagraff 10. (tudalen 4) o'r adroddiad, ac yn dilyn hynny rhoddodd grynodedb o oblygiadau cyfreithiol yr adroddiad a roddai sylw arbennig i sut y cafodd y Cylch Gorchwyl ar gyfer y JOSC ei baratoi, h.y. ar y cyd â gofynion Rheoliadau Awdurdodau Lleol (Cyd-bwyllgorau Trosolwg a Chraffu) (Cymru) 2013, ac yn fwy cyffredinol darpariaethau Rheoliadau a Chanllawiau Statudol 2013, fel y cyhoeddwyd hwy.

Yn olaf cyfeiriodd y Swyddog Craffu at baragraff 12 o'r adroddiad, a'r rhesymau dros argymhellion yr adroddiad, sef sefydlu Cylch Gorchwyl ffurfiol ar gyfer y JOSC yn unol â gofynion y Cydgytundeb Gwaith.

Yn dilyn ystyriaeth o'r adroddiad gan Aelodau,

PENDERFYNWYD:

Bod y JOSC wedi ystyried a chymeradwyo Cylch Gorchwyl y Cyd-bwyllgor Trosolwg a Chraffu newydd a oedd wedi'i gynnwys yn Atodiad A i'r adroddiad.

6. BLAENRAGLEN WAITH (FWP), HYFFORDDIANT AC AMSERLEN CYFARFODYDD

Cyflwynodd Pennaeth Gwasanaethau Democrataidd, Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr, adroddiad, a'i bwrpas oedd

- a) Datblygu Blaenraglen Waith o eitemau i'w blaenoriaethu ac ystyried yn y dyfodol gan y Cyd-bwyllgor Trosolwg a Chraffu (JOSC);
- b) Gofyn i'r JOSC adnabod unrhyw wahoddedigion i fynychu cyfarfodydd yn y dyfodol er mwyn cyfrannu at drafodaethau ac ystyriaethau;
- c) Adnabod unrhyw ofynion hyfforddiant sy'n ofynnol gan y JOSC a;
- d) Datblygu amserlen o gyfarfodydd y JOSC; gan gynnwys amseroedd cyfarfodydd a ffafir.

Dywedodd y Swyddog Craffu wrth Aelodau mai bwriad y FWP fyddai iddi aros yn hyblyg ac ailedrych arni ym mhob cyfarfod JOSC gyda mewnbwn gan Aelodau a Swyddogion ynglŷn â phynciau awgrymedig i'w hystyried.

Gofynnir i'r JOSC ystyried a phenderfynu yn gyntaf pa eitemau y mae'n dymuno eu trafod mewn cyfarfodydd JOSC yn y dyfodol a pha fanylion eraill yr hoffai i'r adroddiad eu cynnwys; pa gwestiynau y mae'n dymuno i'r swyddogion fynd i'r afael â nhw a pha wahoddedigion y mae'n ei awgrymu iddynt fynychu'r cyfarfod hwn i gynorthwyo Aelodau gyda'u hymchwiliad. Dangoswyd rhai eitemau i'w hystyried yn y dyfodol ym mharagraff 4 o'r adroddiad.

Ychwanegodd y Swyddog Craffu ei bod hi'n agored hefyd i Aelodau ystyried faint o eitemau agenda y maent yn dymuno eu rhestru ar gyfer cyfarfodydd yn y dyfodol. Ychwanegodd fod Pwyllgorau Trosolwg a Chraffu ym Mhen-y-bont ar Ogwr fel arfer yn ystyried un brif eitem agenda ym mhob cyfarfod.

Yn Atodiad A i'r adroddiad roedd ffurflen Meini Prawf Craffu y gall Aelodau ei defnyddio i gynnig eitemau eraill ar gyfer yr FWP, y gall y Pwyllgor yna ystyried rhoi blaenoriaeth iddynt mewn cyfarfod yn y dyfodol. Felly, os nad oedd gan Aelodau unrhyw beth mewn golwg ar hyn o bryd, gallent gwblhau'r ffurflen uchod a'i hanfon drwy e-bost at yr Adran Graffu ym Mhen-y-bont ar Ogwr.

Aeth y Swyddog Craffu yn ei blaen gan ddweud, er mwyn cynorthwyo Aelodau gyda'u rôl fel Aelodau JOSC fod angen iddynt ystyried unrhyw ofynion hyfforddiant sydd ganddynt mewn perthynas â'r CCRCD. O hyn, gall y Swyddogion Craffu yna ddatblygu amserlen hyfforddiant ar gyfer Aelodau JOSC a fydd yn parhau'n hyblyg ac yn cael ei chyflwyno ym mhob cyfarfod i'w hystyried a'i hamserlennu.

Er y cytunwyd yn y gorffennol mai Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr sydd i weithredu fel yr awdurdod lleol sy'n gyfrifol am weinyddu cyfarfodydd JOSC CCRCD, gofynnir i Aelodau ystyried lleoliad cyfarfodydd y JOSC yn y dyfodol, gan gymryd i ystyriaeth bod holl gyfarfodydd y JOSC i'w cynnal yn gyhoeddus. Efallai y dymuna'r Aelodau ystyried yr opsiwn o gynnal pob cyfarfod JOSC ar safle'r awdurdod lleol sy'n gyfrifol am weinyddu neu gallai'r deg awdurdod lleol sy'n rhan o'r JOSC gynnal y cyfarfodydd yn eu tro.

Wrth ystyried cyfarfodydd yn y dyfodol, gofynnwyd hefyd i'r JOSC ystyried pa mor aml y dylid cynnal y cyfarfodydd a pha amseroedd sydd orau ar gyfer eu cynnal, i sicrhau bod cymaint o Aelodau yn bresennol ym mhob cyfarfod ag sy'n bosibl.

Dywedodd y Swyddog Craffu y byddai, yn dilyn y cyfarfod, yn anfon copïau i aelodau o'r cyflwyniad hyfforddiant y cawsant yn gynharach yn ogystal â ffurflenni yr oedd y Swyddog Craffu wedi gofyn iddynt eu cwblhau a'u dychwelyd iddi, gyda phynciau y

dymuna aelodau dderbyn hyfforddiant arnynt ac eitemau y maent yn dymuno eu gweld ar y Flaenraglen Waith.

Yna rhoddodd Aelodau farn ar gynnwys yr adroddiad, ac yn dilyn hynny daethant i'r casgliadau canlynol:

Casgliadau:

Amserlen cyfarfodydd

- Cytunodd Aelodau y dylai'r awdurdodau lleol sy'n rhan o'r Cydgytundeb Gwaith gymryd eu tro i gynnal cyfarfodydd o'r JOSC yn y dyfodol i alluogi aelodau i ennill gwell dealltwriaeth o bob ardal sy'n rhan o'r CCRCD.
- Swyddog Craffu i anfon adroddiad holiadur o amseroedd cyfarfodydd at Aelodau o'r JOSC i benderfynu pa amseroedd fyddai orau ar gyfer cynnal cyfarfodydd o'r JOSC.
- Cyfarfod nesaf o'r JOSC i'w gynnal ym mis Ionawr/Chwefror 2019
- Gofynnodd Aelodau pe bai'n bosibl edrych ar gyllid ar gyfer y JOSC i sicrhau bod cyllideb ddigonol yn ei lle i alluogi aelodau i gael hyfforddiant perthnasol a dod o hyd i dystion arbenigol i fynychu cyfarfodydd o'r JOSC

Gofynion Hyfforddiant

- Roedd Aelodau yn teimlo bod yr hyfforddiant a gawsant ar lefel uchel ac yn gymhleth a bod angen i hyfforddiant yn y dyfodol gael ei symleiddio i helpu bob aelod i ddeall buddion a goblygiadau cost y CCRCD.
- Cytunodd Aelodau i ailedrych ar y cyflwyniad hyfforddiant a gawsant ac anfon manylion am eu hanghenion hyfforddiant at y swyddog craffu

Datblygu'r Flaenraglen Waith

- Gofynnodd aelodau hefyd pe bai'n bosibl ystyried cyfle i ymweld â safle'r lled-ddargludydd yng Nghasnewydd yn ystod y cyfarfod nesaf
- Cytunodd Aelodau y dylid cyflwyno cynlluniau Busnes CCRCD yn y cyfarfod nesaf
- Roedd gan Aelodau ddiddordeb mewn trafod yr eitemau canlynol mewn cyfarfodydd o'r JOSC yn y dyfodol:
 - Lled-ddargludydd
 - Dealltwriaeth o System Fetro De Cymru a beth mae'n ei golygu i bob ardal
 - Sesiynau briffio ar yr holl brosiectau arfaethedig.

Gorffennodd y cyfarfod am 3.22pm

Daeth y cyfarfod i ben am 15:22



CARDIFF CAPITAL REGION CITY DEAL JOINT OVERVIEW AND SCRUTINY COMMITTEE

SCRUTINY MEETING: 5 FEBRUARY 2019

CSC FOUNDRY BUILDING REPORT

REPORT OF CARDIFF CAPITAL REGION CSC PROJECT MANAGER

AGENDA ITEM: 4

Reason for this Report

1. To update Joint Scrutiny on the Compound Semiconductor Project ('CSC Project')

Background

2. At meetings of the Regional Cabinet on the 2nd May 2017 and 14th July 2017, decisions were made to invest in the CSC Project.
3. Details of the CSC Project are set out in the attached copy of the CSC report of the 2.5.18, to which members are referred. The appendices to the report are not attached as these documents were exempt from publication for the reasons stated. On 2.5.18, the Regional Cabinet made the following decision:

Subject to:-

- (i) Compliance with the conditions contained in the external specialist advice contained in the confidential appendices to the main report,
- (ii) Reaching agreement as to the Heads of Terms referred to in Paragraphs a) and c) below,
- (iii) The matters referred to in Paragraph 10.3 of the confidential Appendix 6(a) (The Compound Semiconductor Project Proposal) being resolved, and

Noting that:-

- 1) as regards one of the matters referred to Paragraph 10.3 of the confidential Appendix 6(a) (The Compound Semiconductor Project Proposal), Rhondda Cynon Taf County Borough Council (RCT) has agreed, in principle, to provide bridging finance for cash flow purposes as set out in Paragraph 31 of the report, through the

most viable and cost effective mechanism and in the best interest of RCT and the wider City Deal constituent Councils at that time and in line with RCT's Treasury Management Strategy.

AGREED; that the Cardiff Capital Region Joint Cabinet:

Support the development of a Compound Semiconductor Industry Cluster in the region by establishing an anchor space in the region for high end production and manufacturing by:

- a) Entering initially into a Heads of Terms agreement with Welsh Government and subsequently negotiate the purchase of a specific facility;
- b) In accordance with section 2.4 of the JWA, commit £38.4m of the HMT Contribution to the Wider Investment Fund for landlord works to the facility referred to in Paragraph a), building fit-out, ancillary works and associated management and supervision costs;
- c) Entering initially into a Heads of Terms agreement for an eleven-year lease, and subsequently granting a lease (of the facility referred to in Paragraph a) to the proposed lessee, with an in-built stair-cased rental profile and flexible Option to Purchase;
- d) To allow the head lessee, to enter into a sub-lease arrangement; and
- e) To make a direct award for the development and fit-out of the facility.

As such, Recommendations a) to e) are further detailed in the report and confidential appendices to the report.

It was further **RESOLVED**:

- f) In principle to establish a Special Purpose Vehicle to implement the proposal, the detailed arrangements of which will be the subject of a further report to the Regional Cabinet for approval;
- g) Prior to a Special Purpose Vehicle being established, to agree that for the purposes of continuity, Monmouthshire County Council continues to act as lead Authority to progress this matter; and
- h) That approval of this proposal requires amendment to the Annual Business Plan 2017-2018; this amendment is approved and will be reported back to the next meeting of the Regional Cabinet for noting.

- 4. In line with the above decision and subsequent decisions taken on 14.7.17, the CSC project proceeded. In September 2017 a special purpose vehicle named, CSC Foundry Ltd. was created and the site was leased to the proposed lessee, with all appropriate legal agreements put in place in line with the decisions of the Regional Cabinet. Monmouthshire County Council continued to provide support as Lead Authority.
- 5. Although the building purchased (the former LG P&T building at Celtic Way, Enterprise Park), was in excellent condition considering its age and history at the start of the project, significant remedial works needed to be undertaken. The work on-site to repair and update the building and build clean rooms has created work for more than 80 construction workers per week on average since the project broke ground. It has also created opportunities for several apprentices. Around three quarters of the hours on site have been contracted to firms with a base within the Cardiff Capital Region.

6. Development of the IQE facility on-site has proceeded well within the tolerances outlined in the legal agreements. The facility now has a number of clean rooms and ancillary spaces completed and a number of staff have commenced work at the site. Recruitment to the site is going well with almost 80% of the new recruits coming from within the Cardiff Capital Region.
7. In line with the economic development aims for the Region, the cluster expansion has also started to take place. It was confirmed in early January that the CSA Catapult will be joining the cluster, anticipated to come online this year. The Catapult team have already begun recruiting PhDs for the facility. The Catapult brings with it around £50M of investment from central government via Innovate UK, which will be used to create state of the art R&D facilities and collaborative opportunities for the cluster.

Reason for Recommendations

Legal Implications (including Equality Impact Assessment where appropriate)

8. The legal advice in respect of the CSC project was set out in the respective reports to Regional Cabinet of 2.5.17 and 14.7.17 , listed in the background papers

NAME OF DIRECTOR: KELLY BEIRNE

Title PROGRAMME DIRECTOR

Date 5 FEBRUARY 2019

The following Appendices are attached:-

‘Agenda Item 5 Compound Semi Conductor Project Proposal Report’ - copy of the CSC report to Regional Cabinet of the 2.5.18 as referenced at para. 3

‘2017 Site Photos’ - PowerPoint

‘An Overview of the Compound Semiconductor (CSC) Project and wider Cluster opportunities’ – PowerPoint

The following background papers have been taken into account:-

1 Cardiff Capital Region Cabinet meeting **14.7.18** - Cardiff Capital Region Compound Semiconductor Project – Special Purpose Vehicle Report

2 Cardiff Capital Region Cabinet meeting **14.7.18** - Cardiff Capital Region Compound Semiconductor Project – Update on Outstanding Matters

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CARDIFF CAPITAL REGION CABINET

CABINET MEETING 02 May 2017

THE COMPOUND SEMICONDUCTOR PROJECT PROPOSAL

REPORT OF CARDIFF CAPITAL REGION PROGRAMME DIRECTOR

AGENDA ITEM: 5

Appendices 1, 2, 3a, 3b, 4, 5a, 5b, 6a, 6b, and 7 of this report are exempt from publication because they contain information of the kind described in paragraphs 14 and 21 of parts 4 and 5 of Schedule 12A to the Local Government Act 1972.

Reason for this Report

1. To present the Regional Cabinet with a proposal received from the private sector to invest funding from the Wider Investment Fund to support the development of a Compound Semiconductor Industry Cluster in the region by establishing an anchor space in the region for high end production and manufacturing.
2. To provide the Regional Cabinet with information, advise and analysis of the proposal to enable it to decide on this investment proposal.
3. To explain to the Regional Cabinet why the proposal would require the creation of a Special Purpose Vehicle to acquire a site and undertake associated works.

Background

4. The Cardiff Capital Region City Deal Document (Heads of Terms) included the following commitments to:
 - ***“Transform the UK’s capability and help position Cardiff as the European leader in Compound Semiconductor applications, the UK Government will invest £50million to establish a new Catapult in Wales. This new Catapult will complement the work of other organisations in Wales who are already working in this important area, including the Compound Semiconductor Institute at Cardiff University and the Compound Semiconductor Centre, a joint venture between Cardiff University and IQE;***
 - ***Recognising this opportunity, the Cardiff Capital Region will prioritise interventions that support the development of an internationally-competitive Compound Semi-Conductor cluster. Local partners believe that this will put the UK at the heart of an emerging global growth technology;***
 - ***Accelerate the growth of innovation and facilitate investment in research and development, the Cardiff Capital Region will seek to prioritise:***
 - o ***Mechanisms to support high growth sectors;***
 - o ***The development of new facilities and employment sites;***
 - o ***Investment in intellectual property creation and commercialisation;***
 - o ***Adding value and complimenting existing innovation support.”***

5. The Cardiff Capital Region City Deal Implementation Plan 2016-2020, adopted by all 10 authorities as part of the Joint Working Agreement, included:

T2.5 /2 Developing an Internationally Competitive Compound Semiconductor Cluster

Accelerate growth of innovation by:

- Establishing an anchor space in the region for high end production and manufacturing in 2017/18.
6. The objective of these commitments is to create a complete compound semiconductor eco-system in South Wales to take advantage of the growing prominence of compound semiconductor technology. This requires the development and integration of a compound semiconductor supply chain in South Wales, with the economic and social benefits that will bring.
 7. The benefits of clusters are well understood, with Silicon Valley in the US being a prime example. Indeed, there are semi-conductor clusters across Europe, namely Eindhoven, Dresden, Leuven and Grenoble. However, these are based on silicon technology, hence this is a unique opportunity for Wales to establish the world's first compound semiconductor cluster and establish itself at the forefront of compound semi-conductor technology globally.
 8. The cluster would build on existing investment into this technology by Cardiff University, IQE Plc, and Welsh Government. It would see a complete eco-system for the compound semi-conductor market in South Wales, allowing full movement from research through to production and commercialisation. The establishment of a UK Government funded Catapult at the proposed site would further enhance the reputation of the cluster.
 9. A proposal has been received from the private sector to invest £37.9m funding from the Wider Investment Fund to support the development of a Compound Semiconductor Industry Cluster in the region by establishing an anchor space for high end production and manufacturing. It is proposed that this investment would be repaid, over an agreed period of time, by means of leasing and resale of the property, the detail is attached as **Appendix 1**.
 10. As this proposal supports the Regional Cabinet's aspiration to support innovation and specifically helping to develop an internationally competitive compound semiconductor cluster the Cardiff Capital Region Programme Board (CCRPB) approved the proposal going forward for full assessment. It was agreed that Monmouthshire and Rhondda Cynon Taf Councils would lead on the assessment work.

Assessment

11. As part of the assessment process several specialist independent reviews have been undertaken or commissioned.
12. External legal advice has been procured from Pinsent Masons and contained in **Appendix 2**.
13. External property advice has been commissioned from JLL and contained in **Appendices 3(a) and 3(b)**.

14. An external due diligence report including an economic impact assessment has been commissioned from KPMG and is contained in **Appendix 4**.
15. External advice has been sought from Pinsent Masons and KPMG in relation to delivery options and this is contained in **Appendices 5(a)** and **5(b)**.

Cardiff Capital Region Programme Board Observations

16. The CCRPB have met twice to review the proposal, at those meetings they acknowledged that the City Deal Assessment Toolkit is still being developed and the Advisory Bodies are yet to be put in place, however, due to time constraints the proposal requires a decision to be made.
17. The CCRPB have reviewed the proposal and the specialist independent reviews and have formed the views listed below:

17.1 The proposal has the potential to:

- Create the environment for the successful development of a CSC cluster that could generate 4,000-5,000 jobs;
- Directly create and safeguard over 2,400 well paid jobs in the region;
- Provide a positive ratio of £1 public funding to £9.90 of private sector investment.

17.2 The proposal is structured to maximise the potential for the £37.9m to be repaid over an agreed period of time.

17.3 The proposal represents value for money and can comply with the HMT 5 Case Business Model requirements.

17.4 The proposal is legal and state aid compliant.

17.5 The proposal meets the terms of the Joint Working Agreement and the Assurance Framework.

17.6 The risk related to this proposal is medium / low with the probability of moderate implication being “unlikely” to “very unlikely”.

17.7 To effectively implement this proposal there is a requirement for the Joint Cabinet to establish a Special Purpose Vehicle.

18. On the basis of the above views, in accordance with 3.10 of the Assurance Framework, the CCRPB recommendation to the Regional Cabinet is:

The proposal should be recommended to the Regional Cabinet for support via the Wider Investment Fund.

19. The full observations of the CCRPB are contained in **Appendix 7**.

Summary of Proposal

20. That the Regional Cabinet establish an anchor space in the region for high end production and manufacturing to assist in the establishment of a Compound Semiconductor Industry Cluster, by:
- acquiring suitable premises;
 - entering into a development agreement to fit out the premises; and
 - entering into an agreement to lease the premises with an option for the lessee to acquire the freehold at a future date.
21. To enable this proposal to proceed to establish a Special Purpose Vehicle (SPV).
22. The full updated proposal is contained in **Appendix 6**, including a Risk Register.

Financial Implications

23. *(to follow)*
- (received and inserted 26th April 2017)
24. The ten partnering Councils approved the Cardiff Capital Region City Deal (CCRCD) Wider Investment Fund (WIF) totalling £495 million, consisting of £375 million grant from HM Treasury, passported via Welsh Government over the next 20 years. The remaining £120 million will be contributed by the ten partnering councils based on their respective population base and is currently modelled as being 100% capital in nature. The latter will become available once the JWA Business Plan is approved by all ten partner Councils. This constitutes the 'Reserved Matter' and is scheduled to be discharged no later than the 28th February 2018.
25. In order to drawdown the £375 million, Regional Cabinet must first discharge the 'Condition Subsequent' by approving the funding terms and conditions. The funding terms and conditions outline that £10 million per year of revenue funding will be provided from 2016/17 through to 2020/21 i.e. £50 million in total. The first two tranches of grant totalling £20 million will be paid no later than 30th September 2017, although Welsh Government are considering a request made by the project for this cash to be released by the 1st June 2017.
26. At its meeting of the 17th March 2017, Regional Cabinet approved that £742,500 be set aside in 2017/18 to meet the costs associated with (1) Regional Bodies and (2) Programme Development and Support.
27. The attached report seeks approval of £38.4 million (£37.9 million investment ask plus £0.5 million to agree the SPV programme management budget for the first two years) from the Wider Investment Fund, to support a request for investment funding ahead of the Joint Working Agreement (JWA) Business Plan being prepared and considered for approval by the ten partnering Councils.
28. Clause 2.4 of the Joint Working Agreement (JWA) provides that up to £50 million may be committed from the HM Treasury Contribution on 'Initial Project Investments' pursuant to the terms of the Assurance Framework and Annual Business Plan.

29. The Annual Business Plan has been prepared and presented to Regional Cabinet for consideration and approval at its meeting of the 2nd May 2017 – Agenda Item 4. This report is prepared on the basis that the Annual Business Plan is duly approved by Regional Cabinet.
30. The 'Total Costs' outlined for the project amount to £38.4 million and are scheduled to be paid on a quarterly basis from around June 2017 to 31st March 2019. This excludes the cost (£2 million) of acquiring the building from Welsh Government as it is anticipated, that subject to the Cabinet Secretary's approval, this sum will represent Welsh Government support towards the project. If approval is not secured, then the total investment cost will increase by this amount, albeit the costs will be met from the receipt generated by a future sale of the site.
31. Whilst Welsh Government are yet to confirm the exact timing for releasing the 2016/17 and 2017/18 grant monies, it is anticipated that a shortfall in cashflow will arise in both 2017/18 (circa £7.1 million) and in 2018/19 (circa £2.8 million). If Welsh Government are unable to meet the June 2017 date, then the short-term borrowing requirement will increase further. The proposal outlines the need to identify one or more councils to make available a temporary bridging loan to meet the cashflow requirements associated with the project's required investment profile. Therefore once approved, Recommendation B will be subject to the nominated Authority / Authorities budget framework approval processes and timescales for securing the same.
32. If the request for investment funding is approved, then Regional Cabinet should note that it will be committing just under 76.8% of the HM Treasury contribution due over the first five years to 2020/21. Furthermore, if Regional Cabinet decide to commit similar sums in respect of Regional Bodies and Programme Development and Support, then this will represent a further commitment of 5.9% over the remaining funding term to 2020/21. Therefore, the amount available to support other schemes will be greatly reduced over this period and will be largely dependent on funding from the Council contributions.
33. Furthermore, the scope for approving new revenue based projects will amount to around £8.63 million or 17.3% and be available in Year 5 only, and is likely to result in partnering councils having to consider whether a proportion of their respective capital allocations may now need to be provided as revenue. Whilst this would reduce the total cost of their contributions, it could have a disproportionate impact on the annual affordability cost approved as part of the affordability envelope. An alternative would be to approach Welsh Government / HM Treasury and request that an element of capital funding from Year 6 is provided as revenue.
34. The 'Project Proposal' is attached at Appendix 1 and is supplemented by the work carried out by a number of specialist advisors as detailed in paragraphs 11 to 15, with the advisors final reports attached as confidential appendices. Regional Cabinet should satisfy themselves that the format and detail of information referred to above complies with the requirements of its Assurance Framework.
35. The reports represent a substantial amount of complex technical, legal and financial information and therefore it is imperative that Regional Cabinet are given sufficient time to read and understand the advice given, as well as having the opportunity to raise any clarifications deemed appropriate. In particular, Regional Cabinet should note any key assumptions listed within the reports and be mindful of any caveats outlined. Equally important is the need to ensure that any risks identified (and the

associated mitigation measures) are fully understood, accepted and arrangements for their ongoing review and management are in place. Furthermore, Regional Cabinet should be confident that any residual issues outlined at this time are clearly articulated, and are capable of being resolved within the parameters e.g. cost estimates etc., before entering into a legally binding commitment.

36. The Assurance Framework forms Schedule 8 of the JWA and was formally approved on the 1st March 2017. Schedule 2 of the JWA (Joint Committee Terms of Reference), states:

“Agree the detail of the decision-making process and assessments (as referred to in the Assurance Framework and where yet to be completed) prior to Joint Cabinet considering individual projects.”

37. The detailed decision-making processes and assessments will be developed in parallel with the timescales for finalising the JWA Business Plan. However, as an interim measure, the Programme Management Office (PMO) has developed a ‘Candidate Scheme Observation Record’ which will capture and reflect the consensus views of Programme Board. To assist Programme Board in formulating their individual views, PMO have also developed and populated an ‘Assessment Against 5 Case Business Model Requirements’, based on the information available at this time.
38. Cardiff Capital Region Programme Board observations are attached at Appendix 7 and summarises the Board's view of the extent to which the Project Proposal has met the requirements outlined above.

Structure of the deal and Financial Standing

39. In addition, Regional Cabinet should be satisfied that the Project Proposal and related advice adequately covers the following key financial and commercial points:
- Matters pertaining to the financial standing and creditworthiness of the applicant at this time. Furthermore, that the forecasted performance of the applicant over the period of the proposal remains within an acceptable range, given the level of investment planned;
 - That the applicant remains incentivised at all times to manage costs and ensure that works are completed on time and within budget;
 - The Project Proposal is structured in a way which ensures the transfer of risk associated with delays and/or costs over-runs to the applicant;
 - That agreed benefits are realised and that all rental income due to Council's SPV is received as expected;
 - All income and costs in relation to the Catapult are appropriately reflected within the terms of the proposal and where appropriate reflected within the level of investment being sought;
 - That Parent Company Guarantee provided will be enforceable and provides the required level of security, given the planned scale of investment;
 - An assessment of the ‘opportunity cost’ forgone in approving this request for investment versus over any other proposal or opportunity available;
 - Regional Cabinet need to be satisfied with the advice provided in relation to the deal needing to be structured as an operating lease and therefore being accounted for as being off-balance sheet;

- Matters relating to the funding terms and conditions, including but not limited to State Aid, Procurement, the purposes etc;
 - An assessment of VAT, SDLT and wider taxation implications in respect of the proposed delivery vehicle;
 - That the proposal is ultimately affordable and represents value for money.
40. The report seeks approval to create a Special Purpose Vehicle (SPV) through which all approved investment monies will flow. Legal advice on Regional Cabinet's powers in this regard is attached at Appendix 5a. Setting-up and managing the day to day operations of the SPV will give rise to budgetary implications, for example legal costs associated with constituting and registering the SPV, the need to discharge financial and administrative duties etc. In addition, costs associated with taking forward the project's next steps i.e. Implementation Plan, ongoing contract monitoring and evaluation arrangements, including landlord obligations. Regional Cabinet should satisfy itself that the costs identified within the Financial Case are sufficient to meet the above.
41. These financial implications were written ahead of all external advice being finalised and may require to be supplemented once the Authority has had sight of the final advice reports.

Legal Implications

42. *(to follow)*

(received and inserted 26th April 2017)

43. The legal advice in respect of the Compound Semiconductor Project Proposals ('the Project') has been provided by external lawyers Pinsent Masons and Members are referred to that advice set out in the confidential appendices to the report.
44. As will be seen from the body of the report, the Project has had the benefit of taking external advice from a number of advisers; KPMG, JLL, GVA, Pinsent and a QC, which recognise the exciting potential of the proposals. In looking at the external advice, please note, however, that each advice:-
- (a) is based on a number of assumptions and
 - (b) contain caveats which serve to limit the advice
45. Whilst it is not unusual for external advice to be based on assumptions and to contain caveats, it is important that the decision makers are satisfied as to the robustness of the assumptions made and, as regards any caveats, the resulting limitation on the advice given.
46. From the report it can be seen that the investment required is of significant magnitude. As with any decision, Members will need to be satisfied that they have before them all material information and have had appropriate time to consider matters and raise any queries they may have, so that a reasonable and informed decision may be made.
47. In considering this matter Members should be mindful of the WG funding conditions (see previous report which sets out advice on the terms and conditions attaching to the funding) and the Authorities potential liabilities if found to have breached the WG funding conditions - in terms of both claw back and jeopardising

future funding if the CCRCD fails to pass a gateway review because of such a breach. Here the position as regards compliance with all legislation, including procurement and state aid are key issues (please see the external advice for the detailed legal advice on these matters).

48. The Joint Working agreement provides powers to the Joint Cabinet to make Initial project investment decisions (authorised to commit up to £50 000 000 of the HMT contribution) on projects approved pursuant to (i) the terms of the Assurance framework and the (ii) Annual Business Plan. It is therefore important that the decision makers are content that point (i) and (ii) are satisfied before making the decision in respect of the Project.
49. The proposal involves expenditure of monies in excess of the HMT contribution that will have been received by the date the proposed expenditure is required. The question therefore arises how such shortfall in funding is being met? The intention of the JWA is clear that it is only the HMT contribution (up to £50 million) that can be committed ahead of the JWA business Plan being approved. At the time of writing these legal implications it is understood that it is proposed that one local Authority would take the lead and use its prudential borrowing powers to borrow the shortfall in funding required and subsequently be repaid from future tranches of HMT funding, once received. The condition to proceed with the Project will need to be conditional on such Authority making a decision to prudentially borrow the monies required and with the 9 remaining Authorities agreeing to enter into an appropriately worded agreement (back to back agreement) whereby they commit to make good their share of such funding, if for any reason future year HMT contribution is not received.
50. As will be appreciated the JWA Business Plan has yet to be agreed .The decision to approve the JWA Business Plan is a matter reserved to each Council and as a consequence there is a risk that the JWA Business Plan may not be agreed as we simply do not know what each council may decide. It should be appreciated that if the JWA Business Plan is not approved, the authorities will still be left with meeting the costs of the current Project to the extent that HMT funding does not cover the same or if, for whatever reason, the HMT funding is reclaimed or future years funding stopped. This point is further addressed in the Business Case at paragraph 4.12, which is understood to reflect the external legal advice received.
51. The external advice makes a number of recommendations in terms of conditions that should be attached to the proposed transaction, should a decision be taken to proceed. To point out the obvious these conditions should be applied if a decision is made to progress the Project.
52. These legal implication were written ahead of all external legal advice being finalised and may require to be supplemented once the Authority has had sight of the final advices.
53. In this case it is understood that there has been no consultation with stakeholders as regards the proposal, which may be a point of criticism that such stakeholders may raise
54. In considering this matter, regard should be had, amongst other matters, to:
 - (i) The Councils' duties under the Well-being of Future Generations (Wales) Act 2015 and;

- (ii) Public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are: a. Age; b. Gender reassignment; c. Sex; d. Race – including ethnic or national origin, colour or nationality; e. Disability; f. Pregnancy and maternity; g. Marriage and civil partnership; h. Sexual orientation; i. Religion or belief – including lack of belief.

Equalities Impact Assessment.

55. Included above.

Reasons for Recommendations

56. To support the development of a Compound Semiconductor Industry Cluster in the region and in accordance with the Cardiff Capital Region Wider Investment Fund Assurance Framework provide the views of the Cardiff Capital Region Programme Board (contained in **Appendix 7**) in supporting this proposal.

RECOMMENDATIONS

Subject to the agreement of terms for the purchase of the specific facility:

- a) To enter into a Heads of Terms agreement for the purchase of a specific facility with finalisation of the transaction delayed until such time as the property is sold-on or at the cessation of the lease;
- b) In accordance with section 2.4 of the JWA, commit £37.9m of the HMT Contribution to the Wider Investment Fund for landlord works, building fit-out and ancillary works;
- c) To enter into a Heads of Terms agreement for an eleven-year lease, with an in-built stair-cased rental profile and flexible Option to Purchase;
- d) To support a further Heads of Terms that allows the head lessee, to enter into a sub-lease arrangement;
- e) To make a direct award for the development and fit-out of the facility;
- f) Establish a Special Purpose Vehicle to implement the proposal, the detail of which will be the subject of a further report.
- g) Prior to a Special Purpose Vehicle being established, to agree that for purposes of continuity, that Monmouthshire County Council continues to act as lead Authority.
- h) To accommodate this proposal will require an amendment to the Annual Business Plan 2017-2018 which will be reported back to the next meeting of the Regional Cabinet.

Sheila Davies
CCR Programme Director
25th April 2017

The following Appendices are attached:

Confidential Appendix 1:	Proposal to CCR City Deal – March 2017
Confidential Appendix 2:	Legal Observations - Pinsent Masons
Confidential Appendix 3(a):	Property Market Review – JLL
Confidential Appendix 3(b):	Property Feasibility Estimate - JLL
Confidential Appendix 4:	Due Diligence Report including an Economic Impact Assessment - KPMG
Confidential Appendix 5(a):	Establishing an SPV – Pinsent Masons
Confidential Appendix 5(b):	SPV Investment Issues – KPMG
Confidential Appendix 6(a):	Full Revised Proposal
Confidential Appendix 6(b):	Risk Register
Confidential Appendix 7:	Cardiff Capital Region Programme Board Observations Record

Background paper:

- Cardiff Capital Region City Deal Joint Working Agreement dated 1.3.17

An Overview of the Compound Semiconductor (CSC) Project and wider Cluster opportunities

February 2019



Overview

- CCR City Deal & commitment to Compound Semiconductors (CSCs)
- About IQE plc
- About CSCs
- The CCR City Deal CSC Project – key features and outcomes
- The CSC Cluster
- Economic Impact Assessment

City Deal & Compound Semiconductors

- In January 2016, George Osborne (then, Chancellor of the Exchequer) announced a new £50m UK national Catapult Centre to develop next generation CSC technologies
- IQE referenced as lead industrial partner
- City Deal Heads of Terms signed in 2017 & included an ambition to transform the UK's capability and help position CCR as the European leader in CSC applications
- CCR commitment to interventions that supported development of internationally-competitive CSC cluster

About CSCs

- Silicon wafers have been the mainstay of the semiconductor industry over last 50 years
- Have driven over 45% of all GDP in last 50 years through ICT impact
- To date, silicon known as best semi-conductor - but severely limited
- Next generation 'advanced CSCs' are the future
- Silicon chip market exceeds \$350bn – but scaling reached limits
- Market for CSCs is c£25bn – but fastest growing segment in the industry



About CSCs

- Compound semis are much more efficient than silicon
- Compound semis are already the “silent enabler” to a wide range of technologies which underpin modern society & fundamental to global communications
- Wafers produce 10bn wireless chips & 2bn photonic chips a year powering smartphone revolution & global broadband infrastructure
- Three mega trends that rely on CSCs:
 - Energy efficient technologies
 - Defence
 - Cyber and security

The Market Opportunity of CSCs

Healthcare, Robotics & Autonomous systems

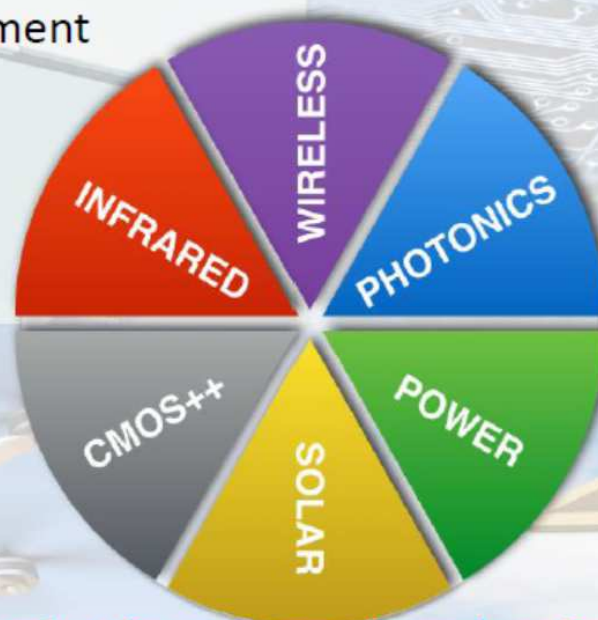
Healthcare, medical diagnostics & treatment
Robotics
Self drive vehicles
Machine awareness
Advanced Sensor Technology

Communications & Big data

Mobile and infrastructure
Data storage
Internet of Things
Wearables & TeleHealthcare
Sensing and biophotonics

Defense and Aerospace

Satellite power
Communications
AVs
Infra Red Imaging
Food Security



Energy efficiency

Clean energy (CPV solar)
Solid State Lighting (LED)
Power switching
Base Stations
Factories of the Future

‘The global market for compound semiconductor components utilised for electronic and photonic applications will be > \$104bn by 2020. Demand is forecast to grow to >\$128bn by 2025: CAGR= 12.6 %’ (Source: Global Markets for Compound Semiconductors, BCC Research 2013).

About IQE



- IQE Plc (HQ in St Mellons) specialist producer of CSCs
- 11 global outlets across US and Asia with >500 staff
- Founded in 1988. Global leader in the sector, with c55% market share
- No.1/2 supplier to all major customers across the world
- Virtually every smartphone, tablet and games console produced today contains IQE's wafers
- >95% of sales are exports
- Main market segments: wireless, photonics, infrared, solar & power across Health, Robotics, AI systems, Defence & Aerospace
- AIM listed, with a market cap of over £300m

A strong and growing sector

- IQE plc as specialist producer of CSCs in the region
- Focused and growing supply chain presence in the region and Wales
- Over £270m of tactical and strategic investments in CSC R&D
 - Institute of CSC – early stage R&D – IQE partnership with WG and Cardiff University
 - CSC Centre of Excellence – prototyping – IQE and Cardiff University
 - Applications based Catapult Centre – led by Innovate UK
 - Has included investment from sources such as WG, WEFO, UK Research Partnership, EPSRC, Ser Cymru, HEFCW, Cardiff University and Innovate UK

Bridging the 'Valley of Death'

The Entities



Institute for Compound Semiconductors
£75m



Compound Semiconductor Centre (CSC)
£42m



Technology Readiness Level



CATAPULT

£50m

**Cardiff Region
CITY DEAL**



Cardiff Capital Region City Deal Distributed wealth creation

Page 30



CR City Deal CSC Project (1)

- Aim to anchor company IQE in the region, grow the supply network & economic devices
- IQE engaged in new product development programme with one of the largest global OEM organisations in consumer electronics
- OEM invested at least \$1billion on venture.
- OEM profile & scale of reach means this was single biggest opportunity for a Welsh company to dominate market
- Driven by IQE's product – OEM will be at cutting edge of product innovation – drive adoption industry wide

CCR City Deal CSC Project (2)

Page 30

100 reactor tools needed to fulfil contract & wider demand

Significant commercial imperatives

Overseas options cheaper – but better alignment with wider developments in C

City Deal to invest £37.9m in acquiring & developing 375,000 sq. ft. P&T Building
in Newport from Welsh Government

Head Lease to IQE - 11 year lease period with a flexible Option to Purchase

Catapult co-located in cluster

Over 5 years - £9.89 of private investment: £1 of CCR investment

CSC Foundry Limited established as Special Purpose Vehicle to deliver project

Procurement, State Aid and COMAH Planning - compliant

The Cluster Opportunity – CS Connected

- Brand for the growing number of independent but related CSC activities in region
- Growing and connecting supply chain and more
- £40m+ bid to the UK Government ‘Strength in Places Fund’ – awaiting stage 1 notification
- Embedding the ‘eco-system’
- IQE has led this to date, with City Deal, Cardiff University, Wales Government and industrial partners

Economic Impact – potential

- CSC represents strength in advanced manufacturing
- Foundry:
 - 2,395 jobs could be created, induced and safeguarded in Wales
 - High-value jobs with the average salary of IQE employees in 2016 being £42,345 – significantly higher than Wales average
- Cluster: driving productivity and growth, encouraging innovation & stimulating new business formation
 - Inclusive of Foundry figures, potential to increase job figures to 4-5,000 and new start ups/ SMEs
 - Work for CCR to do around governance, infrastructure, risk capital & branding – Strength in Places Fund critical to this
- World's first Compound Semiconductor Cluster



2017 Site Photos

Pre-condition report and project manager's first visit



Weather
damage to
external
paintwork above
flat roofing



Weather
damage to
external
paintwork on t
side of the
building



Defective
paintwork on
interior steel
frame



Pools of water
on internal
concrete floors
due to leaks in
the building



Rear of the building being prepared for significant groundworks to dig attenuation ponds for drainage, create car park, and build gas compound



Interior before
the installation
of any stud
walling, wiring,
permanent
lighting or
stairwells



Interior of the building looking towards the front elevation prior to the refurbishing of the internal steel frame



First set of interior stud walls being installed under temporary lighting

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CARDIFF CAPITAL REGION CITY DEAL JOINT OVERVIEW AND SCRUTINY COMMITTEE

5 FEBRUARY 2019

JOINT WORKING AGREEMENT BUSINESS PLAN

REPORT OF CARDIFF CAPITAL REGION PROGRAMME DIRECTOR

AGENDA ITEM: 5

Reason for this Report

1. For the Joint Scrutiny Committee to note the Joint Working Agreement Business Plan (JWA Business Plan) attached which was approved by the Cardiff Capital Region Joint Cabinet in March 2018.

Background

2. The **JOINT WORKING AGREEMENT (JWA)**, in relation to the delivery of the Cardiff Capital Region City Deal, was signed and the Regional Cabinet established on March 1st, 2017
3. The JWA requires the constituent Councils to take a subsequent decision, as a "Matter Reserved to The Councils", on the approval and adoption of the draft JWA Business Plan
4. The JWA requires the Regional Cabinet to:

"..... no later than twelve (12) months after the Commencement Date, prepare (or procure the preparation of), finalise (acting in the best interests of the Joint Committee) and recommend for agreement and adoption by the Councils the draft JWA Business Plan which shall comply with the provisions of Clause 7.1.4 below. The intention is to create an overarching five (5) year JWA Business Plan that, amongst other matters, shall set out the Councils objectives and priorities for the delivery of the City Deal that is updated annually."

5. Clause 7.1.4 of the JWA providing that: *The JWA Business Plan shall, amongst other matters, address the following:*

- a) the updated Affordability Envelope; (see section 9 of the JWA Business Plan)*
- b) the methodology for agreeing the nature, scope and prioritisation of projects to be developed for the overall benefit of the Cardiff Capital Region (in accordance with the terms of the Implementation Plan); (see section 3 of the JWA Business Plan)*
- c) the methodology and responsibility for any external audits in relation to this Agreement; (see section 9 of the JWA Business Plan)*
- d) the methodology and responsibility of any performance monitoring along with any performance indicators to enable the Joint Committee to measure progress against the JWA Business Plan (see section 3 of the JWA Business Plan); and*
- e) any revenue and capital monitoring reports to be prepared for the Joint Committee and the frequency of such reports (see section 9 of the JWA Business Plan).*

6. For clarity and cross reference to the JWA, the draft JWA Business Plan is now referred to as the 'CCR Strategic Business Plan for the Wider Investment Fund', to reflect its status and focus, and is titled accordingly on the attached appendix

Issues

6. There are no identified issues to raise with Joint scrutiny in association with the plan.

Local Member consultation (where appropriate)

7. The JWA Business Plan was approved by each of the ten Local Authorities prior to approval by the Regional Cabinet.

Reason for Recommendations

8. For the Joint Scrutiny Committee to note the JWA Business Plan (CCR Strategic Business Plan) attached as Appendix A.

Financial Implications

7. The Joint Working Agreement Business Plan (CCR Strategic Business Plan) for the Wider Investment Fund, which is attached at Appendix A, provides details of the Cardiff Capital Region City Deal Wider Investment Fund, which amounts to £495 million.

8. The JWA Business Plan outlines the current position in respect of approvals to-date (as per approval of the Plan March 2018), in-principle commitments and sums available for future revenue and capital projects as these are brought forward for consideration and approval. For these reasons, the JWA Business Plan is an evolving document, which will be updated at least annually to reflect updates in respect of new approvals and also to report on the actual performance of approved projects, i.e. those projects that are in the implementation or operational phases of their respective lifecycles.
9. Therefore, the JWA Business Plan can only provide an indication of the financial implications arising from the Wider Investment Fund at this time. The actual approvals outlined have been supplemented by an indicative programme of investment along with a range of other financial and technical assumptions.
10. In line with the Assurance Framework, all investment proposals will be subject to business case development and approval. The business case will provide detailed information on matters such as; expenditure profile (and whether it is revenue and/or capital in nature), and the proposed funding streams. The business case will also need to be clear on the proposed delivery mechanism and how risks will be allocated and managed

Legal Implications (including Equality Impact Assessment where appropriate)

9. The JWA Business plan is a key document in relation to the delivery of the Cardiff Capital Region City Deal. The content of the Plan serving to create a legitimate expectation that the matters referred to (proposals, projects and themes) will be progressed as set out in the Plan. Accordingly, it is important that Regional Cabinet and each constituent Council is content with the content of the JWA Business plan.
10. In considering the Plan regard should be had, amongst other matters, to:
 - (a) the Councils' duties under the Well-being of Future Generations (Wales) Act 2015, (The Plan noting at section 3 that, '... we (CCRCD) will follow the five ways of working and sustainability principles detailed in the Well-being of Future Generations (Wales) Act 2015, and reflect and support the well-being goals); and
 - (b) Public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must in making decisions have due regard to the need to a) eliminate unlawful discrimination, harassment and victimisation and other conduct that is prohibited by that Act; b) advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and c) foster good relations between people who share a protected characteristic and those who do not. Protected characteristics are: a.

Age; b. Gender reassignment; c. Sex; d. Race – including ethnic or national origin, colour or nationality; e. Disability; f. Pregnancy and maternity; g. Marriage and civil partnership; h. Sexual orientation; i. Religion or belief – including lack of belief. In Wales, public sector bodies listed are required to take certain steps in order to demonstrate that they have due regard to the public sector equality duty. These Welsh specific equality duties include assessing the impact of policies and procedures on equality (often called Equality Impact Assessment).

11. A Well-being and Equality Assessment has been undertaken and is included in Appendix B. Regards should be had to the same in reaching a decision on this matter.
12. **Well-being and Equalities Assessment**
A Well-being and Equalities Assessment has been undertaken and is attached as **Appendix B**.
13. The Assessment demonstrates that the detail contained in the draft JWA Business Plan demonstrates compliance with the well-being 5 ways of working, supports the well-being goals and identifies that the City Deal is expected to have a positive impact on all groups and people with protected characteristics.

HR Implications

14. There are no HR implications associated with this report.

RECOMMENDATIONS

The Joint Scrutiny note the attached Joint Working Agreement Business Plan (JWA Business Plan).

NAME OF DIRECTOR

Title KELLY BEIRNE

Date 5 FEBRUARY 2019

The following Appendices are attached:-

Appendix A: Draft Joint Working Agreement Business

Appendix B: Well-being and Equalities Assessment

23 FEBRUARY 2018 CABINET MEETING

JOINT WORKING AGREEMENT BUSINESS PLAN

REPORT OF CARDIFF CAPITAL REGION PROGRAMME DIRECTOR

AGENDA ITEM: 4

Reason for this Report

1. For the Regional Cabinet to consider the draft Joint Working Agreement Business Plan (JWA Business Plan) attached; and if content, to recommend to the Cardiff Capital Region City Deal constituent local authorities, as a “Matter Reserved to The Councils”, that they agree and adopt the draft JWA Business Plan.

Background

2. The **JOINT WORKING AGREEMENT (JWA)**, in relation to the delivery of the Cardiff Capital Region City Deal, was signed and the Regional Cabinet established on March 1st, 2017.
3. The JWA requires the constituent Councils to take a subsequent decision, as a “Matter Reserved to The Councils”, on the approval and adoption of the draft JWA Business Plan.
4. The JWA requires the Regional Cabinet to:
“..... no later than twelve (12) months after the Commencement Date, prepare (or procure the preparation of), finalise (acting in the best interests of the Joint Committee) and recommend for agreement and adoption by the Councils the draft JWA Business Plan which shall comply with the provisions of Clause 7.1.4 below. The intention is to create an overarching five (5) year JWA Business Plan that, amongst other matters, shall set out the Councils objectives and priorities for the delivery of the City Deal that is updated annually.”
5. Clause 7.1.4 of the JWA providing that:
The JWA Business Plan shall, amongst other matters, address the following:
 - a) *the updated Affordability Envelope; (see section 9 of the JWA Business Plan)*

- b) *the methodology for agreeing the nature, scope and prioritisation of projects to be developed for the overall benefit of the Cardiff Capital Region (in accordance with the terms of the Implementation Plan); (see section 3 of the JWA Business Plan)*
 - c) *the methodology and responsibility for any external audits in relation to this Agreement; (see section 9 of the JWA Business Plan)*
 - d) *the methodology and responsibility of any performance monitoring along with any performance indicators to enable the Joint Committee to measure progress against the JWA Business Plan (see section 3 of the JWA Business Plan); and*
 - e) *any revenue and capital monitoring reports to be prepared for the Joint Committee and the frequency of such reports (see section 9 of the JWA Business Plan).*
6. For clarity and cross reference to the JWA, the draft JWA Business Plan is now referred to as the 'CCR Strategic Business Plan for the Wider Investment Fund', to reflect its status and focus, and is titled accordingly on the attached appendix.

Proposal

7. The draft JWA Business Plan (CCR Strategic Business Plan for the Wider Investment Fund) is attached as **Appendix A**.
8. In accordance with the requirements of the JWA the draft JWA Business Plan contains:
- The Strategic Context which includes:
 - o Our Vision; and Strategic Objectives (see section 2 of the JWA Business Plan)
 - Our Approach (see section 3 of the JWA Business Plan)
 - Spatial Priorities (see section 4 of the JWA Business Plan)
 - Our Strategic Themes (Programme Themes¹) which includes:
 - o Skills and Employment; (see section 5 of the JWA Business Plan)
 - o Innovation; (see section 6 of the JWA Business Plan)
 - o Connecting the Region; (see section 7 of the JWA Business Plan) and
 - o Regeneration and Infrastructure. (see section 8 of the JWA Business Plan)
 - Indicative Five Year Spend Profile (see section 9 of the JWA Business Plan)
 - Additional Opportunities for Regional Funding (see section 10 of the JWA Business Plan)
9. The draft JWA Business Plan identifies, and provides some detail on, emerging opportunities which will be considered and developed within the life of the plan:
- Skills for the Future;
 - Innovation Portfolio;
 - Metro Plus;
 - Digital Portfolio;
 - Housing Investment Fund; and
 - Strategic Sites.

¹ It is noted that the JWA referred to Programme Themes (as such Programme Themes were defined under the Implementation Plan). Within the JWA Business Plan these Programme Themes are referred to as Strategic Themes.

10. The draft JWA Business Plan has been prepared using the research, extensive consultation, and recommendations of the Growth and Competitiveness Commission, as required by the Assurance Framework.
11. The Plan, which will take the City Deal past its first Gateway Review, due in December 2020, also indicates that other proposals will emerge, within the life of the plan, all of which will be rigidly assessed in accordance with the Assurance Framework.

Updating the JWA Business Plan

12. The JWA Business Plan will be updated to ensure our objectives, priorities and programmes are sufficiently dynamic to not only cope with change but to act as a catalyst to drive positive change in the region. The decision to approve and adopt any updated JWA Business Plan shall be a “Joint Committee Matter” save to the extent that any such update amounts to a material change to the prevailing JWA Business Plan, in which case, the decision to approve and adopt such updated JWA Business Plan shall be a “Matter Reserved To The Councils”

Annual Business Plan

13. In respect of each financial year an Annual Business Plan, in relation to the annual spend for approved project(s) to be implemented in that Accounting Period, will be prepared. Upon an Annual Business Plan being approved the JWA Business Plan shall be deemed to have been amended to incorporate the provisions of the Annual Business Plan.

Cardiff Capital Region Wider Investment Fund

14. The City Deal provides funding to support schemes which will stimulate the economic growth of the region. The agreement with the UK Government and Welsh Government provides £1.2 billion of which £734m is allocated to the Metro, with the balance of £495m being made available as the ‘Wider Investment Fund’.
15. The Wider Investment Fund is made up of:
 - £375m grant from the UK Government paid over 20 years, HMT Contribution, with year 1-5 being £50m revenue grant, followed by years 6-20 being £325m capital grant; and
 - £120m Local Authority Partnership capital contribution to be drawn down as required.
16. The Regional Cabinet have stated that the high level aims of the Wider Investment Fund are the creation of 25,000 new jobs and £4bn of private sector investment. The first investment has been made in the Compound Semiconductor Project, providing a loan of £38.5m, to be repaid, which has the potential to generate 2,000 jobs and over £380m of private sector investment.
17. As the JWA Business Plan has not yet been adopted the Regional Cabinet have substantially funded this initial investment by use of the HMT Contributions received to date. As these funds are revenue it is hoped that the adoption of the JWA Business Plan will take place in financial year 2017/2018 allowing Local Authority Partnership capital contributions to be substituted for

the revenue grant, thereby protecting the revenue funding for future use on schemes and programmes which are revenue intensive such as skills. Funding of the Local Authority Partnership capital contributions will be based on the Council contributions agreed and contained in the JWA.

18. Following this initial investment, the Regional Cabinet have agreed in principle to support a number of schemes:
 - The Metro Central Project;
 - Regional Housing Investment Fund;
 - Digital Strategy; and
 - Skills for the Future.
19. These 'in-principle' schemes, along with others which may emerge, will be developed and assessed to ensure they comply with the City Deal Assurance Framework, contribute to the sustainable economic growth of the region, and demonstrate value for money prior to any implementation investment being made.
20. This method of identifying, developing, assessing and approving schemes ensures that the Regional Cabinet have the flexibility to ensure investments accurately reflect the needs and encourage the continued development of the region. However, it does also mean that it is difficult to predict accurately the financial implications of the investment programme. Financial modelling for the Wider Investment Fund will therefore be based on educated assumptions and an indicative programme of investment which will developed and refined as more investment decisions are made.

Next Steps

21. If the Regional Cabinet are minded to approve this draft JWA Business Plan, it will then be reported to each constituent authority for agreement and adoption, in accordance with the JWA, as the formal JWA Business Plan.

Financial Implications

22. This report seeks approval of the draft Joint Working Agreement Business Plan (CCR Strategic Business Plan) for the Wider Investment Fund, which is attached at Appendix A. Section 9 of the JWA Business Plan provides details of the Cardiff Capital Region City Deal Wider Investment Fund, which amounts to £495 million.
23. The JWA Business Plan outlines the current position in respect of approvals to-date, in-principle commitments and sums available for future revenue and capital projects as these are brought forward for consideration and approval. For these reasons, the JWA Business Plan is an evolving document, which will be updated at least annually to reflect updates in respect of new approvals and also to report on the actual performance of approved projects, i.e. those projects that are in the implementation or operational phases of their respective lifecycles.
24. Therefore, the JWA Business Plan can only provide an indication of the financial implications arising from the Wider Investment Fund at this time. The actual approvals outlined above have been supplemented by an indicative

programme of investment along with a range of other financial and technical assumptions, details of which are set-out below.

25. In line with the Assurance Framework, all investment proposals will be subject to business case development and approval. The business case will provide detailed information on matters such as; expenditure profile (and whether it is revenue and/or capital in nature), and the proposed funding streams. The business case will also need to be clear on the proposed delivery mechanism and how risks will be allocated and managed.

Affordability Envelope

26. The Joint Working Agreement (JWA) defines the Affordability Envelope as:
“means the overall costs and investment by each Council pursuant to their proportion of the Councils' Contribution under this Agreement over the evaluation period, which shall not exceed in aggregate £210,800,000 (two hundred and ten million eight hundred thousand pounds) and shall include, without limitation, all interest, inflation and UK Government cost to carry and shall be updated and will be reflected within the terms of the JWA Business Plan (as part of its approval by the Councils) to include, amongst other matters, the annual spend profile for each Council”
27. The approved affordability envelope has been set at £210.8 million and is based on the indicative modelling that was undertaken in January 2017 and informed the reports approved by each of the City Deal partnering Councils in January/February 2017.
28. As set-out above, the JWA acknowledges that the affordability implications arising from the ‘whole-life cost’ of the Wider Investment Fund will change over time, as investment decisions are made. Clause 7.1.4. (a) of the JWA requires the inclusion of the ‘Updated Affordability Envelope’ when the JWA Business Plan is submitted to the Councils for approval. Agreeing any increase to the affordability envelope is a matter reserved to each Council.

Updated Affordability Envelope

29. The affordability model has been updated to reflect the changes made since the Joint Working Agreement was approved by Councils in January/February 2017. The updated modelling suggests that the ‘whole-life cost’ of the Wider Investment Fund to the constituent Councils remains within the approved envelope of 210.8m.
30. The changes include the assumption that the ‘Reserved Matter’ is discharged by the 31st March 2018, thereby allowing a ‘switch’ of funding for the capital element of the Compound Semi-conductor Project. This is designed to preserve HMT Contribution revenue grant to meet the cost of future revenue based projects that may come forward.
31. The indicative whole-life affordability implications for each partnering authority is shown in Table 1 below:

Table 1. – Updated Affordability Envelope / Partner Contributions

Local Authority Partner	%	£m
Blaenau Gwent	4.6%	9.7
Bridgend	9.4%	19.9
Caerphilly	12.0%	25.2
Cardiff	23.7%	50.0
Merthyr Tydfil	3.9%	8.3
Monmouthshire	6.1%	12.9
Newport	9.8%	20.7
Rhondda Cynon Taff	15.8%	33.3
Torfaen	6.1%	12.9
Vale of Glamorgan	8.5%	17.9
Total	100%	210.8

Technical Assumptions

32. As outlined earlier, the updated affordability envelope is based on an indicative programme of investment along with a range of other financial and technical assumptions. Key assumptions include:
- **Indicative investment profile spend:** based on actual approvals to-date plus the typical spend profile of City Deals, results in the following cumulative profile; Years 1-7 = £195m, Years 1-11 = £479m and Years 1-20 = £495m;
 - **Repayment period:** borrowing is assumed to be repaid over 25yrs, but in-line with the requirements for Minimum Revenue Provision (MRP), the actual repayment period will need to reflect the economic life of the individual assets being funded;
 - **Interest Rate:** an average rate of 3% has been assumed. At the time of writing, the current 25yr PWLB rate is 2.62%, which provides headroom of 14.5% at this time, but is a reduction against the 22.0% headroom that existed in January 2017;
 - **Funding Drawdown priority:** all revenue expenditure is funded exclusively from HMT revenue grant. Generally capital expenditure will be first met from HMT capital grant 'in-hand', with the balance being funded in accordance with the 'funding ratio' i.e. 75.8% temporary borrowing in lieu of future capital grant (Cost of Carry) and 24.2% from local authority borrowing;
 - **Inflation:** is excluded i.e. all figures are stated in nominal terms and therefore inflation will need to be met from within the overall £495m sum.
33. The validity of these assumptions will be reviewed on a regular basis and updated as appropriate. In particular, Regional Cabinet may wish to revisit the basis (priority) on which funding is drawn down and applied to annual expenditure. Whilst the current assumption may appear to be logical for indicative modelling purposes (it is based on the overall WIF funding allocations), from a cost management perspective, prioritising Council contributions ahead of temporary borrowing will reduce the overall cost of interest over the life of the fund. In addition, whilst it is assumed that all Council

contributions are borrowed, in practice this will be a matter for each individual local authority to decide.

WIF External Audit / Monitoring and Reporting

34. Paragraph 5, also highlights the following requirements:
35. Clause 7.1.4. (d) - *“the methodology and responsibility for any external audits in relation to this Agreement”*.

This requirement will be addressed through the Annual Audit Plan prepared by the relevant external auditors and presented to Regional Cabinet.

36. Clause 7.1.4. (e) – *“any revenue and capital monitoring reports to be prepared for the Joint Committee and the frequency of such reports.”*

Regional Cabinet will receive regular revenue and capital monitoring reports throughout the year advising on matters such as: Approved Budget, Actual Position To-Date, Commitments and Projected Out-turn. These reports will be supplemented by the appropriate Project Performance Reports, advising on all aspects of the Wider Investment Fund.

HMT Contribution – Funding Terms & Conditions

37. HMT grant funding will be paid to the Accountable Body on behalf of the ten Cardiff Capital Region City Deal (CCRCD) constituent Councils. The funding must be used solely to support the objectives of CCRCD through the implementation of projects and schemes agreed by the Regional Cabinet and in accordance with arrangements set out in its Joint Working Agreement, Wider Investment Fund, Assurance Framework, and the JWA Business Plan.

38. Assurance Framework:

As projects are presented for approval, it is important that the requirements of the Wider Investment Fund Assurance Framework are complied with as this is a key requirement of HM Treasury funding terms and conditions, as set-out by Welsh Government.

39. Gateway Reviews:

An outcome based Gateway Review of CCRCD led by HM Treasury will be undertaken in 2020/21. Funding for 2021/22 and beyond is conditional on CCRCD successfully passing this Gateway Review, whilst any unspent funding up to this point may be subject to repayment if the Gateway Review is not passed.

40. It has been confirmed that in any year, where funds have been committed and/or there is a clear intention to spend, carry forward of funding to future years will be permitted. Carry forward in respect of the final year (2020-21), will also be permitted providing that the Gateway Review is passed.

Legal Implications

41. The body of the report sets out the relevant provisions of the Joint Working Agreement ('JWA') in relation to the JWA Business Plan ('Plan'). They form part of the legal implications, to which regard should be had but to avoid duplication are not repeated in this section.

42. Pointing out the obvious, the JWA Business plan is a key document in relation to the delivery of the Cardiff Capital Region City Deal. The content of the Plan serving to create a legitimate expectation that the matters referred to (proposals, projects and themes) will be progressed as set out in the Plan. Accordingly, it is important that Regional Cabinet and each constituent Council is content with the content of the JWA Business plan. As regards the progression of individual themes and projects, and as stated in the body of the report, matters will need to be considered in accordance with the provisions of the Assurance Framework, at which stage any legal issues raised by a project can be considered and detailed legal advice provided. The Plan refers, section 10, to a case being made for a range of powers to be devolved to the local authorities of the Cardiff Capital Region. To the extent that any further powers are sought to be delegated to the Regional Cabinet, then this will be a matter for each of the Councils comprising the CCRCD to determine.
43. In considering this matter regard should be had, amongst other matters, to:
- (a) the Councils' duties under the Well-being of Future Generations (Wales) Act 2015, (The Plan noting at section 3 that, '... we (CCRCD) will follow the five ways of working and sustainability principles detailed in the Well-being of Future Generations (Wales) Act 2015, and reflect and support the well-being goals); and
 - (b) Public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must in making decisions have due regard to the need to a) eliminate unlawful discrimination, harassment and victimisation and other conduct that is prohibited by that Act; b) advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and c) foster good relations between people who share a protected characteristic and those who do not. Protected characteristics are: a. Age; b. Gender reassignment; c. Sex; d. Race – including ethnic or national origin, colour or nationality; e. Disability; f. Pregnancy and maternity; g. Marriage and civil partnership; h. Sexual orientation; i. Religion or belief – including lack of belief. In Wales, public sector bodies listed are required to take certain steps in order to demonstrate that they have due regard to the public sector equality duty. These Welsh specific equality duties include assessing the impact of policies and procedures on equality (often called Equality Impact Assessment).
44. A Well-being and Equality Assessment has been undertaken and is included in Appendix B. Regards should be had to the same in reaching a decision on this matter.

Well-being and Equalities Assessment

45. A Well-being and Equalities Assessment has been undertaken and is attached as **Appendix B**.
46. The Assessment demonstrates that the detail contained in the draft JWA Business Plan demonstrates compliance with the well-being 5 ways of working, supports the well-being goals and identifies that the City Deal is expected to have a positive impact on all groups and people with protected characteristics.

Reasons for Recommendations

47. To put in place a formal JWA Business Plan in accordance with the requirements of the JWA. In so doing to allow the Regional Cabinet to access the 'Councils Contributions' and the 'HMT Contribution', and progress with the delivery of the City Deal.

RECOMMENDATIONS

It is recommended that the Cardiff Capital Region Cabinet:

- a) Consider the draft JWA Business Plan (CCR Strategic Business Plan) attached as Appendix A; and if content recommend
- b) The draft JWA Business Plan is reported to the Cardiff Capital Region City Deal constituent Councils for agreement and adoption as the formal JWA Business Plan.

Sheila Davies
Cardiff Capital Region Programme Director
19 February 2018

The following Appendices are attached:

Appendix A: Draft Joint Working Agreement Business Plan
(This document is available in Welsh / Mae'r ddogfen hon ar gael yn Gymraeg)

Appendix B: Well-being and Equalities Assessment

Background papers –

- *JOINT WORKING AGREEMENT in relation to the delivery of the Cardiff Capital Region City Deal*
- *Welsh Government Funding Terms and Conditions Letter (22nd March 2017)*
- *Clarification to the Welsh Government Funding Terms and Conditions, dated 11th April 2017, formally accepted and signed by Welsh Government.*
- *Growth & Competitiveness Commission Report and Recommendations*



CCR City Deal
Strategic Business Plan
Wider Investment Fund

Our Vision:

A Prosperous Capital City-Region for Wales.





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Chair's Foreword

The Cardiff Capital Region City Deal is a unique programme of collaborative working which will enable economic change, improved digital and physical connectivity, improved skills and educational opportunities, and regeneration across the region.

It is an investment in its people, and aims to bring fairness and opportunities for all, no matter where they live in the region.

It builds on the region's proud heritage, the beauty of our natural landscape, and the vibrancy of our rich cultural and social life.

It will enrich lives in other ways too, reforming our public services, provide new affordable homes, improve family life, and create a workforce which can adapt to the changing needs of the 21st Century.

To do this, the City Deal partners will work together, with a shared vision of a prosperous Capital City-Region for Wales, forging a clear global identity and strong reputation as a City-Region for trade, innovation, and quality of life.

By attracting new investment and growing more successful businesses, by improving our connectivity, by developing our skills and education, we will restore the capital region to its historical role as the “engine room” of the Welsh economy.

Councillor Andrew Morgan
Chair, Cardiff Capital Region City Deal





“It is an investment in its people, and aims to bring fairness and opportunities for all, no matter where they live in the region.”

In compliance with the Joint Working Agreement this 5 year City Deal Strategic Business Plan:

- sets out our current understanding of what is required to achieve our long-term objectives;
- details required actions and outcomes, only some of which will benefit from Wider Investment funding;
- includes details of how the Wider Investment Fund will be used, over the next 5 years, to act as a catalyst to drive these actions forward;
- forms the basis of a more detailed regional strategic economic growth plan and strategy.

We cannot achieve our regional objectives by means of the City Deal funding alone.

However, used wisely to support, encourage and enable regionally significant schemes it will act as a catalyst to:

- drive economic momentum by leverage of wider investments;
- accelerate the process of change;
- attract interest and generate enthusiasm; and
- take advantage of the entrepreneurial talents that abound in our region.

The City Deal is a long-term programme and no one can, with confidence, predict what changes will occur over the next 20 years.

When considering the current pace of innovation in areas such as artificial intelligence, drones, driverless vehicles, 3-D printing, robotics, and automation, the future infrastructure and skills needs of the region is changing radically.

We must therefore ensure our policies, plans and programmes are flexible and sufficiently dynamic to not only cope with change but to act as a catalyst to drive positive change in the region.

The Regional Cabinet, working with partners, who will advise on changes in technology, investments and future markets, will regularly review both the regional economic growth plan and strategy and the use of the Wider Investment Fund to ensure that they continue to accurately reflect and encourage the economic needs and aspirations of the region.



British Airways Maintenance Cardiff, St Athan



Sony UK Technology Centre, Bridgend

The Next 5 Years



Investment

We have made our first investment, in the Compound Semi-conductor Project, which will generate over £380m of private sector investment and deliver 500 highly skilled jobs, and potentially cultivate an innovation cluster creating a further 2,000 Jobs.



Emerging Opportunities

The Regional Cabinet are proactively pursuing further investment opportunities to assist in meeting our key targets. Those currently identified for development in the next 5 years are:

— Skills for the Future

A regional programme of interventions to provide school engagement, support for businesses and a skills investment fund to deliver over 10,000 additional apprenticeships, graduate internships and upskilled employees. See Section 5 for details.

— Innovation Portfolio

A regional Innovation Portfolio with the aim of developing industry ‘clusters’, new space for innovative start-ups, and incentives to attracting high-tech firms to the region. The first project of this portfolio is currently being implemented, the Compound Semi-conductor Project,

and further development work is being undertaken to optimise this investment and explore other opportunities. See Section 6 for details.



Metro Plus

Enhancing the potential benefits of the Metro to the region by introducing a programme of complementary transport investments. The initial focus is the development of a Central Transport Interchange ‘Metro Central’ with a key element being the modernisation of Cardiff Central Station. See Section 7 for details.



Digital Portfolio

A portfolio of digital intervention which seeks to create a digital vision, brand and identity for the region as a ‘smart’ city region able to attract private sector partnership. It would also ensure that digital opportunities are built into other regional schemes and projects. See Section 7 for details.



Housing Investment Fund

A proposal to establish a fund to support housing growth across the region with a focus on former industrial sites in the Valleys areas and across all tenures to support both economic and social objectives. See Section 8 for details.



Strategic Sites

A proposed programme to introduce a balanced portfolio of sites with varied characteristics to be a catalyst to attract new and retain existing businesses.

The focus will be to support the regions existing prime market, of Cardiff and the M4 corridor, and expand it to include a mix of opportunity in the Heads of the Valleys corridor, the coastal belt, towns and rural areas.

These 'emerging' opportunities are in varying stages of development and will be rigidly assessed in accordance with the Assurance Framework to establish if they are able to deliver the outputs and outcomes necessary to make them eligible for City Deal funding support.

It is anticipated that further proposals will 'emerge' over the next 5 years and no matter how they are promoted they will comply with the following investment criteria:

All investments will be required to:

- Support our Strategic Objectives
- Comply with the Assurance Framework
- Secure regional economic benefits
- Contribute to the high level aims of 25,000 new jobs and £4bn of private sector investment
- Demonstrate Value for Money



02. The Strategic Context

¹ Growth & Competitiveness Commission Report Review and Recommendations Page 22.

² Cardiff Capital Region “Powering the Welsh Economy”

Our Vision

“A Prosperous Capital City-Region for Wales” - a decision making centre, a global gateway for capital, trade, and visitors, a knowledge hub and a major population centre and business cluster for Wales¹

Our Regional Strategic Objectives

- 1. Prosperity and Opportunity** - Building the capacity of individuals, households, public sector and businesses to meet challenges and grasp opportunity creating a more productive economy
- 2. Inclusion and Equality** - A vibrant and sustainable economy which contributes to the well-being and quality of life of the people and communities in the region now and in the future
- 3. Identity, Culture, Community and Sustainability** - Forging a clear identity and strong reputation as a City-Region for trade, innovation, and quality of life

Strategic Themes



Skills & Employment

Developing a Skilled Workforce and Tackling Unemployment



Connecting the Region

Improving Connectivity Globally, Regionally and Locally



Innovation

Creating an Innovation District and Increasing Entrepreneurial Activity and Innovation



Regeneration & Infrastructure

Providing the right physical place and environment to support growth

Measuring Success

Job Creation, Private Sector Leverage, Employment and Skill levels, Productivity levels, GVA



Top: Redhouse Cymru, Merthyr Tydfil



Bottom: Springboard Innovation Centre, Cwmbran

To achieve our vision, we must be:²

Ambitious

Capitalise on our unique identity and our ability to power the Welsh economy. We are a proud Capital City Region in the United Kingdom which gives us a platform to think big.

Collaborative

To make the most of the opportunities our combined size gives us, we must all work together - public sector, private sector, education establishments and our communities – for the benefit of all.

Well-connected

Realising the potential of our excellent people through world class communications and transport – regionally, nationally and internationally.

To achieve our vision, we must offer:

A confidence and lifestyle

Building on the Cardiff Capital Region's reputation as a great place to live, work and play. We are proud of our quality of life, our culture, and the natural beauty we have on our doorstep.

Sustained success

A Cardiff Capital Region that is successful economically, socially and environmentally and which benefits all our communities.

An international and national stage

Which attracts people and investment from global markets, as well as from other parts of the UK.

“A decision making centre, a global gateway for capital, trade, and visitors, a knowledge hub and a major population centre and business cluster for Wales.”

Our Regional Strategic Objectives:

1. Prosperity and Opportunity

Building the capacity of individuals, households, public sector and businesses to meet challenges and grasp opportunity creating a more productive economy

The quality of the economic environment of the region will play a crucial role in creating jobs by improving business performance, enhancing opportunity and encouraging innovation. We will nurture the economic environment by:

- providing the right infrastructure including connectivity by means of good transport links and high-speed broadband;
- encouraging a culture of innovation and entrepreneurship by providing the right skills, opportunities and support to engender a confidence to be creative;
- assisting the city region's labour market to be equipped with the skills that businesses need;
- improving public sector efficiency and effectiveness by new ways of working;
- supporting all businesses to become more productive, from small retail to large advanced manufacturers;
- enhancing the business climate for emerging sectors, enterprises and

innovation that can spawn new sources of jobs and incomes into the longer-term future, including creating business clusters where firms can network, share skills and spur each other to higher levels of performance;

- encourage and promote research and development and entrepreneurial enterprise.

2. Inclusion and Equality

A vibrant and sustainable economy which contributes to the well-being and quality of life of people and communities now and in the future

A vibrant and inclusive economy supports a mix of economic activities and promotes economic security and resilience.

We will promote:

- assisting our urban centres to be vibrant;
- access to employment and economic opportunities;
- participation in the labour market for all members of society;
- access to a range of housing, including affordable;
- access to education and training, to develop skills;
- access to social and recreational opportunities.

3. Identity, Culture, Community and Sustainability

Forging a clear identity and strong reputation as a City-Region for trade, innovation, and quality of life.

For our region to gain attention and respect and effectively compete and attract businesses, tourists, investors, students, entrepreneurs, international sporting and cultural events it requires a clear, credible, appealing and distinctive identity. To promote this identity and reputation we will:

- assist our urban centres to be vibrant and vital with unique identities which all of the regions residents can use and be proud of;
- respect, protect and support our rural and natural environment and use it to promote economic and social outcomes;
- develop and promote our world-class cultural and recreational opportunities utilising the regions natural beauty and historic areas;
- provide a quality environment across the whole region including existing and new development that attracts businesses and talented people;
- demonstrate our commitment to a sustainable future and acknowledge our global responsibility; and
- work with political and commercial partners, at a national, regional and local level to coordinate the promotion of the region.



Penderyn Whisky Distillery, Aberdare

³ Written statement by Ken Skates, Cabinet Secretary for Economy and Transport on 11th December 2017

Our Vision and Regional Strategic Objectives set out our aspirations and with our high-level aims, to create 25,000 new jobs and leverage £4bn private sector investment, establish the economic outcomes we are seeking to achieve when considering use of the Wider Investment Fund.

Our Regional Strategic Objectives also reflect the need to focus on improving the quality of life of people and communities now and in the future and ensure our approach and actions are responsible and meet our current needs without compromising the quality of life of future generations.

To focus our approach, support our Assessment Framework and ensure better decision-making, as stated in the Wider Investment Fund Assurance Framework, we will follow the five ways of working and sustainability principles, detailed in the Well-being of Future Generations (Wales) Act 2015, and reflect and support the well-being goals.

We have identified four Strategic Themes where we feel we can make the biggest difference and a real improvement to the well-being of people in the region and in so doing support our regional objectives, well-being goals and the twin goals, in the Welsh

Government’s ‘Prosperity for All: economic action plan’, of growing the economy and reducing inequality³.

City Deal Strategic Themes

-  **Skills & Employment**
-  **Innovation**
-  **Connecting the Region**
-  **Regeneration and Infrastructure**

Identifying these themes provides a structure and method of developing proposals and schemes. However, the themes are indivisible, and all proposals will be expected to be cross-cutting and contribute, to differing degrees, to our objectives and the well-being goals.



St David's, Cardiff

Partnership and Engagement

The City Region will only succeed with all stakeholders working together developing a consensus and shared vision of the way forward.

We are working closely with the Welsh Government and National Government, who are both signatories to the City Deal. We have also been instrumental in establishing stakeholder groups including the Cardiff Capital Region:

- **Skills and Employment Board**
 - representing a wide range of stakeholders, including businesses, higher and further education, local authorities and Welsh Government;
- **Regional Business Council** – providing a strong business voice;
- **Economic Growth Partnership** – bringing together partners to consider and advise on a sustainable economic growth strategy and investment decisions.

We are actively working with the Valleys Taskforce to ensure our aims, objectives and interventions not only align but also complement each other, taking advantage of their engagement processes, to maximise benefits to the region as a whole.

We are developing an effective working relationship with the Office of the Future

Generations Commissioner for Wales to ensure that opportunities to support the well-being goals are highlighted.

The City Region Economic Growth Strategy will go through a comprehensive engagement process and the promoters of all proposed interventions and schemes will be required to demonstrate effective engagement.



Ford Manufacturing, Bridgend

Regional Impact, Scheme Appraisal and Monitoring

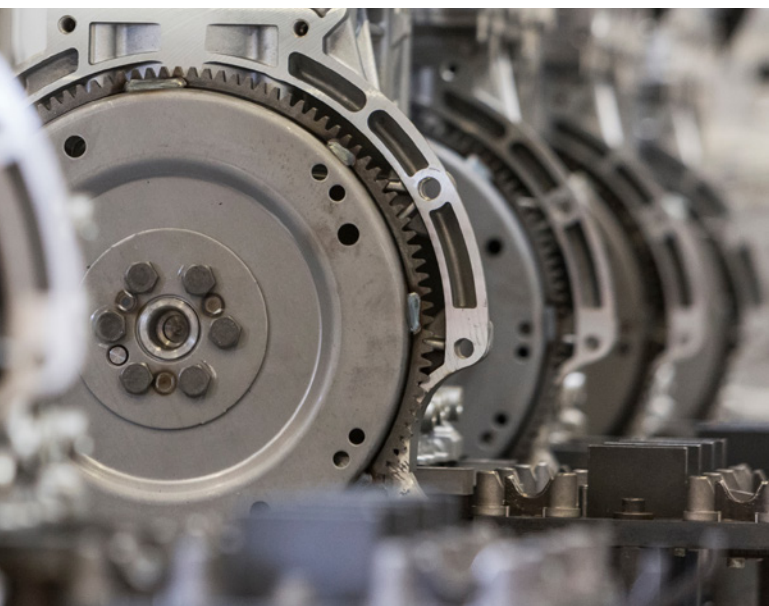
The City Deal Wider Investment Fund is intended to deliver sustainable economic development and growth across the region. This will be pursued by optimising the outcomes we can achieve within the constraints of the resources we have available. Prioritisation is therefore essential, and all proposed interventions must therefore clearly demonstrate a regional and collaborative approach and impact to ensure the effective use of resources.

All proposed schemes will be required to follow the same appraisal process as detailed in the Assurance Framework. Schemes will be assessed on their potential to contribute to our high-level aims and strategic objectives; demonstrate value for money, use of the five ways of working and how they contribute to the well-being goals. To be detailed in our Candidate Scheme Assessment Guidance.

We will regularly review our overall delivery programme and, where necessary, revise the Outcomes and Outputs detailed in the Assessment Guidance to ensure a balanced

programme of interventions which will meet all our strategic objectives.

The full allocation of HMT funding to the region is subject to successful completion of five-year gateway reviews, which will assess our ability to deliver regional economic growth and our strategic objectives. The first five-year gateway review final report is due in December 2020 with performance measured against delivery. Further reviews will be carried out at years 10, 15 and 20 and will be more focussed on outcomes.



“The City Region will only succeed with all stakeholders working together developing a consensus and shared vision of the way forward.”

04. Spatial Priorities

⁴ Growth & Competitiveness Commission Report and Recommendations Page 38.

⁵ Growth & Competitiveness Commission Report and Recommendations Page 39 Core Findings and Page 43 Recommendation 8 – Strategic Spatial Development.

⁶ Having seen the work we are undertaking and assessed the benefits the Welsh Government have commissioned the Carnegie UK Trust to undertake a similar exercise for the whole of Wales.

The Growth & Competitiveness Commission (Commission) considered spatial development in the region and concluded⁴:

“the Cardiff Capital Region is not homogeneous; it consists of diverse places each with distinctive histories, strengths, challenges and opportunities.”

The Commission recommended⁵:

“With differences in economic performance and outcomes across the city-region there is a clear need to ensure that the region is organised spatially in a way that maximises the benefits for residents.

The Cardiff Capital Region should develop a spatial perspective to complement its economic strategy... This spatial development perspective should act as a future growth map for the Capital Region and define the key roles and potential of:

- *Cardiff and Newport as established hubs of business, commerce and institutions, each playing to their particular strengths;*
- *Cardiff Airport and the associated Enterprise Zones;*
- *The re-emerging towns such as Bridgend, Barry, Caerphilly and Pontypridd that are in transition to accommodating high value-added activity, renewed resident populations and university expansions; and*

— *The Valleys and rural towns which are becoming increasingly important centres for local services, amenities and the foundational economy, and are developing their roles in tourism and leisure.”*

We are working with the Local Government Data Unit (Wales) on a data platform to understand the role of our two cities and the individual towns within the region. This work will enable us to make more informed decisions on how we can tailor support for specific settlements and areas to allow them to better understand and achieve their potential and maximise the prosperity and well-being of the people who live in them⁶.

Preliminary findings from this work have highlighted that in addition to the two cities, a number of towns, referred to as re-emerging by the Commission, are playing a significant role in the region's economy. These findings have been combined with the work on Strategic Hubs undertaken by the Valleys Task Force, inclusion of the regions Enterprise Zones, and the regeneration assessments undertaken by individual local authorities, in considering the Welsh Government's Targeted Regeneration Investment Fund.

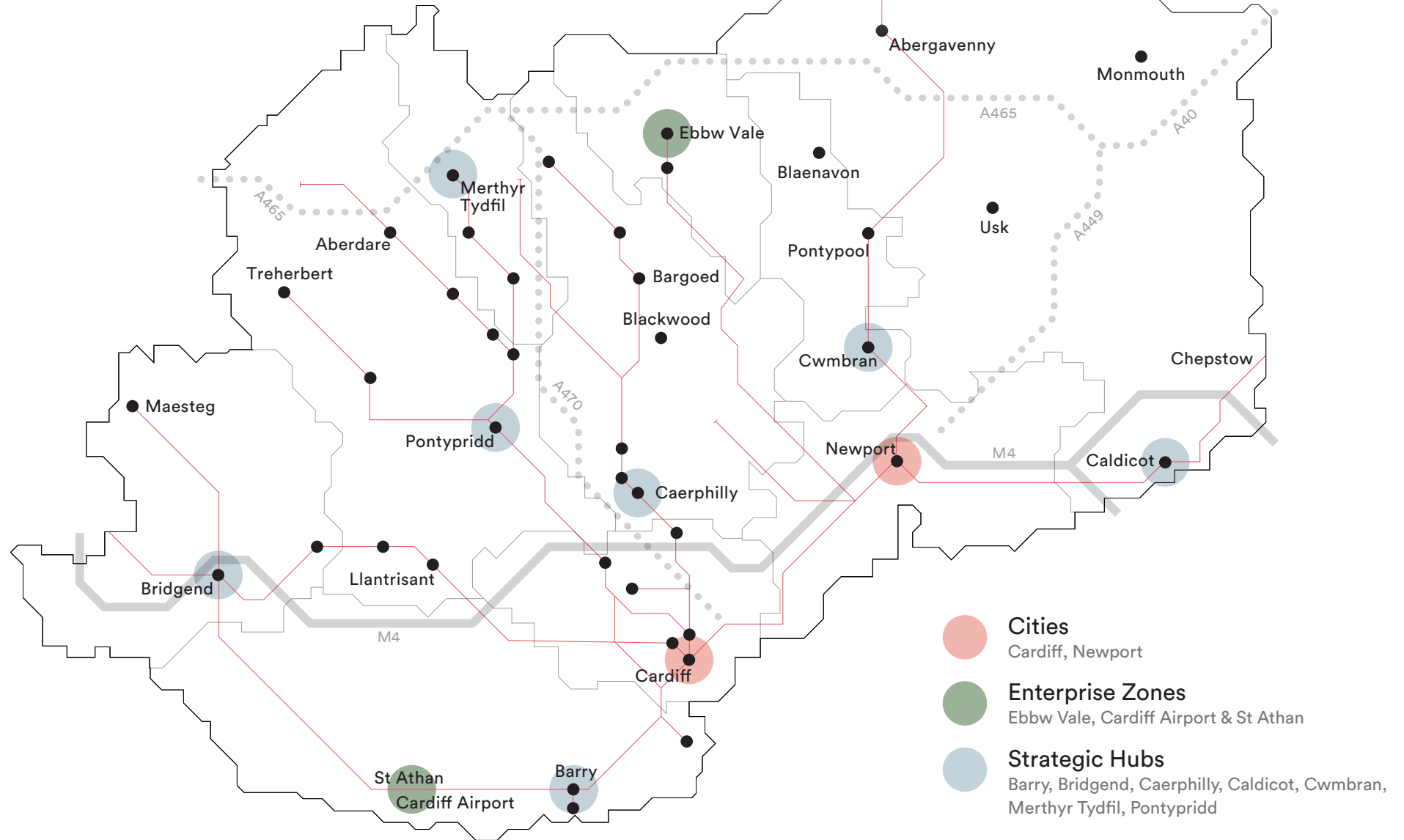
This initial spatial perspective, which will be reviewed and refined as part of the development of the Regional Growth Strategy, is detailed on the plan to the right.

Strategic Hubs and Opportunity Areas

Page 76

35 Miles Deep

55 Miles Wide



05.

Developing a Skilled Workforce and Tackling Unemployment

The Regional Cabinet are working in partnership with the Cardiff Capital Region Skills and Employment Board to develop the social and economic potential of the Cardiff Capital Region, supporting people and businesses to deliver a high performing and prosperous region that stimulates and supports inward investment.

To achieve this the Cardiff Capital Region needs to develop a demand-led skills system that is driven by the needs of industry and which delivers employment and skills support in response to infrastructure and other investments to achieve growth within the regional economy.

Regional Priorities for Employment & Skills

We are developing a regional, evidence based approach, which will focus on:

- Delivering employment and skills support for industry, infrastructure and other investments to enable growth
- Supporting industry through priority sectors to address skills gaps and shortages
- Developing higher level skills to future-proof the workforce
- Increasing the number and range of apprenticeships
- Improving industry engagement with education and marketing of career opportunities and pathways
- Developing a regional employability plan to get more people into work
- The co-design of the DWP Work and Health programme

“...supporting people and businesses to deliver a high performing and prosperous region that stimulates and supports inward investment.”



Top: The Royal Mint, Pontyclun

Bottom: DS Smith, Caerphilly

A programme of interventions is emerging, titled 'Skills for the Future', in response to evidence of regional demand plus examples of successful practice and currently includes:

- **Regional skills brokerage service** – a local authority led and therefore impartial service that works with businesses, projects and investments, in conjunction with economic development and business support services, to secure appropriate and relevant skills solutions through education, training and other providers. Connecting both employees and businesses to regional skills projects and programmes that invest in the upskilling of the existing workforce to support progression and improvements in productivity.
- **Schools engagement** – activities to encourage career choices that align with future demand whilst promoting parity of esteem between different pathways to help young people attain quality and sustained employment.
- **Access to apprenticeships including shared apprenticeships** – employer engagement to increase the number and range of apprenticeships available in the region and schools engagement to increase the number of young people choosing apprenticeship pathways. Delivered in conjunction with work based learning providers and extending access through shared apprenticeship

programmes, such as Y Prentis and Aspire, where appropriate.

- **Graduate internship programme** – employer engagement to increase the number of graduate opportunities available including placements and internships, delivered in conjunction with our Universities. To encourage greater graduate retention within the region and improve the skills utilisation of graduates by businesses to support improvements in innovation and productivity.
- **Regional SME support** – to encourage apprenticeship and graduate take up by SMEs there will be a financial incentive and provision of a human resource support service. In the immediate term the service will support SMEs to maximise use of the current Welsh Government apprenticeships subsidy.
- **Skills Investment Fund** – a co-investment fund for SMEs that supports the upskilling of existing employees to meet technical, specialist and higher level skills needs, that can be accessed in the absence of other sources of funding. A fund of last resort to support co-investment in business led development linked to the achievement of growth, productivity and performance improvements.

Implementation is proposed in phases commencing early stages beginning in **September 2018**.

06.

Creating an Innovation District and Increasing Entrepreneurial Activity and Innovation

Innovation is a dynamic driver of economic growth. It underpins the development and application of ideas and technologies that yield better or new goods and services for the marketplace. Innovation is directly linked to raising productivity. Relative to other regional and international economies, productivity is unacceptably low in the Cardiff Capital Region.

Unless this changes, our ambitions for our place will not be realised. Indigenous businesses will not grow as quickly as we would like, wages will not grow as quickly as in other places, external investors will not be attracted here. We will continue to oversee an underperforming region and our brightest people will have better opportunities elsewhere.

We are going to change this. We are going to create an environment that fosters entrepreneurial spirit and the creation of new commercial knowledge by bringing entrepreneurs, government, universities, colleges, funders and corporate entities together and adding in new capability. The Joint Cabinet has produced an Innovation Prospectus setting out in headline terms our direction of travel. The Prospectus is open to change and is reliant on every other City Region priority set out in this business plan delivering.



SPTS Technologies, Newport



The Innovation Prospectus includes:

- **Innovation District** – We want the region to be internationally recognised as an Innovation District. We will work with Wales Government and UK Government to develop a competitive fiscal environment to promote sectors set out in our City Deal Agreement; specifically compound semi-conductors, life-sciences, cyber, digital, clean energy, infrastructure and engineering.
- **‘Tech Venture Fund’** – The Cardiff Capital Region, in keeping with the rest of Wales, is not strong in terms of an angel investor / venture capitalist culture. We are focussed on establishing a ‘tech venture fund’ working with commercial investors to Improve access to capital. The Fund will make commercial investments, it will not make grant payments. The Fund will be professionally managed and focussed on sectors indicated above. The Fund will operate across the whole region and will only invest in companies in the region.
- **Public Service Testbed** – The region has a significant reliance on public service employment. We will exploit the opportunity that this presents by developing our place as a ‘public service test-bed’. We aim to re-design our public services to optimise their impact on economic prosperity. This will include, but not be limited to, how public sector organisations procure goods and

services and capitalise on the significant Intellectual property that the sector possesses.

- **Regional Business Support** – Business support services across the region are complex. We intend to integrate and align these and simplify and develop easily accessible whole region support and advice.
- **National Software Academy** – We intend to support and accelerate a National Software Academy and National Cyber Academy to develop digital capacity and capability that is currently lacking in the region.

07. Improving Connectivity Globally, Regionally and Locally

Our ability to connect and communicate in a fast and reliable way is critical in enabling businesses to generate prosperity and employment, empowering people to take a full part in society and benefit from life's opportunities.

Good quality, highly available, cost effective and efficient networks are a fundamental requirement to enable people to participate fully in modern life and to maximise their opportunities in the employment market.

To enable effective connectivity of all types for our future generations, we must therefore focus on the performance of both our digital and transport infrastructure. We must aim to ensure that our residents, households and businesses, have access to those facilities that they need and want as they go about their lives where they live, work and travel.

Transport

The Regional Cabinet, via the newly established Regional Transport Authority, are focussed on understanding the transportation infrastructure issues that restrict economic growth in the Region, identify the opportunities where transportation can open up economic development opportunities and, as equal partners, set joint priorities with Welsh Government for the Region, using our shared resources to deliver the changes.

Over the next 5 years, along with providing advice on transport matters and proposals to the Regional Cabinet, the Regional Transport Authority will focus on:

- **Developing a Regional Transport Strategy for Growth, aligned with Local Transport Plans, aimed at supporting the region's economy.** This Strategy will build on the Economic Growth Strategy and set out the transportation vision and strategic objectives for the region, covering 5 types of travel:
 - **A globally connected city region**
 - developing the potential of our air; rail; road and sea: with a focus on Cardiff Airport, the Great Western Main Line, the M4, the Heads of the Valleys A465, our 3 sea ports at Cardiff, Newport and Barry.

- **City-to City links** – improving access to our major interchanges on the M4 and the Cardiff to London main rail line.
 - **Travel across the wider City Region** – a programme of strategic transport hubs will enable trips to key destinations like town centres, employment areas, hospitals and colleges can be made more easily, and by a choice of mode
 - **Getting into and around the Regional Centre** – supporting sustainable access to Cardiff City Centre.
 - **Connecting neighbourhoods** – more accessible “public realm” including bus stops; better pedestrian and cycle links to public transport stations and stops and road safety measures.
- identifying opportunities and supporting project sponsors to develop transport proposals which, working with other initiatives such as strategic sites, support our strategic objectives.

One significant opportunity has already been identified and defined as Metro Plus.

»» Metro Plus

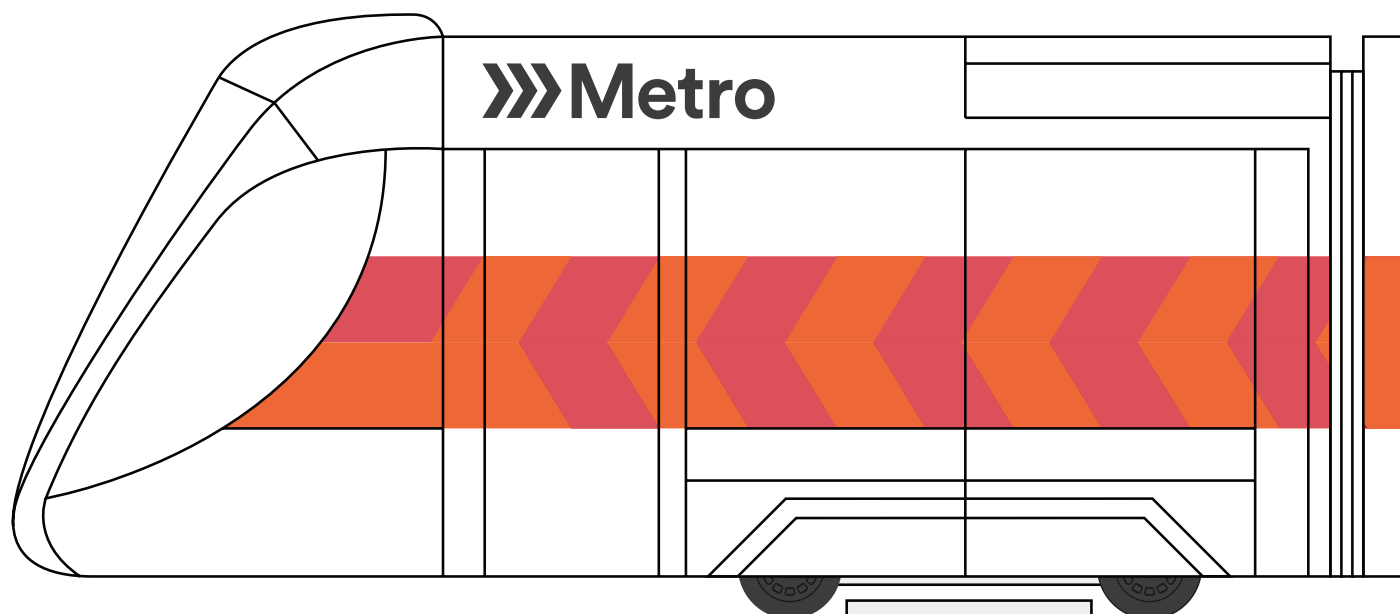
As part of the City Deal there is a pre-allocated sum of £734m committed to the Metro.

The South East Wales Metro is a key priority of the City Deal and will make a significant contribution to improving transport connectivity; unlocking development sites, employment and housing; providing access to training and employment opportunities; access to leisure and tourism and wider cultural development; substantial contribution to carbon reduction targets; and improving quality of life for all residents.

To maximise the potential benefits of the Metro to the region the Regional Cabinet are exploring a programme of complementary transport investment ‘Metro Plus’.

A significant project highlighted as part of this transport programme is the delivery of a Central Transport Interchange, ‘Metro Central’.

This scheme has the potential to significantly increase public transport capacity and attractiveness, and regional connectivity, by allowing increased frequency of services and providing improved facilities.



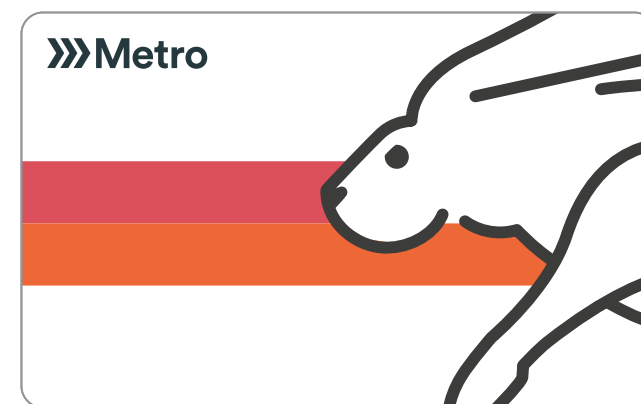
In addition the proposal has the potential to leverage significant commercial development and create more than 30,000 jobs over the next 10-15 years.

A key element of 'Metro Central' is the modernisation of Cardiff Central Train Station increasing capacity for trains and passengers, making it fit for purpose, and releasing the potential of the Metro. A feasibility study on the modernisation of Cardiff Central Station has been undertaken identifying a series of interventions including platform access, platform improvements, concourse improvements, platform extension, improved links and weather protection.

Based on the current feasibility work the total cost of the project is estimated at £160-£180m. The funding proposal would see contributions from the Welsh Government, private sector and City Deal, with any shortfall made up from the Department for Transport. This current proposal would see a call on City Deal funding of £40m subject to final approval of the Full Business Case and commitment to match funding from partners.

Other emerging opportunities being explored are:

- improved access to Cardiff Airport for both passengers and freight. Linked to the promotion of the enterprise zone and opening-up development land opportunities;
- a programme of strategic park and rides to improve access to the rail network and to transfer car users off the most congested highway routes; and
- improve connections to enable people to access motorways and key national rail interchanges.



Potential Metro smartcard

Digital

The Regional Cabinet aspiration is to make the Cardiff Capital Region a “Smart Region”, allowing our future generations to be fully integrated into a global network.

This digital strand is about enabling the future of work to be carried out in all areas of the region by increasing the benefits that digital services bring.

A Tech Nation Report (Tech City 2015), identified this region as home to the fifth fastest growing ‘tech hub’ in the UK and further NESTA research on the growth of technology clusters in the UK demonstrates high start-up rates in and around the capital city region. Coupled with emerging specialisms in data science, open data and cyber security, there is unique potential to connect the entire supply chain of digital services.

Over the next 5 years the Regional Cabinet intend to develop a Digital Portfolio of proposals to support our strategic goals and our aspiration to be a smart region:

- **Organising Delivery** – Creation of a digital vision, brand and identity for CCRCD
- **Global Connectivity** – Implementation of a transatlantic link to enable the fastest possible connection to the global digital network.
- **Welsh Connectivity** – Exploitation of the existing Cardiff Internet Exchange (IX).
- **Regional Fibre Connectivity** – Creation of a strategic site dark fibre network as a public asset. This would support the volume of public, private, research and citizen based traffic into and around CCRCD.
- **Community Fibre Connectivity** – A high speed fibre network to connect local communities.

- **Regional/Community WiFi** – A ubiquitous public WiFi network as a public utility to be maintained by the private sector on an ongoing basis.
- **Mobile 5G Access** – Implementation of a 5G network.
- **Sensing the CCRCD** – A sensor network across the region through a canopy of connectivity from access points mounted on e.g. street lights.
- **Open Data** – Creation of a fully Open Data environment making all of the vast amount of publicly held data (with the exception of certain data, for example sensitive personal data) available to all, without copyright, patents or other methods of control.

“A Tech Nation Report (Tech City 2015), identified this region as home to the fifth fastest growing ‘tech hub’ in the UK.”

08. Providing the right physical place and environment to support growth

The Regional Cabinet have recognised the unique opportunity for the ten local authority areas to come together and deliver a strategic approach to housing, regeneration and economic growth to create an accessible, liveable, ‘work-life integrated’ and highly connected region.

Promoting and enabling Place-Making and Sustainable Communities will improve quality of life for residents and attract and retain investors, skilled workers and visitors. By harnessing the distinct characteristics and strengths within the region we will contribute to growth by:

- Upgrading and rebalancing our housing offer;
- Identifying and maximising new spaces and places of potential economic opportunity;
- Capitalising on existing spaces of economic opportunity;
- Regenerating our urban and rural built environments and promoting well-being;
- Improving our visitor economy;
- Developing and managing sustainable energy;
- Using the development of the Metro to promote sustainable regeneration of Town centres and support growth around metro hubs and public transport; and
- Having a clear focus on economic growth and investment as a means to counter disadvantage and deprivation, both for individuals and communities, at local and regional level.

Over the next 5 years the Regional Cabinet intend to develop a number of key areas under this Strategic Theme:

Housing

The housing shortfall of the region, linked to the future economic aspirations of the Regional Cabinet, is being full explored and detailed as an expression of ‘need’.

The mechanisms and interventions which could potentially be used across the region to deliver housing are be considered. These options will not necessarily be site specific and there are many projects right across the City Region area that, for different reasons, have stalled but would have a positive impact in terms of City Deal outcomes by increasing GVA. In addition, they would help deliver sustainable communities, increase housing supply, choice, affordability and quality.

Work has been undertaken to identify what mechanisms or interventions can be deployed to increase housing delivery and to support the Housing Objectives detailed in the City Deal Heads of Terms, and by the Growth and Competitiveness Commission. This has resulted in a proposal for:



View from Abergavenny Town Centre

Regional Housing Fund

Work is being undertaken to develop a proposal for establishing a Housing Investment Fund (HIF) to support the housing growth aspiration across the region and across all tenures. Key benefits of a Fund in the Cardiff Capital Region context would include:

- **Fast-track delivery:** Provides a broad set of financial interventions that can be used to unlock developments that have been previously stalled by a wide range of issues;
- **External funding:** Can complement – and should actively encourage through leverage requirements - the use of external sources of funding, both private and public;
- **Flexibility:** Investment strategy could be crafted to allow for different products to be flexibly used in different locations and different extents over time, depending on the challenges faced in each sub-market, and following review
- **Ongoing benefit:** the opportunity to recycle funds through repayable grants, loans etc. offers scope for funds to be used multiple times.

To complement the proposed Housing Fund, work is being undertaken to develop a Custom Build or Plot Shop for the region whose benefits could include:

- **Stimulation of the SME building sector:** Provides a broad range of sites with limited risks which will be attractive to this sector;
- **Investment:** The Plot Shop encourages investment within communities across the region, whilst the economic multipliers are likely to be less than those associated with volume housebuilding, the impact of multiple sites across the region, within a currently dormant market should be recognised;
- **Flexibility:** SME builders could be supported flexibly in different locations and to different extents over time, depending on the challenges faced in each sub-market.
- **Regeneration benefits:** Many sites represent detractors in our communities, but being packaged within a Plot Shop brings them forward for development, bringing new homes and choices to our communities. Having a range of housing choice can stimulate latent housing markets, with long term benefits to communities.
- **Potential for innovation:** As the scheme develops momentum, there is significant scope to develop innovative homes in terms of energy, construction, design and tenure.

Strategic Sites and infrastructure

Research commissioned by the Regional Cabinet and the Welsh Government has illustrated the shortage of good quality sites and premises within the region. With the slowdown of the sort of development undertaken by the WDA during the 1970s – 90s, and the failure of private sector developers to fill that gap in many parts of the region, we now have a very limited 'offer' to put before inward investment or expansion projects and this is a serious constraint on the potential for the region to grow the economy, especially to achieve the sort of 'step change' in the scale of growth envisaged by the Regional Cabinet.

Good quality sites are in short supply and there is now a very limited availability of all sizes and types of speculative, ready to occupy premises ranging from space for small businesses and start-ups right through to large scale manufacturing projects.

Potential sites will be assessed to provide a target list of strategic sites deemed suitable for support and be of the scale and type likely to meet the aims and objectives of the Regional Cabinet.

This assessment of need has resulted in a proposed Strategic Sites Programme:

Strategic Sites Programme

- **Provision of Employment Sites:** A programme to introduce a balanced portfolio of sites with varied characteristics to be a catalyst to attracting new business investment will be developed. These sites should be capable of supporting both indigenous business growth and inward investment. This should aim to create a significant supply of new floorspace across a wide range of property types across the whole region. This programme will aim to support the current prime market areas of Cardiff and the M4 corridor and have a strategic focus on a future expansion of this prime market to include a mix of opportunities in the Heads of the Valleys corridor, the coastal belt, towns and rural areas.
- **Refurbishment of Existing Stock:** There is an issue of increasing obsolescence in existing building stock which can be a catalyst for business disruption and closure. A programme of refurbishment to retain those businesses already in the region will be developed. Exploring a partnership approach with Welsh Government to overcome this problem is proposed.

- **Encouraging Clusters:** Work will be undertaken to explore the potential to support specific infrastructure and location criteria to encourage clusters of like-minded industries to emerge and develop, nurturing them as centres of excellence.

Within this theme some specialist areas of provision are also emerging which include:

- **Enabling infrastructure**

Opening-up strategic sites, housing and employment, this includes possible transportation and road linkages, drainage and other high value enabling works to bring forward large sites;

- **Joint developments with the HE / FE sectors**

Could provide space for spin-out of research and technology emanating from the educational establishments in the region and linking to the prioritised sectors;

- **Work / live space**

Where residential and employment is combined' with the potential for such shared use developments to be concentrated alongside key development 'nodes' of the Metro project.



Top: Ebbw Vale Enterprise Zone / Bottom: OpenGenius, Penarth

Energy related projects

Several energy related projects are emerging around renewable energy generation schemes, energy management and related manufacturing and management technologies. A regional development and delivery approach to these projects could generate significant regional benefit in terms of the economy and environment. There is potential for the region to seek to become recognised as a leader in the energy field including in the manufacturing process for renewable energy machinery, which is an undoubted global growth sector and one with relatively high R&D and a high value-added contribution. In addition the proposal for a tidal lagoon project within the region will play a factor in future proposals.



Ocean Colour Scene at Caerphilly Castle



Urban Renewal / Regeneration

Several projects are emerging which would revitalise existing urban and town centre locations, generating jobs in retail and office sectors; providing residential accommodation and helping to address the inequalities in development experienced in recent decades. It is clear this type of support cannot stand alone and will work if it coordinates its approach with the Welsh Government's Targeted Regeneration Investment programme (TRI) which replaces 'Viable and Vibrant Places'. The Regional Cabinet could in future act for Welsh Government, as the delivery arm of any potential regional funding, streamlining programme and project delivery, and overcoming duplication of resources.

In some parts of the region there is potential to explore the development of new settlements (settlements of the future) which would combine housing, employment, education and leisure elements in a planned, sustainable development of significant scale.

This could include the possible development of an arm's length development company to develop council owned sites for both economic and residential purposes.

Visitor Economy

Wales, and the Cardiff Capital Region, has a growing worldwide recognition and reputation as a tourist destination and includes iconic visitor attractions such as the Capital city of Cardiff, Cardiff and Caerphilly Castle, Barry Island, Porthcawl and Big Pit to name only a few. Several projects are emerging which could add to the regions 'offer' and attract significant numbers of additional UK and international visitors. These can be complemented by investments in accommodation and the hospitality sector.

The region is also blessed with the Brecon Beacons National Park to the north and the Glamorgan Heritage Coast to the south.

The development of the 'South East Wales Destination Investment Plan' is a key part of the process of developing the tourism offer for the region. This Plan has been commissioned by all the regions councils and will be fundamental in developing the regions tourism. Developing priority themes to support a year-round offer are:

- Business tourism to attract higher value;
- The Region's culture and heritage attractions;
- A strong outdoor adventure offer;
- The Region's events offer.

09. Cardiff Capital Region City Deal (CCRCD) Wider Investment Fund

Introduction – ‘The City Deal’

The City Deal outlines the joint commitments made by the ten local authorities of the Cardiff Capital Region, the UK Government and the Welsh Government to unlock £1.2bn of investment to increase the performance of the city-region economy. Over its lifetime of 20 years, partners envisaged that the City Deal would deliver up to 25,000 new jobs and leverage an additional £4bn of private sector investment.

As its core proposition the City Deal provides funding to support investment in projects to stimulate economic growth: £734m is allocated to Metro, with the balance (£495m) being made available as the City Deal ‘Wider Investment Fund’.

Wider Investment Fund (WIF) – Funding Streams

HMT Contribution: UK Government grant of £375m paid over 20 years period and consists of £50m revenue grant (years 1-5) and £325m capital grant from years 6-20. Expenditure incurred in advance of receiving UK Government grant will require ‘temporary borrowing’ and is referred to as the ‘Cost of Carry’.

Council Contribution: CCRCD Local Authority Partnership capital contribution of £120m. This will be drawn down as projects are approved and the Wider Investment Fund’s (WIF’s) overall funding requirements begin to crystallise. Council Contributions represent 24.2% of the WIF’s overall funding stream.

WIF Approvals to-date

Wider Investment Fund ‘Top Slice’: 3% of the fund is set aside to fund the activities of a number of Regional Bodies and to meet the costs of Programme Development and Support. This equates to an annual revenue budget of £742,500.

Compound Semi-Conductor Project: During 2017/18, Regional Cabinet approved the proposal in respect of the Compound Semi-Conductor Project. This involves providing a loan of £38.5m to a Special Purpose Vehicle over 2 years, which will be repaid over a period of up to 11 years. The loan repayments will be ‘recycled’ back through WIF potentially increasing the fund’s gross resources from £495m to £533.5m. This is the only project which has full approval to date.

WIF 'In-Principle' Commitments and Fund Availability

In-Principle Commitments: Regional Cabinet have provided an 'in-principle' commitment to the following projects and initiatives: Metro Central Project, Regional Housing Investment Fund, Digital Strategy and Skills for the Future. In-line with the requirements of the Assurance Framework, these projects are in the process of developing their respective business cases.

Future Revenue Projects: This represents the un-committed resources available to meet the cost of future REVENUE projects (day to day expenditure) as these are approved.

Future Capital Projects: This represents the un-committed resources available to meet the cost of future CAPITAL projects (expenditure resulting in the creation of an asset) as these are approved.



Top: Tri Wall Europe, Monmouth / Bottom: Next Generation Data, Newport

WIF Indicative Expenditure Profile		Annual £m	Cum'. £m	JWA 5 Year Business Plan
Year 1	2016/17	0.0	0.0	
Year 2	2017/18	25.4	25.4	
Year 3	2018/19	19.6	45.0	
Year 4	2019/20	30.0	75.0	
Year 5	2020/21	30.0	105.0	
Gateway Review				
Year 6	2021/22	45.0	150.0	
Year 7	2022/23	45.0	195.0	
Total Yrs 3-7	18/19 - 22/23	169.6	195.0	
Years 8-11	23/24 - 26/27	284.3	479.3	
Years 12-20	27/28 - 35/36	15.7	495.0	

WIF Indicative Programme and Updated Affordability Envelope

This is the first JWA Business Plan to be prepared and reflects that a number of projects are in the process of being developed. The Assurance Framework requires detailed business cases to be prepared before projects gain full approval.

An indicative programme of investment has been modelled based on actual approvals to date, supplemented by the typical spend profile of City Deals along with a range of other financial and technical assumptions, such as interest rates etc. The indicative modelling suggests that the 'wholelife cost' of the Wider Investment Fund to the CCRC Local Authorities could be in the region of £210.8m.

The Joint Working Agreement defines this wholelife cost as the partnership's 'Updated Affordability Envelope'.

Updated Affordability Envelope

Wider Investment Fund	£m
HMT Contribution (Grant)	375.0
Council Contribution (LA Capital)	120.0
Assumed Repayment Term	25 years
Assumed Interest Rate	3.0%
HMT Grant 'Cost of Carry'*	36.4m
LA £120M 'Cost of Capital'**	174.4m
Affordability Envelope	210.8m

* Cost of Carry refers to the interest costs associated with up-front borrowing of the HMT Contribution (grant) ahead of receipt

** Cost of Capital refers to the Principal and Interest cost associated with borrowing the Council Contribution by the local authorities



Orangebox, Treforest

Council Contributions

The Joint Working Agreement outlines that Council Contributions will be based on 'population' fixed at point in time. The agreed model is based on the 2015 ONS population data and will be used as the baseline for sharing costs moving forward. This baseline position will be applicable throughout the 'wholelife' of the Wider Investment Fund.

Agreed Council Contributions % Rates

Local Authority Partner	%
Blaenau Gwent	4.6
Bridgend	9.4
Caerphilly	12.0
Cardiff	23.7
Merthyr Tydfil	3.9
Monmouthshire	6.1
Newport	9.8
Rhondda Cynon Taff	15.8
Torfaen	6.1
Vale of Glamorgan	8.5
Total	100%

1. Cardiff Capital Region City Deal Wider Investment Fund – Indicative Investment Programme for the Strategic Themes



Indicative Programme Expenditure	Yr 3 2018/19 £m	Yr 4 2019/20 £m
Wider Investment Fund Top Slice	0.74	0.74
Approved Projects	13.84	0.00
Future Revenue Projects	1.00	1.00
Future Capital Projects	4.02	28.26
Total Investment	19.60	30.00
Funded by		
HMT Contribution (Revenue)	-1.89	-3.90
HMT Contribution (Capital)	0.00	0.00
Total HMT Contribution	-1.89	-3.90
Council Contribution	-17.71	-5.06
Temp Borrowing 'Cost of Carry'	0.00	-21.04
Total Funding	-19.60	-30.00

Yr 5 2020/21 £m	Gateway Review	Yr 6 2021/22 £m	Yr 7 2022/23 £m	Total Yrs 3-7 £m	Total Yrs 1-20 £m
0.74		0.74	0.74	3.71	14.11
0.00		0.00	0.00	13.84	38.50
1.00		1.00	1.00	5.00	18.00
28.26		43.26	43.26	147.05	424.39
30.00		45.00	45.00	169.60	495.00
-3.90		-3.90	-3.90	-17.51	-50.00
0.00		-22.00	-22.00	-44.00	-325.00
-3.90		-25.90	-25.90	-61.51	-375.00
-5.06		-7.96	-7.96	-43.74	-120.00
-21.04		-11.13	-11.13	-64.35	-0.00
-30.00		-45.00	-45.00	-169.60	-495.00

2. Annual Spend Profile and Wholelife Revenue Implications for each Council

	Yr 3 2018/19 £m	Yr 4 2019/20 £m
Blaenau Gwent (4.6%)	0.04	0.07
Bridgend (9.4%)	0.09	0.14
Caerphilly (12.0%)	0.11	0.17
Cardiff (23.7%)	0.22	0.34
Merthyr Tydfil (3.9%)	0.04	0.06
Monmouthshire (6.1%)	0.06	0.09
Newport (9.8%)	0.09	0.14
Rhondda Cynon Taf (15.8%)	0.15	0.23
Torfaen (6.1%)	0.06	0.09
Vale of Glamorgan (8.5%)	0.08	0.12
Total (100%)	0.94	1.44

Yr 5 2020/21 £m	Yr 6 2021/22 £m	Yr 7 2022/23 £m	Total Yrs 3-7 £m	Total Yrs 1-38 £m
0.08	0.12	0.16	0.48	9.74
0.17	0.24	0.34	0.97	19.90
0.22	0.31	0.43	1.23	25.23
0.43	0.61	0.85	2.45	50.01
0.07	0.10	0.14	0.41	8.31
0.11	0.16	0.22	0.63	12.95
0.18	0.25	0.35	1.01	20.69
0.29	0.40	0.56	1.63	33.25
0.11	0.16	0.22	0.63	12.86
0.15	0.22	0.30	0.87	17.87
1.81	2.56	3.57	10.31	210.80

WIF External Audit / Monitoring and Reporting

Clause 7.1.4. of the JWA states that “The JWA Business Plan shall, amongst other matters, address the following:

“the methodology and responsibility for any external audits in relation to this Agreement”.

This requirement will be addressed through the Annual Audit Plan agreed with the relevant external auditors and presented to Regional Cabinet for consideration and approval.

“any revenue and capital monitoring reports to be prepared for the Joint Committee and the frequency of such reports.”

Regional Cabinet will receive regular revenue and capital monitoring reports throughout the year advising on matters such as: Approved Budget, Actual Position To-Date, Commitments and Projected Out-turn. These reports will be supplemented by the appropriate Project Performance Reports, advising on all aspects of the Wider Investment Fund.

HMT Contribution - Funding Terms & Conditions

The funding will be paid to the Accountable Body on behalf of the ten CCRCD local authorities. The funding must be used solely to support the objectives of CCRCD through the implementation of projects and schemes agreed by the Regional Cabinet and in accordance with arrangements set out in its Joint Working Agreement, Wider Investment Fund, Assurance Framework, and the JWA Business Plan.

An outcome based Gateway Review of CCRCD led by HM Treasury will be undertaken in 2020/21. Funding for 2021/22 and beyond is conditional on CCRCD successfully passing this Gateway Review.

It has been confirmed that in any year, where funds have been committed and/or there is a clear intention to spend, carry forward of funding to future years will be permitted. Carry forward in respect of the final year (2020-21), will also be permitted providing that the Gateway Review is passed.



Cardiff Airport, Rhoose

10. Additional Opportunities for Regional Funding: Including European Funding & Additional Flexibilities

The Regional Cabinet, in addition to the City Deal Wider Investment Fund, have been delegate responsibility by the ten participating local authorities for “additional devolved funding provided to the Capital Region”.

The Regional Cabinet will seek to align the use of European funding in the region to complement and enhance City Deal investments, aims and objectives.

To maximise the benefits of the City Deal and deliver a longer-term regional economic strategy, greater than that which can be achieved by the City Deal resources alone, the Regional Cabinet will explore with the Welsh Government the options for greater financial autonomy and flexibility.

In addition, the Regional Cabinet will be proactive in seeking out other funding opportunities which align and support the regional objectives.

European Funding

Maximising opportunities from current European Funding Programmes

There are opportunities to access funding from a number of different European Funding Programmes during the current programming period (2014-2020), from the traditional sources of the Structural Fund Programmes (ERDF & ESF) and the Rural Development Plan administered by the Welsh Government to large thematic funding programmes directly managed by the European Commission, such as the HORIZON 2020 programme for Research, Development and Innovation and the ERASMUS+ programme for young people.

The UK Government has guaranteed funding for all projects approved before the UK exits the EU (end of March 2019), enabling projects to deliver until 2023.

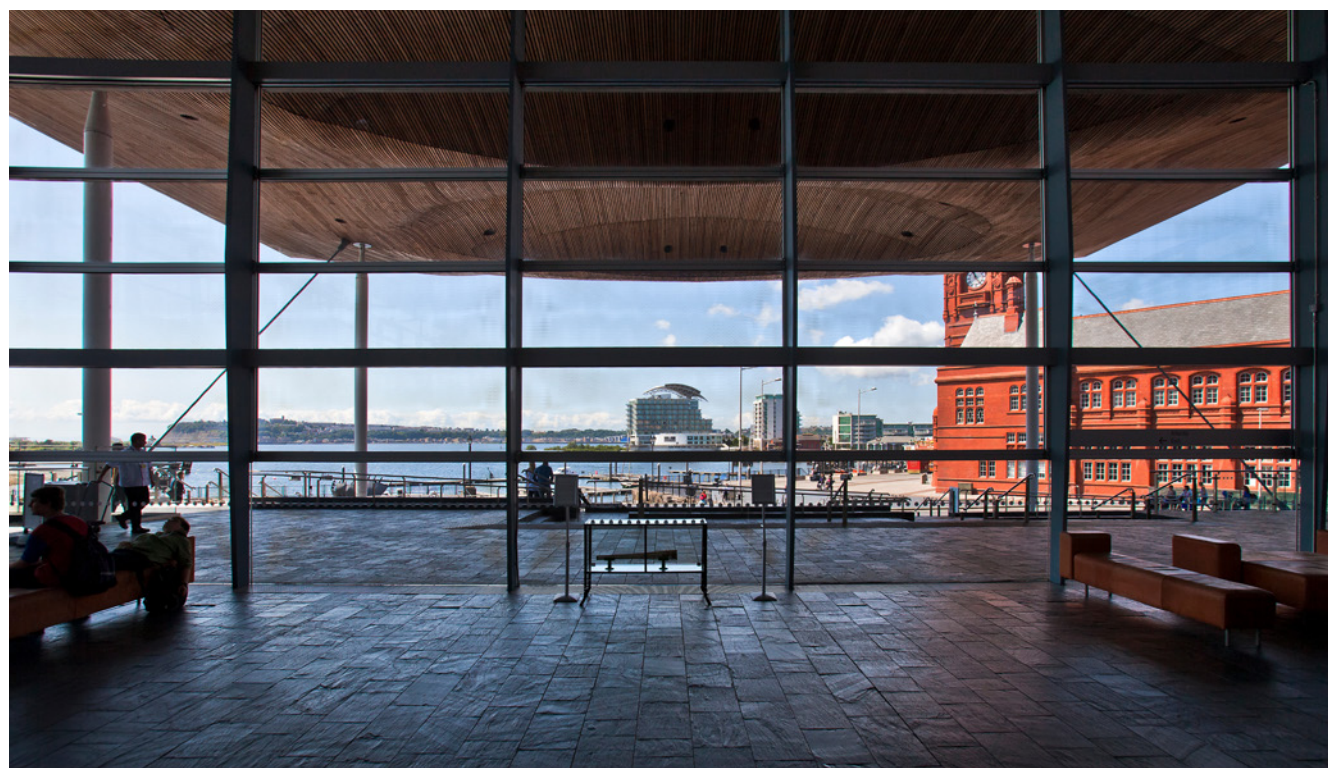
Influencing future funding arrangements

The discussions on replacement funding following the UK's exit from the EU have already started thus it is important that the Region influences these discussions, both with the UK and Welsh Governments. A consultation on a UK Shared Prosperity Fund to replace current EU Structural Funds is expected to be launched by the UK Government later this year.

The timing for the introduction of replacement funding will depend on any agreement reached on transitional arrangements relating to current EU programmes which are due to end in 2020. In the meantime, the Welsh Government has launched a consultation on 'Regional Investment in Wales after Brexit'. This sets out its views on future regional policy in Wales and argues for Wales' share of any new fund to be devolved.

It will also be important to lobby for continued access to key EU thematic funding programmes post Brexit, including the successor programmes to HORIZON 2020, ERASMUS+ and some transnational programmes. These will form part of the negotiations between the UK Government and the European Commission.

“The Regional Cabinet will seek to align the use of European funding in the region to complement and enhance City Deal investments, aims and objectives.”



The Senedd, Cardiff Bay

Additional Flexibilities

A case will be made for a range of powers to be devolved to the local authorities of the Cardiff Capital Region. This case will also argue for flexibility to enable the region to access a range of funding sources to supplement the City Deal.

The proposed powers and flexibilities may include:

- retention of business rate income;
 - explore proposals for the Cardiff Capital Region to control above forecast growth in business rates to support economic development proposals for the Cardiff Capital Region
- the ability to levy an infrastructure supplement;
 - explore proposals for introducing an additional levy for infrastructure, based on a supplement to business rates
- use of alternative finance sources;
 - **explore other potential sources of funding including the following:**
 - private sector funding / market opportunities
 - tax increment financing
 - local authority bonds
 - housing finance
 - private public partnerships
 - pension funds

- online alternative finance sources.
- the removal of conditions around some specific Welsh Government grants;
 - aggregating specific grants to a regional level and removing the conditions that currently apply

Additional Funding Opportunities

The Regional Cabinet is fully aware that the City Deal funding alone is not sufficient to achieve the aims and objectives for the region. The Cabinet will therefore seek to maximise the potential of the City Deal funding by using it as a catalyst to draw in additional resources from the public and private sectors, as well as other possible investors.

Numerous funding opportunities arise, many of which have prohibitive timescales or do not align with the regions strategic priorities.

The Regional Cabinet will use its resources wisely to pursue those opportunities which will enhance its ability to develop the region and, where match funding is required, accord with the assessment processes detailed in the Assurance Framework.



Cardiff, Penarth and Barry, Southern border of the Region

CARDIFF CAPITAL REGION CITY DEAL

WELL-BEING & EQUALITIES ASSESSMENT

Description of Proposal: Cardiff Capital Region City Deal – Strategic Business Plan for the Wider Investment Fund

Section 1) Complete the table below to assess how well you have applied the 5 ways of working to act in accordance with the sustainable development principle.

Long-term	How does your proposal balance short-term need with the need to safeguard the ability to meet long term needs by planning for the future?
	The Strategic Business Plan states: <i>“The City Deal is a long-term programme and no one can, with confidence, predict what changes will occur over the next 20 years.</i> <i>When considering the current pace of innovation in areas such as artificial intelligence, drones, driverless vehicles, 3-D printing, robotics, and automation, the future infrastructure and skills needs of the region is changing radically.</i> <i>We must therefore ensure our policies, plans and programmes are flexible and sufficiently dynamic to not only cope with change but to act as a catalyst to drive positive change in the region.”</i> The Plan also states: <i>“Our Regional Strategic Objectives also reflect the need to focus on improving the quality of life of people and communities now and in the future and ensure our approach and actions are responsible and meet our current needs without compromising the quality of life of future generations.”</i> This demonstrates that the Regional Cabinet are mindful of their responsibilities and that they will regularly undertake reviews to ensure they are achieving the correct balance in the short, medium and long-term.
Integration	How does your proposal demonstrate an integrated approach to considering economic, social, environmental & cultural outcomes together?
	The Strategic Business Plan states: <i>“We have identified four Strategic Themes where we feel we can make the biggest difference and a real improvement to the wellbeing of people in the region and in so doing support our regional objectives, wellbeing goals and the twin goals, in the Welsh Government’s ‘Prosperity for All: economic action plan’, of growing the economy and reducing inequality.</i> <i>City Deal Strategic Themes:</i>

- ❖ **Skills & Employment;**
- ❖ **Innovation;**
- ❖ **Connecting the Region; and**
- ❖ **Regeneration and Infrastructure.**

Identifying these themes provides a structure and method of developing proposals and schemes. However, the themes are indivisible, and all proposals will be expected to be cross-cutting and contribute, to differing degrees, to our objectives and the well-being goals."

In addition, when appraising schemes within the City Deal the Strategic Plan states:

"All proposed schemes will be required to follow the same appraisal process as detailed in the Assurance Framework. Schemes will be assessed on their potential to contribute to our high-level aims and strategic objectives; demonstrate value for money, use of the five ways of working and how they contribute to the well-being goals."

Both these statements demonstrate how the Regional Cabinet are taking an integrated approach when developing and assessing proposals and schemes.

Involvement

How does your proposal involve those stakeholders, who you are seeking to support, and those with an interest in promoting and supporting economic, social, environmental and cultural well-being in the region, whilst ensuring engagement reflects the diversity of the region?

The Strategic Business Plan has been prepared using the research and recommendations of the Growth and Competitiveness Commission, as required by the Assurance Framework para 3.1. The Growth and Competitiveness Commission was established as an Independent Commission by the Regional Cabinet specifically to undertake research and extensive consultation on the City Deal, and from this work provide advice and recommendations to the Regional Cabinet.

In addition, the Regional Cabinet will be submitting the Strategic Business Plan to each of the regions ten constituent authorities' councils for approval.

This means that up to 536 local councillors, all of whom have been elected by and represent their diverse communities, will determine whether to adopt this Business Plan.

Collaboration

How does your proposal involve working together with partners (internal and external) to deliver well-being objectives?

The City Deal is a collaboration of the ten local authorities of south east Wales.

In defining the Regional Cabinets 'Vision' there is a statement related to collaboration – *"To make the most of the opportunities our combined size gives us, we must all work together – public sector, private sector, education establishments and our communities – for the benefit of all."*

In addition, the Strategic Business Plan states:

“We are working closely with the Welsh Government and National Government, who are both signatories to the City Deal. We have also been instrumental in establishing stakeholder groups including the Cardiff Capital Region:

- ❖ *Skills and Employment Board - representing a wide range of stakeholders, including businesses, higher and further education, local authorities and Welsh Government;*
- ❖ *Regional Business Council – providing a strong business voice;*
- ❖ *Economic Growth Partnership – bringing together partners to consider and advise on a sustainable economic growth strategy and investment decisions.*

We are actively working with the Valleys Taskforce to ensure our aims, objectives and interventions not only align but also complement each other, taking advantage of their engagement processes, to maximise benefits to the region as a whole.

We are developing an effective working relationship with the Office of the Future Generations Commissioner for Wales to ensure that opportunities to support the well-being goals are highlighted.”

This statement only identifies a few of the organisations we work with and demonstrates that the Regional Cabinet is committed to collaboration and as the City Deal progresses and schemes are developed it is anticipated that more stakeholders will form part of our inclusive collaboration approach.

Prevention

How does your proposal put resources into preventing problems occurring or getting worse?

The Cardiff Capital Region is widely recognised as a region with major strengths, an attractive environment, a strong heritage, a growing economy and emerging opportunities.

However, it is also a region where there are concentrations of poverty and where not all have access to the opportunities available. Improving accessibility to opportunities and increasing labour market participation is critical to support an improved quality of life for all the regions residents.

By investing resources in promoting skills; employment opportunity; job quality, security and progression the Regional Cabinet aim to promote more inclusive growth within the region.

Section 2): Assess how well your proposal will result in multiple benefits for our communities and contribute to the national well-being goals.

Description of the Well-being goals	How will your proposal deliver benefits to our communities under the national well-being goals?	Is there anyway to maximise the benefits or minimise any negative impacts to our communities (and contribute to the national well-being goals)?

A prosperous Wales:

An innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change); and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work.

The Regional Cabinets Vision and Regional Strategic Objectives set out their aspirations and with their high-level aims, to create 25,000 new jobs and leverage £4bn private sector investment, establish the economic outcomes they are seeking to achieve when considering use of the City Deal Wider Investment Fund.

The Regional Strategic Objectives also reflect the need to focus on improving the quality of life of people and communities now and in the future and ensure the Regional Cabinets approach and actions are responsible and meet the regions current needs without compromising the quality of life of future generations.

The Strategic Objectives, as detailed in the Strategic Business, are:

1. Prosperity and Opportunity - Building the capacity of individuals, households, public sector and businesses to meet challenges and grasp opportunity creating a more productive economy

The quality of the economic environment of the region will play a crucial role in creating jobs by improving business performance, enhancing opportunity and encouraging innovation. We will nurture the economic environment by:

- providing the right infrastructure including connectivity by means of good transport links and highspeed broadband;
- encouraging a culture of innovation and entrepreneurship by providing the right skills, opportunities and support to engender a confidence to be creative;
- ensuring that the city-regions labour market is equipped with the skills that businesses need;
- improving public sector efficiency and effectiveness by new ways of working;

In accordance with the Assurance Framework all proposed schemes will demonstrate their potential outputs and outcomes via a 5 Case Business Model, in accordance with HM Treasury Green Book, a tool for scoping and planning a proposal and documenting the expected outcomes.

In addition, for Cardiff Capital Region schemes, the business case will also have to demonstrate the use of the five well-being ways of working and how it supports the wellbeing goals and the twin goals in the Welsh Government's 'Prosperity for All: economic action plan' of growing the economy and reducing inequality¹.

Any report to the Regional Cabinet seeking approval for a proposal will be required to be accompanied by a City Deal Well-being and Equalities Assessment.

In this way the Regional Cabinet will ensure that any interventions and/or investments will aim to maximise its positive impact on communities and the well-being goals.

¹ Written statement by Ken Skates, Cabinet Secretary for Economy and Transport on 11th December 2017.

- supporting all businesses to become more productive, from small retail to large advanced manufacturers;
- enhancing the business climate for emerging sectors, enterprises and innovation that can spawn new sources of jobs and incomes into the longer-term future, including creating business clusters where firms can network, share skills and spur each other to higher levels of performance;
- encourage and promote research and development and entrepreneurial enterprise.

2. Inclusion and Equality - A vibrant and sustainable economy which contributes to the well-being and quality of life of people and communities now and in the future

A vibrant and inclusive economy supports a mix of economic activities and promotes economic security and resilience. We will promote:

- access to employment and economic opportunities;
- participation in the labour market for all members of society;
- access to a range of housing, including affordable;
- access to education and training, to develop skills;
- access to social and recreational opportunities.

3. Identity, Culture, Community and Sustainability - Forging a clear identity and strong reputation as a City-Region for trade, innovation, and quality of life

For our region to gain attention and respect and effectively compete and attract businesses, tourists, investors, students, entrepreneurs, international sporting and cultural events it requires a clear, credible, appealing and distinctive identity. To promote this identity and reputation we will:

- ensure our urban centres are vibrant and vital with unique identities which all of the regions residents can use and be proud of;

- respect, protect and support our rural and natural environment and use it to promote economic and social outcomes;
- develop and promote our world-class cultural and recreational opportunities utilising the regions natural beauty and historic areas;
- provide a quality environment across the whole region including existing and new development that attracts businesses and talented people;
- demonstrate our commitment to a sustainable future and acknowledge our global responsibilities; and
- work with political and commercial partners, at a national, regional and local level to coordinate the promotion of the region.

Using these Strategic Objectives will assist the Regional Cabinet in supporting the well-being goal of 'a prosperous Wales'.

A resilient Wales:

A nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change (for example climate change).

The Regional Cabinet, as decision makers, will need to consider existing and future demands which will include new forms of sustainable energy generation, housing, new infrastructure, and facilities which will generate job opportunities such as strategic sites.

In response to these pressures the Regional Cabinet will, seek appropriate advice, and work in a way that ensures efficient and effective solutions that not only maintain the environment but where ever possible enhance it and make it more resilient, supporting economic growth with responsible environmental management.

This is referenced in "**Strategic Objective 3** – *respect, protect and support our rural and natural environment and use it to promote economic and social outcomes*".

See the way of working detailed above and how this approach by the Regional Cabinet will seek to support the regions communities and the well-being goals.

	The City Deal has an economic focus, it is therefore, by using the natural environment to support economic and social outcomes and making the region more attractive to investors, that the Regional Cabinet can justify investing City Deal funds to enhance and maintain the regions environment. Therefore, using the Strategic Objectives, detailed above, will assist the Regional Cabinet in supporting the well-being goal of 'a resilient Wales'.	
A healthier Wales: A society in which people's physical and mental well-being is maximised and in which choice and behaviours that benefit future health are understood.	There is a clear evidence base that shows that for the majority of people being in good secure work is better for their health than being out of work. Employment has social, psychological, and financial benefits that improve health. The Regional Cabinet's aims, as detailed in the Strategic Business Plan, and Strategic Objectives, to create additional good quality jobs and support people to up skill to fill those roles will assist in supporting the well-being goal of 'a healthier Wales'.	See the way of working detailed above and how this approach by the Regional Cabinet will seek to support the regions communities and the well-being goals.
A more equal Wales: A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).	The Strategic Objective 'Inclusion and Equality' detailed in the Strategic Business Plan states: Inclusion and Equality - A vibrant and sustainable economy which contributes to the well-being and quality of life of people and communities now and in the future A vibrant and inclusive economy supports a mix of economic activities and promotes economic security and resilience. We will promote: ➤ access to employment and economic opportunities; ➤ participation in the labour market for all members of society; ➤ access to a range of housing, including affordable; ➤ access to education and training, to develop skills; ➤ access to social and recreational opportunities.	See the way of working detailed above and how this approach by the Regional Cabinet will seek to support the regions communities and the well-being goals.

	Using this Strategic Objective will assist the Regional Cabinet in supporting the well-being goal of 'a more equal Wales'.	
A Wales of cohesive communities: Attractive, viable, safe and well-connected communities	The details in the Strategic Objectives related to connectivity, transport and digital; vibrant and vital economy and urban centres; and affordable housing will all contribute to support this goal. Therefore, using the Strategic Objectives, detailed above, will assist the Regional Cabinet in supporting the well-being goal of 'a Wales of cohesive communities'.	See the way of working detailed above and how this approach by the Regional Cabinet will seek to support the regions communities and the well-being goals.
A Wales of vibrant culture and thriving Welsh language: A society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in the arts, and sports and recreation.	The Strategic Objective ' Identity, Culture, Community and Sustainability ' specifically refers to the development and promotion of the regions world-class cultural and recreational opportunities exploiting the regions natural beauty and historic areas. Therefore, using the Strategic Objectives, detailed above, will assist the Regional Cabinet in supporting the well-being goal of 'a Wales of vibrant culture and thriving Welsh language'. Regard will be had to the Welsh Language Measure 2011 and consultation and communication will have regard to the Welsh Language.	See the way of working detailed above and how this approach by the Regional Cabinet will seek to support the regions communities and the well-being goals.
A globally responsible Wales: A nation which, when doing anything to improve the economic, social, environmental and cultural well-being of Wales, takes account of whether doing such a thing may make a positive contribution to global well-being.	The Strategic Business Plan states that the City Deal is intended to deliver sustainable economic development and growth. The Plan also refers to our role on the international and national stage forging a clear identity and strong reputation. This is referenced in " Strategic Objective 3 – <i>demonstrate our commitment to a sustainable future and acknowledge our global responsibility</i> ". The Regional Cabinet understand that sustainability goes beyond the region and must be considered in a national, international and global context. In making decisions the Regional Cabinets responsibility extends far wider than the	See the way of working detailed above and how this approach by the Regional Cabinet will seek to support the regions communities and the well-being goals.

region, and to achieve the aim of a positive national and international reputation, they will consider the full range of potential implications and consequences.

Section 3) Will your proposal affect people or groups of people with protected characteristics? Explain what will be done to maximise any positive impacts or minimise any negative impacts.

Protected characteristics	Will your proposal have any positive impacts on those with a protected characteristic?	Will your proposal have any negative impact on those with a protected characteristic?	Is there any way to maximise any positive impacts or minimise any negative impacts?
Age	The Regional Cabinet is developing and implementing a City Deal which will benefit the region through the creation of more and better jobs, more housing, improved communication and improved skills. This will provide economic growth and infrastructure improvements that will benefit all including those defined as having protected characteristics.	It is considered that there are no adverse impacts on those with a protected characteristic, indeed the vision and strategic objectives defined in the Strategic Business Plan will assist in supporting these groups as part of the regions communities.	In accordance with the Assurance Framework all proposed schemes will demonstrate their potential outputs and outcomes via a 5 Case Business Model, in accordance with HM Treasury Green Book, a tool for scoping and planning a proposal and documenting the expected outcomes. In addition, for Cardiff Capital Region schemes, the business case will also have to demonstrate the use of the five well-being ways of working and how it supports the wellbeing goals and the twin goals in the Welsh Government's 'Prosperity for All: economic action plan' of growing the economy and reducing inequality. Any report to the Regional Cabinet seeking approval for a proposal will be require to be accompanied by a City Deal Well-being and Equalities Assessment. In this way the Regional Cabinet will ensure that any interventions and/or investments will aim to provide a positive impact on communities and the well-being goals, this will include those who are defined as having protected characteristics.
Disability	As above	As above	As above
Gender	As above	As above	As above

Gender reassignment	As above	As above	As above
Marriage and civil partnership	As above	As above	As above
Pregnancy and maternity	As above	As above	As above
Race	As above	As above	As above
Religion or Belief	As above	As above	As above
Sexual orientation	As above	As above	As above

Section 4) Identify who is responsible for the proposal and how and when decisions will be made

The Regional Cabinet, is a Joint Committee of the ten south east Wales authorities, having delegated powers related to the City Deal and Wider Investment Fund, subject to all ten Councils having decisions making powers on reserved matters within the Joint Working Agreement (JWA).

Officer responsible for completing this form:

Date form completed:

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CARDIFF CAPITAL REGION CITY DEAL JOINT OVERVIEW AND SCRUTINY COMMITTEE

5 February 2019

TITLE: FORWARD WORK PROGRAMME, TRAINING AND SCHEDULE OF MEETINGS

REPORT OF CARDIFF CAPITAL REGION PROGRAMME DIRECTOR

AGENDA ITEM: 6

Reason for Report

1. The purpose of the report is:
 - a) To develop a Forward Work Programme (FWP) of items for future prioritisation and consideration by the Joint Overview and Scrutiny Committee (JOSC);
 - b) To ask the JOSC to identify any invitees to attend future meetings to contribute to discussions and deliberations;
 - c) To identify any training requirements required by the JOSC and;
 - d) To agree a schedule of meetings of the JOSC

Background

2. An effective FWP will identify the issues that the JOSC wishes to focus on throughout the year and provide a clear rationale as to why particular issues have been selected, as well as the approach that will be adopted.
3. The FWP will remain flexible and will be revisited at each JOSC meeting with input from Members and officers on suggested topics for consideration.

Proposal

4. Attached at **Appendix A** is the JOSC Draft Forward Work Programme. The JOSC is asked to first consider and determine an item to be considered at their next meeting to be held in May 2019. It is proposed that the JOSC agrees one item for consideration to each meeting to allow sufficient time for possible training sessions, Forward Work Programme planning, site visits and/or presentations from Officers at CCRCD. Members should also consider what further detail they would like the report to detail, including a list of potential questions they wish to be addressed, and who they would like to invite to attend the meeting to assist Members in their investigation.
5. Attached at **Appendix B** is a scrutiny criteria form which Members can use to propose further items for the FWP which the Committee can then consider for prioritisation at a future meeting. The criteria form emphasises the need to consider issues such as impact, risk, performance, budget and community perception when identifying topics for investigation and to ensure a strategic responsibility for Scrutiny and that its work benefits those in the CCRCD areas. Members are asked to complete the criteria form and return to the scrutiny officer with any suggested items they wish to consider at a future meeting. Completed criteria forms will then be considered by the JOSC at its next meeting.
6. It should be noted that in a meeting of the CCRCD Joint Cabinet on the 20 November 2017 it was recommended that the Joint Cabinet minutes are included on agendas of the JOSC and also that the Chairperson (or nominated representative) of the Joint Cabinet is invited to attend all meetings of the JOSC.

Training requirements

7. To assist Members in their role as a JOSC Member the Members are asked to consider any training requirements they have in relation to the Cardiff Capital Region City Deal. Scrutiny Officers will develop a schedule of training for JOSC Members which will also remain flexible and brought back to each meeting for consideration and scheduling.

Future Meetings

8. Whilst it has previously been agreed that Bridgend County Borough Council is to act as the Host Local Authority for the administration of the CCRCD JOSC meetings, Members have previously requested that where possible the location of future meetings of the JOSC should be held, where possible throughout the regional offices of those Authorities that are part of the

CCRCD, taking into consideration that all meetings of the JOSC are to be held in public. The funding awarded to the Host Authority to carry out its role allows for 2-4 meetings per year. The following schedule is therefore proposed for future meetings of the JOSC:

- May 2019
- September 2019
- December 2019
- March 2020

Following a survey of meeting timings sent to members of the CCRCD JOSC it was determined that where possible, future meetings will commence at 10am

Financial Implications

9. The 2017/18 Joint Cabinet Budget contains a contingency budget in the sum of £69,500, an element of which has been set aside to meet the cost of developing the Joint Scrutiny Committee arrangements. Based on initial estimations provided for the first year, it was agreed that an amount of £25,000 would be allocated to the host authority to carry out the Joint Scrutiny role. From 2018/19 the budget headings will be realigned to separately identify the pre-determined sum from the remaining contingency budget.

Legal Implications

10. General advice:

In considering this matter regard should be had, amongst other matters, to:

- (i) The Councils' duties under the Well –being of Future Generations (Wales) Act 2015 and;
- (ii) Public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are: a. Age; b. Gender reassignment; c. Sex; d. Race – including ethnic or national origin, colour or nationality; e. Disability; f. Pregnancy and maternity; g. Marriage and civil partnership; h. Sexual orientation; i. Religion or belief – including lack of belief.

Reason for Recommendations

To determine a clear Forward Work Programme, schedule of future meetings, and training requirements for the JOSC.

Recommendations

The JOSC is recommended to:

- (i) Consider and discuss items to include on their FWP taking into consideration the draft Forward Work Programme attached at **Appendix A**
- (ii) Identify further items for consideration on their FWP using the criteria form attached at **Appendix B** including identifying invitees for future meetings;
- (iii) Consider and develop a schedule of training requirements for the JOSC.
- (iv) Determine the schedule of future meetings of the JOSC including frequency of meetings and location of venue.

Kelly Watson
Head of Legal and Regulatory Services

Contact Officer: Sarah Daniel

Telephone: 01656 643 387

Email: scrutiny@bridgend.gov.uk

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Civic Offices,
Angel Street,
Bridgend.
CF31 4WB

The following Appendices are attached:-

Appendix A – Draft Forward Work Programme

Appendix B – Scrutiny Criteria Form

The following background papers have been taken into account:-

CCRCDD Joint Cabinet Report on the Governance Arrangements for the Regional Scrutiny Committee 20 November 2017

Cardiff Capital Region City Deal

Draft Forward Work Programme

CCRCD 10 point Plan

- Driving insight and foresight – what sectors to invest in/ where best to invest?
- Regional industrial strategy – to engage at UK-level and led by industry and business
- Delivery pipeline ‘eco-system’ – leveraging added value
- through connecting our projects & outcomes
- Consolidated governance network - using skills in right places
- An ‘expert’ panel strategy for influence and leverage – how do we lay claim to large slice of £6.4bn industrial strategy fund?
- Create an Office for the City Deal and operate it as an investment fund. We are all ‘Team City Deal’
- Strengthen industrial lead and reinforce the market creating/ risk-sharing/ interventionist role of local government
- Be more competitive and challenge-driven in leveraging in investment & opportunities
- Grow an international focus & shout about our unique competitive advantage
- Be more than just a City Deal – we are a City Region

Date	Item	Queries / questions	Invitees
	Developing a Skilled Workforce and Tackling Unemployment	• A key part of the CCRCD remit is to add 5% to GVA for the region, increase productivity and promote equality of outcomes so that the benefit of growth is shared more equally within the population. This will not be possible without developing a skilled workforce and tackling unemployment. How will this be achieved? •	

	Supporting Enterprise and Business Growth	• How do we achieve an increase in productivity and business growth while maximising equality outcomes • More information on what activity is being undertaken regarding the £4bn into private investment. •	
	South Wales Metro System	Report to include the following: • Timescales • Outline Plans – Concern that it doesn't appear to be spread across the whole area • Investment opportunities	
	Housing Development Fund	• £30million investment. Is this enough to meet housing development targets? • Where are the priority areas? • £30m does not seem a lot when all LA's in the JWA have targets to meet with regards to housing development. •	

Other areas for further exploration

- Town centres appear to be suffering across the region. Is there anything planned to invest in these areas?
- Alternative methods for energy such as hydro and solar as these are cost saving potentials.
- There is great potential across the region to increase tourism and this also links into the infrastructure.

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Potential items proposed for the Forward Work Programme - questions to consider	
Proposed Item	
Is this item within the remit of the JOSC?	
Is it a public interest item?	
What are the questions that need answering?	
Then:	
What is the expected outcome from receiving the item?	
What can be achieved?	
What impact can Members have on this area?	
What information should be reported to the JOSC? I.e. data, case studies, examples of outcomes, challenges etc.	
How should information be presented at the meeting? I.e. PowerPoint/Prezi presentation, audio/visual formats, photos, graphics, charts, maps etc.	
Who should be invited to contribute to achieve a representative picture? I.e. Cabinet Members, Directors, Senior Officers, External partners and Organisations	
What is the proposed rationale for prioritising this item?	

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